

Powerlink Queensland

# Project Specification Consultation Report

25 February 2020



## Addressing the secondary systems condition risks in the Gladstone South area

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## Document purpose

For the benefit of those not familiar with the National Electricity Rules (the Rules) and the National Electricity Market, Powerlink offers the following clarifications on the purpose and intent of this document:

1. The Rules require Powerlink to carry out forward planning to identify future reliability of supply requirements and consult with interested parties on the proposed solution as part of the Regulatory Investment Test for Transmission (RIT-T). This includes replacement of network assets in addition to augmentations of the transmission network. More information on the RIT-T process and how it is applied to ensure that safe, reliable and cost effective solutions are implemented to deliver better outcomes to customers is available on [Powerlink's website](#).
2. Powerlink must identify, evaluate and compare network and non-network options (including, but not limited to, generation and demand side management) to identify the '*preferred option*' which can address future network requirements at the lowest net cost to electricity customers.
3. The main purpose of this document is to provide details of the identified need, credible options, technical characteristics of non-network options, and categories of market benefits addressed in the assessment. In particular, it encourages submissions from potential proponents of feasible non-network options to address the identified need.

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## Executive Summary

### Ageing and obsolete secondary systems at Gladstone South and QAL West Substations require Powerlink to take action

Gladstone South Substation, located approximately 5km southeast of the Gladstone CBD, was established in the early 1960s as a 132kV injection point for the 66kV regional distribution network owned by Ergon Energy (part of the Energy Queensland Group). A second interconnected 132kV substation was established on an adjacent site in 2002 to meet a growing demand for electricity in the local area.

The QAL West Substation, also established in 2002, is one of three injection points for the Queensland Aluminium (QAL) refinery in Gladstone.

Planning studies have confirmed there is a long-term requirement to continue to supply the existing electricity services provided by Gladstone South and QAL West Substations to support a diverse range of customer needs in the area.

The secondary systems at Gladstone South and QAL West Substations broadly perform the functions of transmission element protection, data collection, remote (and local) control and monitoring. Commissioned almost 20 years ago, most of these systems are reaching the end of their technical service lives and are no longer supported by the manufacturer, with limited spares available. Increasing failure rates, along with the increased time to rectify the faults due to the obsolescence of the equipment significantly affects the availability and reliability of these systems and their ability to continue to meet the requirements of the National Electricity Rules (the Rules).

### Powerlink is required to apply the RIT-T to this investment

As the identified need of the proposed investment is to meet reliability and service standards specified within Powerlink's Transmission Authority and guidelines and standards published by the Australian Energy Market Operator (AEMO), and to ensure Powerlink's ongoing compliance with Schedule 5.1 of the Rules, it is classified as a 'reliability corrective action'<sup>1</sup>.

The most expensive credible network option identified in this PSCR meets the capital expenditure cost threshold of \$6 million, initiating public consultation under the Rules. Powerlink has adopted the expedited process for this RIT-T<sup>2</sup>, as the preferred option is below \$43 million and is unlikely to result in any material market benefits, other than those arising from a reduction in involuntary load shedding. The reduction in involuntary load shedding under the credible network options is included in the risk cost modelling and consequently represented in the economic analysis of the options.

This Project Specification Consultation Report (PSCR) discusses the potential credible network options and identifies the preferred network option, which incorporates cost effective measures over the long-term, to maintain the required service levels.

### A non-credible Base Case has been developed against which to compare credible options

Consistent with the Australian Energy Regulator's (AER's) RIT-T Application Guidelines<sup>3</sup>, the assessment undertaken in this PSCR compares and ranks the net present value (NPV) of credible network options designed to address the emerging risks, relative to a Base Case.

The Base Case is modelled as a non-credible option where the existing condition issues associated with an asset are managed via operational maintenance only, resulting in an increase in risk levels as the condition of the asset deteriorates over time. These increasing risk levels are assigned a monetary value and added to the ongoing maintenance costs to form the Base Case.

### Two credible network options have been developed to address the identified need

Powerlink has developed two credible network options to maintain the existing electricity services, ensuring an ongoing reliable, safe and cost effective supply to customers in the area.

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<sup>1</sup> The Rules clause 5.10.2, Definitions, reliability corrective action.

