

21 December 2020

Sebastian Roberts
General Manager
Australian Energy Regulator



Sent via email

Dear Mr Roberts,

Submission to VNI Minor Upgrade contingent project application

The Public Interest Advocacy Centre (PIAC) is an independent, non-profit legal centre based in New South Wales. Established in 1982, PIAC tackles systemic issues that have a significant impact upon people who are marginalised and facing disadvantage. We ensure basic rights are enjoyed across the community through litigation, public policy development, communication and training. The Energy + Water Consumers' Advocacy Program represents the interests of low-income and other residential consumers, developing policy and advocating in energy and water markets.

PIAC does not have major concerns with the VNI Minor Upgrade if the proposed cost estimate of \$45.0 M (real 2017-18) proves to be the actual cost and the resultant upgrade performs as planned.

PIAC is, however, concerned at the prospect of cost escalation between the RIT-T process and final delivered project that typifies projects by TransGrid and other transmission businesses. This has been exemplified by the experience of Project Energy Connect.¹

In general, PIAC supports the use of non-network solutions and smart control solutions where they are a more efficient and appropriate alternative to traditional network investment. However, in this particular case, the use of a proprietary technology exacerbates the risk of cost escalation and limits the potential for competitive pressure to deliver the most efficient price.

Noting that TransGrid has demonstrated capacity for questionable judgement and lack of due diligence in choosing non-network technology (in the case of the Broken Hill RIT-T where they proposing a risky, experimental and expensive technology procured from a business with limited financial backing or Australian presence²) PIAC expects detailed, rigorous assessment of the technological capabilities, risks and costs of the technology proposed for VNI.

¹ PIAC, [Submission to consultation on Project EnergyConnect contingent project application](#), October 2020.

² PIAC, [Submission to Broken Hill Supply Project Assessment Draft Report](#), September 2020.

Continued engagement

PIAC would welcome the opportunity to meet with the AER and other stakeholders to discuss these issues in more depth.

Yours sincerely,

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