

## Senate Standing Committee on Economics

### ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

19 – 20 October 2011

Question No: SBT 419 - 422

Topic: Australian Energy Regulator – Bonshaw to Lismore Transgrid Line Proposal

Hansard Page: Written

Senator Nash asked:

419. Has the the Bonshaw to Lismore Transgrid Line Proposal been given approval by the Minister?
- a) If so, given the enormous amount the Government is spending on a 'clean energy future' – Why is this project still going ahead, when it appears contrary to the government's target of a 'clean energy future'?
420. Has the Environmental Impact Study into the Bonshaw to Lismore Transgrid line provided any information that would prevent this line from going ahead?
421. Were any alternatives considered when planning the Bonshaw to Lismore Transgrid Line Proposal?
422. Have any complaints been made with regard to the Bonshaw to Lismore Transgrid Line Proposal?

Answer:

419. The AER understands that at this stage the proposed TransGrid project has not yet received environmental approval from the relevant state Minister, the NSW Minister for Planning.

There are two separate planning processes that transmission businesses must undertake for proposed transmission network augmentations.

#### *Assessment process*

Transmission businesses must undertake an economic cost-benefit assessment. This is performed by the network businesses during the planning phase to evaluate proposed new transmission investment against other network or non-network alternatives and is designed to ensure that the investment is at least cost and is competitively neutral. In the case of the

proposed TransGrid project, the cost-benefit assessment was the regulatory test.

The AER is responsible for resolving disputes in relation to the application of the test and for ensuring compliance with the relevant provisions of the National Electricity Rules. No valid dispute was raised in relation to the project.

*Environmental approval process*

The second process involves transmission businesses applying for the necessary environmental approvals for the project. The AER has no involvement in this process.

420. The AER has no responsibility over the environmental approval issues associated with the proposed TransGrid project. The matter is best addressed to the New South Wales Department of Planning and Infrastructure.
421. The AER's role does not include the planning of transmission lines.
422. The AER has received complaints from both local resident and environmental groups in relation to the regulatory test process conducted by TransGrid for the proposed project.

The AER investigated allegations raised in the complaints during its review of TransGrid's application of the regulatory test in relation to the proposed project. The AER's findings were summarised in an investigation report, *Compliance with the planning and network development provisions of the National Electricity Rules, TransGrid, September 2010* available on the AER's website (<http://www.aer.gov.au/content/index.phtml/itemId/739797>).

While the AER has no responsibility in the environmental approval process, the AER understands that numerous submissions were received in relation to environmental issues associated with the project. These submissions are available on the website of the NSW Department of Planning and Infrastructure ([http://majorprojects.planning.nsw.gov.au/index.pl?action=view\\_job&job\\_id=3472](http://majorprojects.planning.nsw.gov.au/index.pl?action=view_job&job_id=3472))