

Briefing – Broken Hill Gas Turbines

- ▶ The Broken Hill Gas Turbines are in place to meet Transgrid’s transmission reliability standards. Previously the Generator was owned and operated by Essential Energy as part of legacy arrangements following the restructuring of the NSW power sector in the late 1990s-early 2000s.
 - ▶ Essential Energy sold the turbines to Transgrid in June 2022 following a sale process which included a complete due diligence on the generator and related assets.
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- ▶ Electricity supply to Broken Hill is supported by the Broken Hill Gas Turbine generation unit (the Generator), a 2 x 25MW simple cycle distillate fuelled gas turbine station located at Broken Hill Zone Sub Station. Since June 2022 Transgrid has owned and operated the Generator.
 - ▶ Originally the Generator was owned by Elcom (later Pacific Power) and was transferred to Transgrid upon a disaggregation (~1995). In 2003 the Generator was transferred to Australian Inland Energy, the predecessor organisation to Essential Energy.
 - ▶ The purpose of the Generator is to provide back up supply to the Broken Hill region should the Transgrid supply at Broken Hill Substation be lost unexpectedly or is down for maintenance purposes. The requirement to provide backup supply rests with Transgrid, in line with the NSW Electricity Transmission Reliability and Performance Standards 2017, issued by the Independent Pricing and Regulatory Tribunal (“IPART”).
 - › Following a review, Essential Energy concluded that ownership and operation of the Generator was not required for Essential Energy’s compliance with the National Electricity Rules; or
 - › reliability obligations under State based laws.
 - ▶ In October 2018, Essential Energy notified Transgrid that it would be seeking to divest the Generator.
 - ▶ Essential Energy commenced a market sale process in April 2019. This occurred alongside of a Regulatory Investment Test – Transmission process undertaken by TransGrid. Essential Energy also participated in the RIT-T process identifying the Generator as a credible option to provide reliability.
 - ▶ Following these processes it became evident that:
 - › The Generator would be required to, in the near term, provide reliability for Broken Hill and surrounds; and
 - › Transgrid would be required to own and operate the Generator (as no other third party would acquire and operate the Generator on behalf of Transgrid).
 - ▶ Transgrid undertook due diligence on the Generator and related assets during the sale process including on the condition of the Generator.
 - ▶ The sale of the Generator to Transgrid was completed in June 2022.