



## MEDIA RELEASE

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Monday, 10 March 2008

### **Powerlink and TransGrid release report on upgrade of electricity interconnector**

Electricity transmission companies Powerlink Queensland and TransGrid today released to National Electricity Market participants a report on their comprehensive studies into the optimal economic timing and configuration of a future upgrade of the Queensland/New South Wales Interconnector (QNI).

Powerlink's Chief Executive, Gordon Jardine, and TransGrid's Managing Director, Kevin Murray, said the report concludes that, under the Australian Energy Regulator's (AER) Regulatory cost/benefits Test, the optimal timing for a capacity upgrade is 2015/16. Until then, the estimated market benefits are too low compared with the cost of upgrading the interconnector.

The study found that the most economic upgrade option was the installation of specialised series compensation equipment, at an estimated cost of \$120 million, which would increase the transfer capacity of the existing transmission network by about 300MW to 400MW. Other upgrade options which required new lines were found to be uneconomic, due to high upfront costs for installation. Powerlink and TransGrid have invested considerable professional and financial resources to conduct the analysis in response to interest from National Electricity Market participants. The release of the report gives market participants the opportunity to provide feedback on the market development scenarios that formed the basis of the analysis, as well as the conclusions reached.

Given that the optimal timing of 2015/16 is well into the future, and that this type of upgrade has a design and construction period of less than three years, Powerlink and TransGrid do not intend to proceed further at this point in time.

The two organisations will continue to monitor market developments which could materially impact the timing of a potential upgrade, and have re-affirmed their commitment and willingness to invest in any interconnector upgrades that could deliver positive net market benefits under the AER's Regulatory Test.

Since the QNI commenced commercial operation in 2001 it has delivered, and continues to deliver, substantial benefits to the National Electricity Market by enabling generation to be shared between Queensland and New South Wales, as well as enabling large annual savings in ancillary services costs.

The report is available for download from the Powerlink, TransGrid and NEMMCO website. Submissions close on Thursday, 24 April 2008.

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