<sup>2</sup> In accordance with clause 5.16.4(z1) of the Rules

<sup>3</sup> AER, Application guidelines, Regulatory Investment Test for Transmission December 2018

Table 1 shows the capital cost of the two credible network options, along with their NPVs relative to the Base Case. Of the two credible network options, Option 2 has the highest NPV.

Table 1: Summary of credible network options

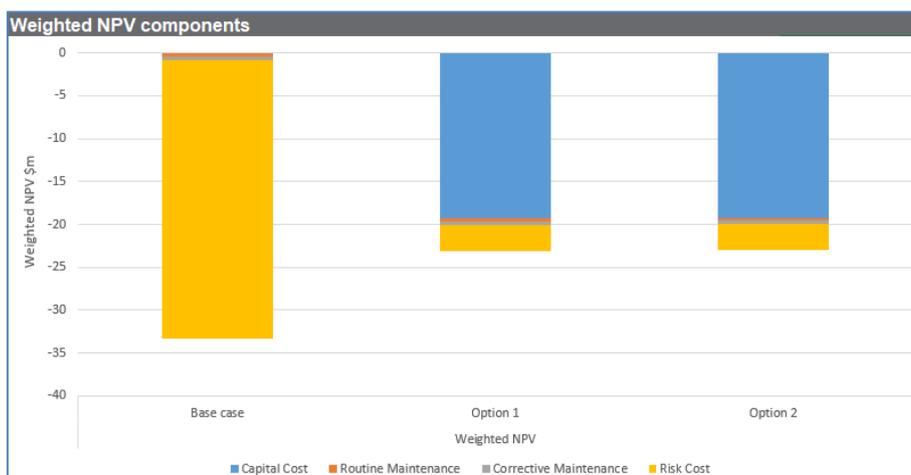
Option	Description	Capital costs (\$m) 2019/20	Weighted NPV relative to Base Case (\$m)	Ranking
1	<b>Gladstone South:</b> Partial replacement of secondary systems equipment using a new prefabricated building by April 2024*	15.9*	10.3	2
	Partial replacement of secondary systems equipment by October 2030†	2.3†		
	<b>QAL West:</b> Replace all secondary systems using existing building by April 2024*	6.8*		
2	<b>Gladstone South:</b> Full replacement of all secondary systems using a new prefabricated building by April 2024*	17.0*	10.4	1
	<b>QAL West:</b> Replace all secondary systems using existing building by April 2024*	6.8*		

\*RIT-T Project

†Future modelled projects

Figure 1 shows the absolute NPVs of the Base Case and the credible network options. All credible options significantly reduce the total risks arising from the condition of the ageing and obsolete secondary systems at Gladstone South and QAL West Substations when compared to the Base Case. Option 2 has the highest NPV of the credible options.

Figure 1: Weighted NPV of Base Case and Credible Network Options



### Option 2 has been identified as the preferred network option.

The Base Case is not a credible option, in that it does not allow Powerlink to continue to maintain compliance with relevant standards, applicable regulatory instruments and the Rules. As the investment is classified as a 'reliability corrective action' under the Rules, the purpose of the RIT-T is to identify the credible option that minimises the total cost to customers.

The economic analysis demonstrates that Option 2 has the highest NPV of the two credible options and is therefore the preferred option.

Option 2 involves the full replacement of all secondary systems at both Gladstone South and QAL West substations by April 2024. The indicative capital cost of this option is \$23.8 million in 2019/20 prices. Powerlink is the proponent of this network option.

Design work will commence in 2020 and construction will commence in 2022. Installation and commissioning of the new secondary systems will be completed by April 2024.

### Powerlink welcomes the potential for non-network options to form part or all of the solution

Powerlink welcomes submissions from proponents who consider that they could offer a credible non-network option that is both economically and technically feasible by April 2024, on an ongoing basis.

A non-network option that avoids the proposed replacement of the ageing and obsolete secondary systems would need to replicate, in part or full, the support that Gladstone South and QAL Substations deliver to customers in the area on a cost effective basis.

### Lodging a submission with Powerlink

Powerlink is seeking written submissions on this Project Specification Consultation Report on or before Friday, 22 May 2020, particularly on the credible options presented<sup>4</sup>.

