



Powerlink Queensland
RIT-T Addendum

14 December 2018

**Addressing the secondary systems
condition risks at Woree Substation**

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1. RIT-T Update

On 28 October 2018 Powerlink Queensland (Powerlink) issued a Project Specification Consultation Report (PSCR) to consult with and call for submissions from *Registered Participants*, *AEMO* and *interested parties* on credible options to address the secondary systems condition risks at Woree Substation¹.

Powerlink has adopted the expedited process for this RIT-T, as allowed for under the National Electricity Rules (the Rules)² for investments of this nature and has identified the Base Option as the preferred option in the draft recommendation in the PSCR.

This RIT-T addendum has been issued to provide the most recent information on the estimated capital costs of the proposed network options contained in the PSCR as well as results of the associated cost-benefit analysis. Due to the proportionate nature of the capital cost increase across all options, there has been no change to the relative rankings, sensitivity analysis or to the preferred option identified in the PSCR.

All other information contained within the PSCR remains unchanged.

Given this update and to maximise opportunities for non-network providers to respond, Powerlink has extended the consultation period to receive submissions to the PSCR.

Powerlink welcomes submissions from potential proponents and will publish a Project Assessment Draft Report if submissions identify other credible options that have not yet been considered and which could provide a material market benefit.

Submissions to the PSCR are due on or before Friday 15 March 2019.

Please address submissions to:

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¹ As required by clause 5.16.4(v) of the Rules

² In accordance with clause 5.16.4(z1) of the Rules

2. Summary of credible options and updated indicative costs³

Table 2.1 Summary of credible options and updated indicative costs

Option	Description	Indicative capital cost (\$million, 2018/19)	Indicative average annual operating and maintenance costs (\$million, 2018/19)
Base Case			
Replacement of all SVC secondary systems by December 2022	Replace all panels by December 2022*	5.28*	
Staged replacement of substation secondary systems in 1 new building and existing buildings by December 2033	Replace selected panels by:		0.11
	December 2022*	6.01*	
	December 2025†	3.43†	
	December 2028†	3.03†	
	December 2033†	0.96†	
Option 1			
Replacement of all SVC secondary systems by December 2022	Replace all panels by December 2022*	5.28*	
Staged replacement of substation secondary systems in 1 new building and existing buildings by December 2028	Replace selected panels by:		0.11
	December 2022*	9.41*	
	December 2028†	3.95†	
Option 2			
Replacement of all SVC secondary systems by December 2022	Replace all panels by December 2022*	5.28*	
Upfront replacement of all secondary systems into 2 new buildings and existing buildings by December 2022	Replace all panels by December 2022*	14.46*	0.07

*Proposed RIT-T project

†Modelled projects

³ This information supersedes the information contained in the PSCR and Table 4.2

3. Updated Cost -benefit analysis⁴

Table 3.1 outlines the net present value and the corresponding ranking of each credible option.

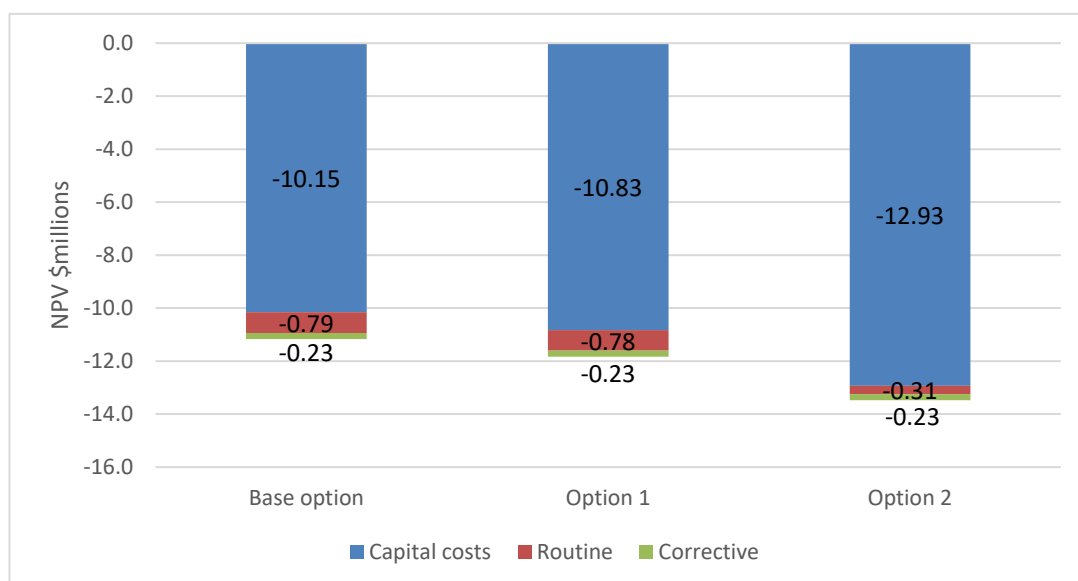
Table 3.1: NPV for each credible option (NPV, \$million 2018/19)

Option	Central Scenario NPV (\$m)	Ranking
Base Option	-11.16	1
Option 1	-11.83	2
Option 2	-13.47	3

When comparing Options 1 and 2 to the Base Option, Option 1 cost is \$0.67m more and Option 2 cost is \$2.31m more in NPV terms.

Figure 3.1 below sets out the breakdown of capital cost and operating costs for each option in NPV terms under the central scenario, highlighting the relatively small contribution of operating costs to the overall NPV and the impact of capital costs on the final outcome. The Base Option and Option 1 have higher maintenance due to costs associated with building structural restoration, which is not required in Option 2.

Figure 3.1 NPV component for each credible option (NPV \$m, 2018/19)



3.1 Sensitivity analysis

Powerlink has investigated the following sensitivities on key assumptions:

- a 25% increase/decrease in capital costs
- a lower discount rate of 3.47% as well as a higher rate of 10.61%.

Sensitivity tests show that the option rankings remain unchanged from the PSCR analysis under all sensitivities (both considered individually and in combination).

⁴ This information supersedes the information contained in Section 7 of the PSCR.

3.2 Updated Assessment and decision process⁵

Powerlink intends to carry out the following process to assess what action, if any, should be taken to address future supply requirements:

Part 1	PSCR (including PADR exemption)	29 October 2018
	RIT-T Addendum	14 December 2018
	Submissions due on the PSCR Have your say on the credible options and potential non-network options.	15 March 2019
Part 2	Publication of the PACR Responding to any submissions received and making a final recommendation on the preferred option for implementation.	April 2019

Powerlink reserves the right to amend the timetable at any time. Amendments to the timetable will be made available on the Powerlink website (www.powerlink.com.au).

⁵ This information supersedes that in Section 9.2 of the PSCR.



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