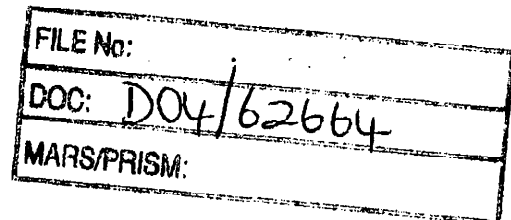
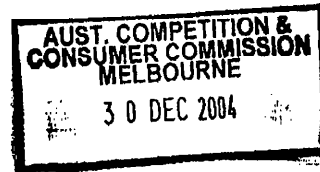


“Warragundi”  
Wellington Road  
GOOLMA 2852

20<sup>th</sup> December, 2004

Mr Sebastian Roberts  
General Manager  
Electricity Group  
Regulatory Affairs Division  
Australian Competition Consumer Group  
GPO Box 520J  
MELBOURNE VIC 3001



Dear Mr Roberts

Re: Proposed Wollar-Wellington 330KV Transmission Line

Thank you for your letter of 1<sup>st</sup> December 2004 notifying me of the status of approval of the above project. As I have expressed before, I believe that the proposal will be a wilful waste of customer funds and I fully intend to make my case by the closing date of 7<sup>th</sup> February, 2005.

However, as you will have already noted from my previous correspondence with TransGrid, (copies of which have been supplied to you) they are reluctant to provide all the information which would be necessary to justify their proposal. In the last letter received from TransGrid dated 23/8/04, they inferred that they may not be prepared to respond to any questions directed by me to them. As answers to these questions are necessary in order to assess their proposal, I am restricted by their intransigence in preparing a complete submission.

As the information I am seeking will be required by members of your team before they can make a professional analysis of TransGrid's proposal, I therefore respectfully request that you provide me with the answers when they are obtained by members of your organization.

The information I require is as follows:

#### STATEMENT

TransGrid's presentation entitled Development of Electricity Supply in the Western Area of NSW Final Report, page 4 of 46 has a map of the network in the Western area. This map does not show the Ulan Township nor Ulan Colliery. These locations are not shown in the Corridor Selection Summary Report nor are they in the Corridor Selection Report.

Question 1. Please advise whether the Ulan Township and Colliery are supplied with power from this network. If so why have these significant locations not been included in this important presentation? Also, provide details of the power line or lines to a) the Ulan Colliery and b) the Ulan Township including length, voltage capacity and source of power.

#### STATEMENT

In the above final report fig. 2 & 4, the forecast maximum demand load for year 2002 was approximately 540 MW. The approximate 2003 demand was 575 MW and 2004 was approximately 585 MW (read from the primitive graph).

Question 2. What was the actual demand for each of the above years?

Question 3. On how many days during winter in the above years did this occur? Please give the number of days during Summer or Winter on which the maximum demand exceeded 470 MW giving the range and the times per day when this level was exceeded.

#### STATEMENT

Page 12 Fig.2.8 shows the forecast maximum demand for the Far Western Area of approximately 270 MW for year 2002, 295 MW for year 2003 and 300 MW for year 2004.

Question 4. What was the actual demand for each of the above years?

#### STATEMENT

In recent letters, TransGrid has confirmed that Line 72 was placed in service in 1984 and that during this 20 year life, it has never been out of service during peak hour periods and outage statistics confirm that it has been forced out of service on only 5 occasions since 1992 in each case only momentarily with no loss of supply.

Question 5. How many times was it forced out of service from 1984 to 1992 and for how long and what loss of supply occurred on each occasion.

Question 6. On each occasion from 1984 to 2004 that it was forced out of service, what was the cause of that failure?

#### STATEMENT

TransGrid has stated that during the last 10 years Line 72 was taken out of service for maintenance on 113 occasions i.e., 11.3 times per year – for a total outage time of 472 hours (average 4.7 hours per occasion). With no loss of load during these maintenance periods. These outages were obviously for planned maintenance.

Question 7. What was the nature of this maintenance e.g., tower repairs, cable replacement, insulator repair, transformer, reactor, circuit breakers or other repairs?

Question 8. At what period were these services carried out e.g., mid week between 10am and 2pm, Saturdays or Sundays between 8am and 5pm.

#### STATEMENT

One of the significant elements in TransGrid's justification for the \$67M expenditure is the forecast for future demand. This forecast is based in part on past increases in demand. However, past demand is distorted by what appears to be a one off 47 MW load in year 98/99. TransGrid has confirmed that such a one off load will not re-occur, however, this figure has distorted the demand trend.

Question 9. Please advise the location of this load and who is the customer being supplied with the extra 47 MW of power.