Please address submissions to:

Roger Smith  
Manager Network and Alternate Solutions  
Powerlink Queensland  
PO Box 1193  
VIRGINIA QLD 4014  
Tel: (07) 3860 2328 or [email submissions to networkassessments@powerlink.com.au](mailto:networkassessments@powerlink.com.au)

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<sup>4</sup> [Powerlink's website](#) has detailed information on the types of engagement activities, which may be undertaken during the consultation process. These activities focus on enhancing the value and outcomes of the RIT-T engagement process for customers and non-network providers.

## 1 Introduction

### 1.1 Powerlink asset management and obligations

Powerlink Queensland is a Transmission Network Service Provider (TNSP) in the National Electricity Market that owns, develops, operates and maintains Queensland's high-voltage electricity transmission network. This network transfers bulk power from Queensland generators to electricity distributors Energex and Ergon Energy (part of the Energy Queensland Group), and to a range of large industrial customers.

Powerlink's approach to asset management includes a commitment to sustainable asset management practices that ensure Powerlink provides valued transmission services to its customers by managing risk<sup>5</sup>, optimising performance and efficiently managing assets through the whole of asset life cycle<sup>6</sup>.

Planning studies have confirmed there is a long-term requirement to continue to supply the existing electricity services currently provided by Gladstone South and QAL West Substations to customers in Gladstone area.

Substation secondary systems broadly perform the functions of transmission element protection, data collection, remote (and local) control and monitoring. The ageing and obsolete secondary systems at these two substations are nearing the end of their technical service lives and are increasingly at risk of failure, with many items of equipment no longer supported by the manufacturers and limited spares available.

Powerlink will be at risk of breaching the Rules requirements for protection availability, and the requirements placed on secondary systems in the AEMO Power System Security Guidelines and Power System Data Communication Standard if action is not taken to reduce the risks associated with the supportability of the Gladstone South and QAL West secondary systems by April 2024.

As the potential investment is in excess of \$6 million, Powerlink must assess the credible options under the RIT-T. The proposed credible network options assessed in this RIT-T maintain the current electricity services to customers in the area by addressing the reduction in availability below mandated standards, arising from faults occurring on Gladstone South and QAL West's ageing and obsolete secondary systems. When developing the credible options, Powerlink has focussed on implementing cost effective solutions that ensure a reliable supply, delivering better outcomes for customers.

### 1.2 RIT-T Overview

This Project Specification Consultation Report (PSCR) is the first step in the RIT-T process<sup>7</sup>. It:

- describes the reasons why Powerlink has determined that investment is necessary (the 'identified need'), together with the assumptions used in identifying this need
- provides potential proponents of non-network options with information on the technical characteristics that a non-network solution would need to deliver, in order to assist proponents in considering whether they could offer an alternative solution
- describes the credible options that Powerlink currently considers may address the identified need
- discusses why Powerlink does not expect specific categories of market benefit to be material for this RIT-T<sup>8</sup>
- presents the NPV assessment of each of the credible options compared to a Base Case (as well as the methodologies and assumptions underlying these results)

<sup>5</sup> Risk assessments are underpinned by Powerlink's corporate risk management framework and the application of a range of risk assessment methodologies set out in AS/NZS ISO31000:2018 Risk Management Guidelines.

