

7th April 2022

Regulation Team
Transgrid

By email to regulatory.consultation@transgrid.com.au

Submission to Transgrid's PADRs for North West Slopes area and Bathurst, Orange and Parkes area

PIAC welcomes the opportunity to respond to Transgrid's PADRs for the North West Slopes area and the Bathurst, Orange and Parks area.

PIAC supports Transgrid's consideration of non-network alternatives to defer or avoid more expensive network-based solutions for both projects.

PIAC is, however, concerned about the use of demand forecasts predicated on regional growth plans such as the Parkes and Narrabri Special Activation Precincts. Such plans are largely aspirational and include targets that are rarely met within intended timeframes, if at all. The Narrabri Precinct in particular is predicated on the availability of affordable gas for energy intensive businesses; a questionable assumption given the linkage of domestic and international gas prices and lack of a domestic reservation (or equivalent) policy to provide gas price certainty for prospective industries.

PIAC recommends any projected demand relating to regional growth plans should be based on an independent assessment that takes into account the actual approved and/or financially committed developments.

PIAC is also concerned about demand forecasts that are treated as commercial in confidence. This is unacceptable practice for an investment where the cost is expected to be recovered from consumers through regulated revenue. Without transparency regarding any future demand relating to the Narrabri Gas Project (noted in the PSCR for the North West Slopes Area) PIAC does not accept the demand forecasts for the North West Slopes area PADR.

In PIAC's view, if the Narrabri proponent wishes to keep their projected electricity demand confidential, they should pay for any upgrades to the shared transmission network that are required to meet their future demand.

Finally, PIAC rejects inclusion of the High Net Economic Benefits scenarios in the weightings for both PADRs. These are predicated on three implausible assumptions:

- Network costs 25-30% lower than the Central scenario
- Values of Customer Reliability materially (and inexplicably) higher than those developed by the AER
- Discount rates of 2.23%

PIAC recommends a more realistic approach of applying 50% weighting to each of the Central and Low Net Economic Benefits scenarios for both PADRs.

PIAC welcomes the opportunity for further discussion, please contact Craig Memery with any questions.

Contact

Craig Memery
Senior Advisor, Energy

