

# ElectraNet and TransGrid SA-NSW interconnector gets approval from Australian Energy Regulator

**A massive electricity interconnector between SA and NSW has been given the go-ahead – but how much will it cut household power bills?**

Chris Russell, The Advertiser 24/1/2020



A high-voltage transmission line similar to the interconnector to be constructed between Robertstown in SA and Wagga Wagga in NSW.

ElectraNet, the SA transmission company behind the proposal, would pay \$380 million and its NSW counterpart, TransGrid, \$1.15 billion.

To cover that, households would pay \$9 a year in SA and \$5 in NSW, which would be more than offset by savings from cheaper power and less capital investment in new generation. ElectraNet estimates bills would be cut by \$66 a year in SA and \$30 in NSW.

It estimates the project would deliver overall benefits of \$924 million over 20 years, based on complex predictions about the energy market.

About 200 jobs would be created in SA and 800 jobs in NSW during construction.

A further 250 ongoing jobs in SA and 700 in NSW would come from new energy projects, according to ElectraNet.

Steve Masters, chief executive of ElectraNet, said the approval was “a very high hurdle to jump over”. “We’ve been able to demonstrate the project’s credentials,” he said.

Independent national body the Australian Energy Regulator said yesterday the project was an investment which would facilitate the transition to low-emission energy and improve security of the system.

However, it has downsized the project's 20-year benefit to \$269 million, based on its own assessment.

"We've tested the reasonableness of ElectraNet's inputs and assumptions across a range of scenarios and found that the project ... is robust and will deliver a net economic benefit," regulator chairwoman Clare Savage said.

SA's Energy Minister, Dan van Holst Pellekaan, said the approval was "fantastic" and a key element in delivering the Liberal Party's election commitment to cut power bills.

"The approval shows that even when rigorously stresstested, the interconnector delivers cheaper electricity," he said. "Our commitment is (to cut power costs by) \$300 per year to the average SA household, and I stick by that."

That figure includes savings from the interconnector, the Government's home-battery scheme, grid-scale storage and other initiatives.

The interconnector would run from Robertstown, in SA, to Wagga Wagga, in NSW, with a spur line to Red Cliffs, in Victoria. It would have 800MW of capacity, enabling SA to receive power from NSW coal-fired generators and for NSW to get wind and solar from our state.

Mr van Holst Pellekaan said that would provide an alternative source of electricity, which could prove vital during emergencies such as bushfires.

Opposition energy spokesman Tom Koutsantonis said a report commissioned by the regulator warned that three gas-fired power stations in SA

– Pelican Point, Osborne and Torrens Island – would be at risk of early closure.

That, and the reduced overall benefit, meant the Government "will break their promise" on cutting household bills, he said.

Mr Masters agreed there was "a premise gas would be displaced" although it would continue to be important during a "sensible" transition.

He said ElectraNet would now scrutinise the regulator's assessment and refine its own costings. The next step is for the regulator to agree to ElectraNet increasing its revenue.

Construction is targeted to begin later this year with completion in 2023.