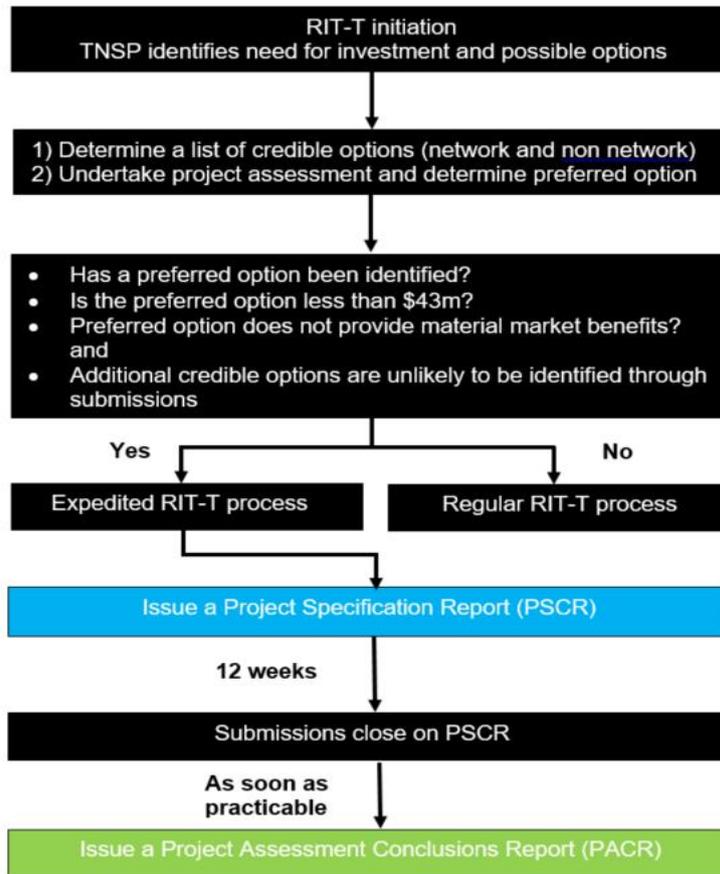
<sup>6</sup> Powerlink aligns asset management processes and practices with [AS ISO55000:2014](#) Asset Management – Overview, principles and terminology to ensure a consistent approach is applied throughout the life cycle of assets

<sup>7</sup> This RIT-T consultation has been prepared based on the following documents: National Electricity Rules, Version 132, 1 January 2020 and AER, Application guidelines, Regulatory Investment Test for Transmission, December 2018.

<sup>8</sup> As required by clause 5.16.1(c)(iv) of the Rules.

- identifies and provides a detailed description of the credible option that satisfies the RIT-T, and is therefore the preferred option
- describes how customers and stakeholders have been engaged with regarding the identified need
- provides stakeholders with the opportunity to comment on this assessment so that Powerlink can refine the analysis (if required) as part of the Project Assessment Conclusions Report (PACR).

Figure 1.1: RIT-T Process Overview



Powerlink has adopted the expedited process for this RIT-T, as allowed for under the Rules for investments of this nature<sup>9</sup>. Specifically, Powerlink will apply the exemption from publishing a Project Assessment Draft Report (PADR) as:

- the preferred option has an estimated capital cost of less than \$43 million
- none of the credible options have material market benefits, other than benefits associated with changes in involuntary load shedding<sup>10</sup>
- Powerlink has identified its preferred option in this PSCR (together with the supporting quantitative cost-benefit analysis)
- Powerlink does not envisage that additional credible options, which could deliver material market benefits, will be identified through the submission process, given the nature of these secondary systems replacement project.

Powerlink will however publish a PADR if submissions to this PSCR identify other credible options that have not yet been considered and which could provide a material market benefit.

<sup>9</sup> In accordance with clause 5.16.4(z1) of the Rules

<sup>10</sup> Section 4.3 Project assessment draft report, Exemption from preparing a draft report, AER, Application guidelines, Regulatory investment test for transmission, December 2018

## 2 Customer and non-network engagement

Delivering electricity to almost four million Queenslanders, Powerlink recognises the importance of engaging with a diverse range of customers and stakeholders who have the potential to affect, or be affected by, Powerlink activities and/or investments.

### 2.1 Powerlink takes a proactive approach to engagement

Powerlink regularly hosts a range of engagement forums and webinars, sharing information with customers and stakeholders within the broader community. These engagement activities help inform the future development of the transmission network and assist Powerlink in providing services that align with the long term interests of customers. Feedback from these activities is also incorporated into a number of [publicly available reports](#).

### 2.2 Working collaboratively with Powerlink's Customer Panel

Powerlink's Customer Panel provides a face-to-face opportunity for customer representative bodies to give their input and feedback about Powerlink's decision making, processes and methodologies. It also provides Powerlink with a valuable avenue to better inform customers and stakeholders and to receive feedback about topics of relevance, including RIT-Ts.

