

Submission
No 36

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

Organisation: NSW Farmers Upper Lachlan Branch

Date Received: 10 November 2023



Upper Lachlan
Branch

NSW Farmers Association

Upper Lachlan Branch

Chair: Christopher Wilson

Daniel Brear: Regional Manager South East

Select Committee on the Feasibility of Underground Infrastructure in NSW.

Chair: Cate Faehrmann

c/o Online Submission Portal

Re: Submission to the Select Committee on the Feasibility of Underground Infrastructure in NSW.

NSW Farmers Upper Lachlan Branch (the branch) is writing to submit information and recommendations for the Select Committee's inquiry into the feasibility of undergrounding the transmission infrastructure for renewable energy projects in New South Wales, as per the terms of reference outlined in the committee directive.

The branch represents members in the Upper Lachlan Valley. The Branch has members directly and indirectly impacted by the proposed Humelink project. The branch endorses the submissions by the Humelink Alliance Inc. The Branch would like to ensure it expands and provides additional information but recommends that the Select Committee considers the substantial work that has been put into the Humelink Alliance Inc. submission.

Costs Benefits and Risks:

The inquiry should thoroughly consider the costs, benefits, and risks associated with both underground and overhead transmission lines, particularly in relation to factors such as bushfire and weather-related events, ongoing environmental impacts, impacts on the productive efficiency of agriculture and the overall impact on community mental health and welfare. This analysis should include a comprehensive study on the impact of undergrounding in mitigating bushfire risks and its potential role in improving community safety and resilience. It is the position of the Upper Lachlan Branch that these considerations create an equation where the additional costs of placing this

infrastructure underground would be mitigated through lower maintenance costs, higher system reliability, greater safety and system security in bushfires and reduced social impacts.

Impact on Delivery Timeframes: The delivery of Humelink was initially designed to align with the delivery of Snowy 2.0 in July 2025. Snowy 2.0 has been delayed until at least December 2028. Cost overruns and infrastructure problems have plagued the project. It is the position of the branch that with the additional time now available that an underground option is much more achievable to facilitate taking the Snowy 2.0 power to the grid.

In recent years energy infrastructure has seen huge development. We have seen technological advancements, innovation and change to planning frameworks. Members of the Upper Lachlan Branch along with others in the local community, directly or indirectly impacted are seeing a lack of willingness from TransGrid to properly investigate the opportunity to underground.

The community consultive group steering committee members (CCGSC) didn't endorse the GHD/Transgrid undergrounding study and believed it was flawed, unbalanced and misrepresented the costs of the underground option. It is the branch position that Transgrid are showing little care or respect for impacted landholders by not fairly assessing the option. The branch feels that Transgrid have written off the viability of alternatives to the project with flawed information. The Branch feels that had Transgrid been more open and honest in exploring the options available it would have had more favourable reception in the communities it is impacting.

The recently released Amplitude Review of the GHD/Transgrid HumeLink undergrounding study shows that instead of undergrounding costing \$11.5 billion as maintained by Transgrid, an undergrounding option could be delivered for \$5.46 billion, and like-for-like for \$7.3 billion. Instead of 3 times the cost, undergrounding can be delivered for 1.1 times to 1.5 times the cost of the \$4.892 billion overhead option, with significant environmental and community benefits over the life of the project.

The RIT-T Process

The Regulatory Investment Test for Transmission (RIT-T) is the framework used to assess the financial viability of transmission projects. It primarily focuses on cost-benefit analysis, considering only direct market costs (construction, operation and maintenance, and regulatory compliance costs). However, indirect costs including many of the social and environmental costs are not taken into account.

Indirect costs imposed on landowners neighbouring the easement are not taken into account in the RIT-T. Also, the societal and human impact, particularly regarding community well-being, mental health, and social cohesion, often remains undervalued or inadequately considered within this



framework. Further costs to the environment from lost connectivity of remnant stands of vegetation, electrocution and collision hazards to wildlife and increased risk of bushfires is not taken into account.

Recognizing the significance of indirect, social and environmental impacts resulting from the choice between underground and overhead transmission lines, it is imperative to broaden the RIT-T framework. Including all the costs: of indirect; social; and environmental would encompass not only the immediate direct market cost considerations but also the long-term effects on neighbouring properties, community, and the environment. The narrow focus in the RIT-T on direct market costs of projects is inconsistent with traditional government cost benefit analyses, which includes all first round direct and indirect costs for projects costing more than \$10 million.

It is the position of the Upper Lachlan Branch of NSW that the RIT-T must be reapplied to the Humelink project for the material changes in circumstance for the project. There have been substantial changes in the project during its formative development including: a 48% increase in costs; a delay of 3 ½ years for Snowy 2.0; a reduction in transfer capacity; and other a commitment to construct Kurri Kurri and Tallawarra B as fired power stations. The Branch endorses the information provided in the Humelink Alliance EIS Submission (Section 1,1 RIT-T Cost Benefit Modelling).

The Upper Lachlan branch thanks the members of the Select Committee for considering this and the other submissions. The Branch understands the critical need to have infrastructure in place to allow for the transition to renewable energy however there are substantial impacts to communities who host this infrastructure with most of the focus being the need to keep energy prices low for the end users and a disregard of the cost imposed on the regions. Undergrounding of this critical infrastructure provides balance to the economic, social and environmental outcomes. It will provide opportunities to mitigate the substantial risks of fire across the project footprint while ensuring that energy security is not compromised during bushfires.

Christopher Wilson

Chair Upper Lachlan Branch

NSW Farmers Association.