

STANDING COMMITTEE ON STATE DEVELOPMENT

**INQUIRY INTO THE FEASIBILITY OF UNDERGROUNDING THE TRANSMISSION INFRASTRUCTURE FOR
RENEWABLE ENERGY PROJECTS**

**Supplementary question and response: Ms Andrea Strong, Member, Stop! Rethink
Humelink**

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Reply to STANDING COMMITTEE ON STATE DEVELOPMENT

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Inquiry Members' Supplementary Question

Can you please describe how the landholders and surrounding communities impacted by these transmission lines, feel about having to deal with the impacts of these projects, to save consumers around \$8 per quarter on their electricity bills?

Response to the Supplementary Question

This is an important question, that has a very simple answer:

- Based on the long lists of costs of overhead lines provided in the many detailed submissions from individuals and communities to your Inquiry, those to be impacted by overhead lines in the affected regions feel that building overhead lines is grossly unfair to them.
 - In the regions we will bear ongoing substantial market and non-market costs of overhead lines with a relatively small compensating benefit of lower electricity prices.
 - See details of specific costs and benefits listed in Snowy Valleys Council Submission, Stop! Rethink Humelink Submission, and other submissions.
 - It is unfair that ongoing substantial benefits go to millions of consumers outside the affected region but consumers only pay for the **project** costs, not the extensive environmental and social costs of overhead lines in the impacted region.

Omitting social, economic and environmental impacts contravenes NSW Treasury Guidelines that specifically require that projects be assessed according to Triple Bottom Line (TBL) Cost Benefit Analysis (CBA), and be assessed for inequities. Inequities must be addressed by the project proponent. <https://arp.nsw.gov.au/tpg23-08-nsw-government-guide-to-cost-benefit-analysis/>

Treasury goes into detail concerning the reasons behind their requirement, in the State's interest, for conducting a TBL CBA.

Underpricing Electricity is Inequitable

The impact of the inequity is a transfer of income, safety and wellbeing from those affected by the overhead lines to those who enjoy the financial and associated wellbeing benefits of lower electricity prices.

- Inequities are not addressed through payments offered by Transgrid.
 - Transgrid offers do not and cannot compensate regions for the long lived increased risk of bushfires, lost biodiversity, reduced productive efficiency of neighbouring agriculture and discouraged tourism. There is no equitable compensation to all stakeholders including landowners, communities, visitors, future generations of Australians and all those who value the landscape and the National Parks and State Forests as they are now.

Underpricing Electricity is Inefficient

For efficient outcomes in the electricity market, all costs (both market and non-market) need to be included in the price of electricity.

- Incorporating TBL impacts in CBA is the appropriate way to include all impacts with consumers being responsible for the TBL impact of the electricity they use.
 - If consumers do not pay the full price they will overconsume.
 - The whole grid and generation infrastructure will be too big if consumers over-consume by paying a low price that doesn't incorporate all costs.
- Omitting Social and Environmental Costs of overhead lines and omitting Economic market costs to farmers and tourism operators means that these impacts are being assigned a **zero value** in all the costing comparisons between undergrounding and overhead lines.
 - It is acknowledged that the dollar value of the TBL costs is large.
 - Then why are these costs being omitted.

Transgrid is Not 'Allowed' to Account for Non-Market Costs

Transgrid says they do not have to include social and environmental costs in the comparisons of undergrounding.

“Other non-market benefits such as visual amenity are currently not able to be accounted for in the rules for the economic regulation of transmission infrastructure. We acknowledge the importance of these non-market benefits, and we appreciate that most landowners do not want a new transmission line on their property, and we are committed to minimise impacts to landowners wherever feasible.”

(Excerpted from Transgrid letter, emphasis added.

<https://www.transgrid.com.au/media/e0jmnsdp/transgrid-response-to-undergrounding-feasibility-study-2023-final.pdf>)

While we agree that transmission will be needed to transition to net zero emissions, we do not agree that TBL CBA should be ignored in developing HumeLink or any other transmission infrastructure.

- A transmission project needs to respond to the preferences of **all** Australians from both current and future generations.

A mammoth project such as HumeLink is **exactly the kind of project** that Treasury Guidelines on CBA for efficiency and equity were developed to address.

- Small local projects do not usually have large externalities that would make or break any particular project, therefore the Treasury Rules are not aimed at them.
- However, it is unconscionable to excuse such long-lived, massive infrastructure projects from a full TBL evaluation and also from an assessment of fairness to all current and future generations of Australians.

The Roadblock – Policy Failure Means HumeLink has a Net Cost

We see a major policy failure that has hampered appropriate project evaluations of all project options for HumeLink.

- NSW Treasury Guidelines outline TBL CBA for capital projects, while the Rules of the National Electricity Market (NEM) excuse Transgrid from the Treasury best practice guidelines.
 - The Rules of the NEM should be changed given the immense impacts of large transmission projects.
 - Public Utilities fall directly under Treasury CBA Guidelines.
 - Private Utilities too must deliver a ‘public benefit’, as if they were Public Utilities, so need the CBA rules to do so.

- Setting non-market values to zero and omitting other tangible market costs to agriculture and tourism is not best for the people of NSW.
- If HumeLink is built above ground without incorporating the TBL costs then we lose natural assets for forever and we overconsume electricity.
 - The bottom line is that there are uncaptured costs within the Humelink Project that will forever impact the people of NSW and mean the project has a net cost.
 - Inefficient outcomes are occurring in the NEM, with energy prices too low and the grid too big.

A Supplementary Version of the Supplementary Question

We would like the Inquiry Committee to consider what we argue is much the same question provided by the Inquiry but one that targets a solution.

Please consider the following question:

Would consumers be willing to pay \$8 more per quarter to underground lines if all the types of benefits and avoided costs are laid out plainly to them?

Three Approaches to Assessing the Triple Bottom Line Costs and Benefits of Undergrounding

There is a range of standard and legitimate approaches available to assess how much people are willing to pay to underground lines, avoid the costs of overhead lines and/or assess how the options stack up for various stakeholders (consumers and people impacted by infrastructure). Governments have the duty of care to speak up for the likely preferences of future generations and those unable to present their case.

1. A referendum could ask if consumers are willing to pay \$8 more per quarter given all the available TBL facts.
 - Eventually, renewable energy should be cheaper. This factor needs to be communicated.
2. A survey of a sample of the population could assess the willingness to pay for undergrounding given the key social, economic and environmental impacts of undergrounding versus overhead lines.

- Standard and globally acceptable techniques are available to deliver the best estimates, as outlined in NSW Treasury's Guide to CBA.
- The survey could potentially be run in urban areas, rural and regional communities.
- A dollar value is estimated that can be directly included in the evaluation of undergrounding versus overhead lines.
- Allows for evaluation of whether the dollar value of the willingness to pay is \$8 or greater than \$8.

3. Policy by Decree is a third approach and also the quickest.

- Elected officials have the power to decide whether it is fair to charge \$8 more so that regional social, economic and environmental costs of overhead lines are avoided, security of electricity supply is achieved for all consumers and preferences of future generations are honoured.
 - Ideally this is undertaken with the best available expert input by a host of objective engineers in collaboration with economists with extensive experience with best practices for non-market valuation and social scientists closely integrated with the region and the stakeholder groups.

Last Comment

In closing, we'd like to quote Snowy Valleys Council:

What value is to be gained from Nation Building projects such as Snowy Hydro and the transition to renewable energy if we merely transfer industrial pollution from energy production to energy transmission? Snowy Valleys Council Submission, p2.