The Customer Panel is regularly advised on the publication of Powerlink's RIT-T documents and briefed quarterly on the status of current RIT-T consultations, as well as upcoming RIT-Ts. This provides an ongoing opportunity for the Customer Panel to ask questions and provide feedback to further inform RIT-Ts, and for Powerlink to better understand the views of customers when undertaking the RIT-T consultation process.

### 2.3 Transmission Annual Planning Report (TAPR) – the initial stage of formal public consultation

Powerlink utilises its TAPR as a primary vehicle to engage and understand broader consumer, customer and industry views on key topics as part of the annual Transmission Network Forum and to inform its business network and non-network planning objectives. The participants encompass a diverse range of stakeholders including customers, landholders, environmental groups, Traditional Owners, government agencies, and industry bodies.

### 2.4 Maintaining reliability of supply at Gladstone South and QAL West Substations

Powerlink identified in its TAPRs 2018 to 2019, an expectation that action would be required at Gladstone South and QAL West Substations to address the secondary systems condition risks and maintain reliability of supply to customers in the Gladstone zone<sup>11</sup>.

Powerlink advised members of its Non-network Engagement Stakeholder Register (NNESR) of the publication of the TAPR, TAPR templates and the accompanying compendium of potential non-network solution opportunities (Appendix F), which set out the indicative non-network requirements to meet the identified need.

No submissions proposing credible non-network options have been received from prospective non-network solution providers in the normal course of business, in response to the publication of TAPRs or as a result of stakeholder engagement activities.

Taking into consideration the most recent analysis and understanding of the risks arising from the secondary systems at Gladstone South and QAL West, the proposed credible network options have been aligned to a common completion date of April 2024. This common completion date differs slightly from the December 2023 and December 2022 dates published in the 2019 TAPR and also better serves customers in the area by undertaking works at both sites in a similar timeframe.

### 2.5 Powerlink applies a consistent approach to the RIT-T stakeholder engagement process

Powerlink undertakes a considered and consistent approach to ensure an appropriate level of stakeholder engagement is undertaken for each individual RIT-T. Please visit [Powerlink's website](#) for detailed information on the types of engagement activities that may be undertaken during the consultation process. These activities focus on enhancing the value and outcomes of

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<sup>11</sup> This relates to the standard geographic definitions (zones) identified within the TAPR.

the RIT-T process for customers, stakeholders and non-network providers. Powerlink welcomes [feedback](#) from all stakeholders to further improve the RIT-T stakeholder engagement process.

### 3 Identified need

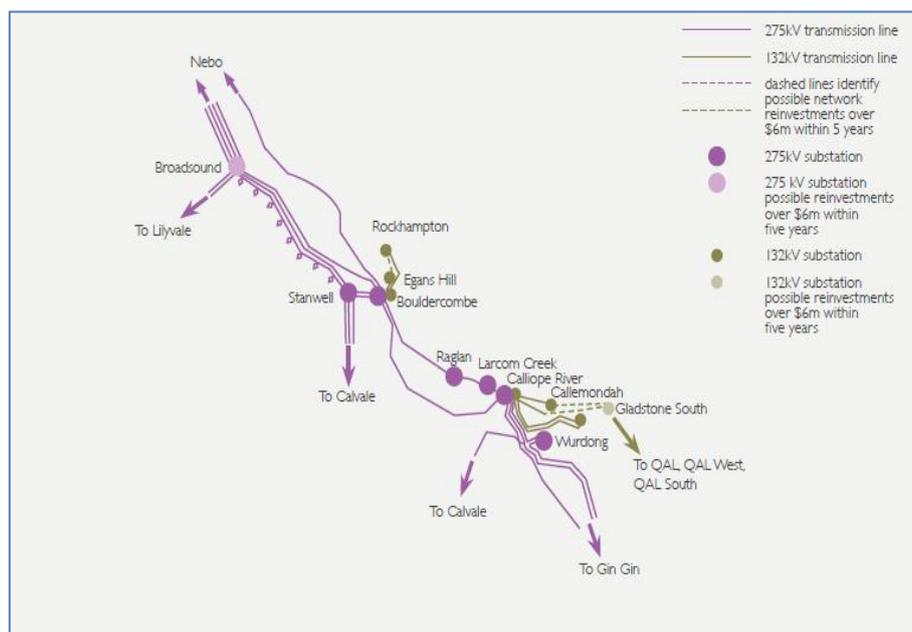
This section provides an overview of the existing arrangements at Gladstone South and QAL West substations and describes the increasing risk to Powerlink of being unable to maintain compliance with relevant standards, applicable regulatory instruments and the Rules, which are designed to ensure Powerlink's customers continue to receive safe, reliable and cost effective electricity services.