#### STATEMENT

In order to understand the logic of TransGrid's future projections, it is imperative that they provide the nature of business of all customers who consume large amounts of power.

Question 10. What are the names and the nature of the business of all customers who consume large parcels of power in excess of 5 MWH? Please supply me with the maximum consumption of such one off projects such as the mine at North Parks and each of the significant mines in Cobar, Orange etc., or any other significant businesses with a finite life and currently consuming in excess of 5MWH.

#### STATEMENT

In the projections made by TransGrid, have they taken into consideration the impact of the gas pipeline in the Western Area?

Question 11. What impact on demand has TransGrid taken into consideration as a result of the gas pipe line in the Western Area?

#### STATEMENT

TransGrid have informed us that the Net Present Value (N.P.V.) of the project using a discount of 12% is minus\$24M based on their original forecasts.

Question 12. What is the N.P.V. based on the actual peak demand in years 2002, 2003 and 2004 projected forward from this base?

### STATEMENT

TransGrid's calculation for N.P.V. are based on the capital costs and the anticipated loss to the customer assuming the value to the customer of lost power, to be \$10 per KWH. As a typical customer, I pay only 14.7 cents per KWH i.e. they use a figure 70 times greater than the actual charge to the end customer. Such an outrageous inflation of the actual cost for the calculation of the N.P.V. makes the study meaningless.

When evaluating any project all professionally managed private enterprises would expect the N.P.V. to be based on the cost of the investment and the anticipated earnings of the project using a discount rate applicable to the business. As one of the investors in this project, I believe that I am entitled to be given the results of such an orthodox N.P.V.

Question 13. What is the N.P.V. of this project based on the expenditure of \$67M and the return to the investor based on a discount rate of 12% (the rate used by TransGrid in their original study) and the actual revenue benefit to be obtained by the implementation of this project.

### STATEMENT

In their "Identification of a Need for Augmentation" page 13. TransGrid states "This network is capable of adequately supplying the electrical demand in the area at all times with all elements in service and will continue to do so over a planning horizon of at least ten years for reasonable load forecast scenarios". At the time of making this statement they were forecasting loads of 540 MW, 575 MW and 585 MW for years 2002, 2003 and 2004 respectively.

Question 14. How many years is this network capable of adequately supplying the electrical demand in the area at all times with all elements in service over a reasonable load forecast using actual consumptions in years 2002, 2003, & 2004 as a basis for future projections.

### STATEMENT

In my correspondence with TransGrid, I have been bombarded with Motherhood statements such as "outage statistics for the 132 KV lines in this area are not relevant to the justification of this particular project". If the 330 KV is out of service during periods of maximum demand (a situation which has never occurred in its 20 years of life) the 132 KV lines are the only means of providing power to the customers through the 66 KV and 22 KV lines which in turn, supply power to the end customer. It is therefore absurd and patronizing of TransGrid to state the reliability of the 132 KV lines is irrelevant. The reliability and capacity of these lines is relevant!

Question 15. What is the record of outage of the various 132 KV lines in the Western Area and what were the principal reasons for these outages.

### STATEMENT

Diagram 1 & 2 Transmission Network in the Western Area show two 132 KV power lines providing power to Dubbo, Nyngan, Cobar, Bourke etc.

Question 16. Do both of the two 132 KV lines from Wellington to Dubbo continue on to Nyngan, Cobar, Bourke etc. if not, where does the supply reduce to one 132 KV line and or 66 KV line?

Question 17. What was the maximum demand during Summer & Winter for these 132 KV & 66 KV lines for years 2002, 2003 & 2004?

Question 18. What was the maximum demand in Winter and Summer for line 94 K and what is the capacity in KWH for this line?

### STATEMENT

In the original presentations, maximum demand figures are given for the whole Western Area and for the Far Western Areas.

Question 19. What lines are included in the Far Western Area?

### STATEMENT

On page 5 TransGrid states "The Western Area of NSW as described in this report refers to that part of the Country Energy service area plus Lithgow in the integral service area. The area is outlined in the picture on the previous page and is about 176,000 sq. kms. in size. Within it are a number of country centres of various size including Bathurst, Bourke, Cobar, Dubbo, Forbes, Gulgong, Lithgow etc". The picture referred to does not include Lithgow.

Question 20. Is Lithgow included in the Western Area as stated on Para 1 Page 5 of 46? If so, why is it not shown in any of the above networks and how does it connect into the network?

These are the questions which need to be answered now. The answers I receive may necessitate further questions. As the time available for a final submission is limited I would appreciate receiving prompt answers to all my questions which are very relevant to my final submission.

Yours faithfully



Robert Needham A.M.

C.Eng., M.Eng.(Hons), F.A.I.M.M., F.A.I.C.D., F.A.I.M.