#### 3.1 Geographical and network need

Gladstone South Substation, located approximately 5km south east of Gladstone CBD, was established in the early 1960s to provide a bulk supply point for the regional distribution network owned by Ergon Energy (part of the Energy Queensland Group) and support the load growth arising from Queensland Aluminium (QAL). In 2002, the site was expanded and upgraded with the addition of an interconnected substation on an adjacent site. The QAL West Substation, also established in 2002, is one of three injection points for the QAL refinery in Gladstone.

The Gladstone zone transmission network is shown in Figure 3.1.

Figure 3.1: Gladstone zone transmission network



#### 3.2 Description of identified need

With peak demand in the Gladstone area forecast to remain at current levels<sup>12</sup>, it is vital that electricity supply be maintained to address these demands. The 2019 TAPR highlights the need to address the condition-based risks of the secondary systems at the two substations.

Powerlink's Transmission Authority requires it to plan and develop the transmission network "in accordance with good electricity industry practice, having regard to the value that end users of electricity place on the quality and reliability of electricity services". It allows load to be interrupted during a critical single network contingency, provided the maximum load and energy:

- will not exceed 50MW at any one time; or
- will not be more than 600MWh in aggregate<sup>13</sup>.

<sup>12</sup> [Powerlink's Transmission Annual Planning Report 2019](#)

<sup>13</sup> Transmission Authority No. T01/98, section 6.2(c)

Planning studies have confirmed that in order to continue to meet the reliability standard within Powerlink's Transmission Authority, the services currently provided by Gladstone South and QAL Substations are required for the foreseeable future to meet ongoing customer requirements.

Schedule 5.1 of the Rules sets minimum standards for network service providers on the availability and operation of protection systems, whilst Schedule 5.1.9 (c) specifically requires Powerlink provide protection systems to ensure that a fault is automatically disconnected<sup>14</sup>. Powerlink's condition assessment of the secondary systems at Gladstone South and QAL West Substations indicates that most are reaching the end of their technical service lives, they are no longer supported by the manufacturer and there are limited spares available. Increasing failure rates, along with the increased time to rectify the faults due to equipment obsolescence, significantly affects the availability and reliability of these systems.

There is a need for Powerlink to address this emerging risk to ensure ongoing compliance with Schedule 5.1 of the Rules, relevant standards and applicable regulatory instruments, which are designed to ensure Powerlink's customers continue to receive safe, reliable and cost effective electricity services.

As the proposed investment is for meeting reliability and service standards arising from Powerlink's Transmission Authority and to ensure Powerlink's ongoing compliance with Schedule 5.1 of the Rules, it is a 'reliability corrective action' under the Rules<sup>15</sup>. A reliability corrective action differs from that of an increase in producer and consumer surplus (market benefit) driven need in that the preferred option may have a negative net economic outcome as it is required to meet an externally imposed obligation on the network business.

### 3.3 Assumptions and requirements underpinning the identified need

The secondary systems at Gladstone South and QAL West broadly perform the functions of transmission element protection, data collection, remote (and local) control and monitoring. In performing these functions secondary systems:

- protect the public, the environment, the transmission network and substation primary plant from damage due to faults or mal-operation
- allow remote and local automatic or manual control of primary plant
- enable the remote and local monitoring of primary and secondary plant and equipment.

The Rules place specific requirements on Powerlink as a Transmission Network Service Provider (TNSP) to:

*"Provide sufficient primary protection systems and back-up protection systems (including breaker fail protection systems) to ensure that a fault of any fault type anywhere on its transmission system or distribution system is automatically disconnected"*<sup>16</sup>.

The importance of protection systems is further reinforced in the Rules, which require TNSPs to ensure:

*"all protection systems for lines at a voltage above 66 kV, including associated intertripping, are well maintained so as to be available at all times other than for short periods (not greater than eight hours) while the maintenance of a protection system is being carried out"*<sup>17</sup>.

As required by the Rules<sup>18</sup>, AEMO has published the Power System Security Guidelines (PSS Guidelines) to clarify the Rules regarding unplanned outages of the protection systems. In the event of an unplanned outage of a secondary system, the PSS Guidelines require that the primary network assets be taken out of service if the fault cannot be rectified within 24 hours<sup>19</sup>. Both the Rules and the PSS Guidelines indicate that exceeding 24 hours to rectify a protection

<sup>14</sup> The Rules Schedule 5.1.9(c)

<sup>15</sup> The Rules clause 5.10.2 ,Definitions, reliability corrective action

<sup>16</sup> The Rules clause S5.1.9(c)

<sup>17</sup> The Rules clause S5.1.2.1 (d)

<sup>18</sup> The Rules clause 4.11.2 (c)

<sup>19</sup> AEMO, Power System Operating Procedure SO\_OP\_3715, Power System Security Guidelines, V95, 23 September 2019 (the Rules require AEMO to develop and publish Power System Operating Procedures pursuant to clause 4.10.1(b) of the Rules, which Powerlink must comply with per clause 4.10.2(b)).

fault is not good practice, obligating Powerlink to take action to ensure the restoration period of unplanned outages of secondary systems does not reasonably exceed 24 hours.

Similar to protection requirements, AEMO's Power System Data Communication Standard specifies that the total period of critical outages over a 12 month period must not exceed 24 hours for remote control and monitoring functions<sup>20</sup>. This relates to both the reliability of the equipment (i.e. how often the device fails) and the repair time. It follows that the repair time for any single fault on this equipment must not exceed 24 hours if there are no other faults during the 12 month period.

Powerlink must therefore plan (have systems and processes in place) to safely resolve all protection, remote control and monitoring system problems and defects within 24 hours.

Analysis has shown that operating a secondary system beyond 20 years of effective age significantly impacts its ability to perform within acceptable limits<sup>21</sup>. Delaying replacement of secondary system assets beyond this optimal 20 year timeframe places the network at risk due to the limited supply of suitable spares, which prolongs the duration of any emergency corrective maintenance associated with replacing failed components beyond the 24 hour limit. In the case of protection systems, extended outages beyond 24 hours will result in the need to switch out network assets, placing the supply of electricity to customers at risk<sup>22</sup>.

With an increasing likelihood of faults arising from ageing secondary systems remaining in service at Gladstone South and QAL West Substations and limited supply of suitable spares, Powerlink must undertake reliability corrective action if it is to continue to meet its jurisdictional obligations and the standards for reliability of supply set out by AEMO and the Rules.

### 3.4 Description of asset condition and risks

Powerlink has undertaken a comprehensive condition assessment of the secondary systems at Gladstone South and QAL West using an asset health index modelled from zero to ten, where zero represents new assets and ten indicates that the asset requires urgent action to address the increasing risk of unavailability and unreliable operation. This has identified that a significant amount of secondary system equipment is reaching the end of its technical service life.

The condition of the at-risk secondary systems at Gladstone South and QAL West substations is summarised in Table 3.1.

Table 3.1: Gladstone South and QAL at-risk secondary systems

Bay	Construction year	Health index average
4x Bus Zones Protection and Control	2003	8.1
3x Bus Couplers Protection and Control	2003	8.1
8x Feeder Bays Protection and Control	2002 - 2012	8.0
4x Transformers Bays Protection and Control	2002-2003	8.3
1x Capacitor Bay Protection and Control*	2006	6.2

<sup>20</sup> AEMO, Power System Data Communication Standard, Section 3 Reliability and Section 6 Maintenance. (This standard has been made by AEMO under clause 4.11.2(c) of the Rules and incorporates the standards and protocols referred to in clause 4.11.1)

<sup>21</sup> Cigre, Study Committee B3, Paper B3\_205\_2018, "Modelling Substation Control and Protection Asset Condition for Optimal Reinvestment Decision Based on Risk, Cost and Performance" by T. Vu, M. Pelevin, D. Gibbs, J. Horan, C. Zhang (Powerlink Queensland)

<sup>22</sup> AEMO, Power System Operating Procedure SO\_OP\_3715, Power System Security Guidelines, V95, 23 September 2019

Bay	Construction year	Health index average
1x Harmonic Filter Protection and Control*	2010	3.8
4x Feeder Metering	2003	8.1
Non-bay secondary systems (includes OpsWAN, SCADA, GPS timing system, 125VDC battery chargers)	2002– 2010	8.5

\*Gladstone South Substation only

Most of the secondary systems at Gladstone South were installed in 2002/03 as part of the establishment of the second interconnected substation. The secondary systems associated with the harmonic filter were established in 2010 and the capacitor bank in 2006. The systems at QAL West were installed in 2002, when the substation was first commissioned. There have also been a number of selective secondary system component installations in later years due to capital works at remote substation ends, or the replacement of failed components. This has reduced the average health index, whilst the majority of equipment has a health index higher than the average given in Table 3.1.

The impact of equipment obsolescence is an important consideration when determining if remedial action is required. Currently, over 60% of the secondary systems equipment is obsolete. This is expected to increase to an unsupportable level beyond April 2024.

Notwithstanding the assessed condition of the asset, Powerlink's ongoing operational maintenance practices are designed to monitor equipment condition and ensure any emerging safety and reliability risks are proactively managed.

### 3.5 Consequences of failure in an obsolete system

The duration of a fault is not only dependent on the nature and location of the fault, but also on the availability of a like for like replacement of the failed component. If a like for like replacement is available (i.e. same hardware and firmware as the failed device), then the replacement is often not complex and can generally be rectified within the timeframes specified by AEMO. If a like for like replacement is not available, then replacement is operationally and technically more complex due to:

- physical differences with the mounting and installation
- development and testing of new configurations and settings
- cabling, connectivity and protocol differences
- interoperability between other devices on site, and with remote ends (if applicable)
- non-standard settings / configuration requirements
- legislative requirements for professional engineering certification

All of the above complexities add time to fault resolution, typically resulting in a fault duration well in excess of 24 hours.

Given the specific nature of the Rules' obligations and the AEMO requirements relating to protection, control and monitoring systems, accepted good industry practice is often to replace the current ageing and obsolete secondary systems when they reach the end of their technical service lives, rather than letting them run to failure. Due to the condition and obsolescence issues with the secondary systems at Gladstone South, there is a significant risk of breaching the mandated obligations and requirements if the secondary systems (excluding those associated with the capacitor bank) are left to operate beyond April 2024.

A summary of the equipment condition issues and associated possible consequences of failure of the equipment is given in Table 3.2.

Table 3.2: Summary of equipment condition issues and potential consequences of failure

Equipment	Condition/Issue	Potential consequence of failure
Protection and Control for High Voltage Bay	<ul style="list-style-type: none"> <li>• Obsolescence and limited availability of spares; no longer supported by the manufacturer</li> <li>• Increasing failure rates due to ageing electronic components</li> </ul>	<ul style="list-style-type: none"> <li>• Failure to operate or slow clearance resulting in Rules violation, plant damage, safety and supply risks</li> <li>• Prolonged outages of equipment placing load at risk and resulting in less reliable supply to customers</li> <li>• Unable to comply with Power System Data Communication Standard</li> <li>• Unable to comply with the Power System Security Guidelines</li> <li>• Increased failures resulting in less reliable supply to customers</li> </ul>
Metering Equipment	<ul style="list-style-type: none"> <li>• Obsolescence and limited availability of spares; no longer supported by the manufacturer</li> <li>• Increasing failure rates due to ageing electronic component</li> </ul>	<ul style="list-style-type: none"> <li>• Unable to restore metering installation upon malfunction within the 2 business day requirement of the Rules<sup>23</sup></li> </ul>
SCADA System	<ul style="list-style-type: none"> <li>• Obsolescence and limited availability of spares; no longer supported by the manufacturer</li> <li>• Increasing failure rates due to ageing electronic components</li> </ul>	<ul style="list-style-type: none"> <li>• Unable to comply with Power System Data Communication Standard</li> <li>• Increased failures resulting in less reliable supply to customers</li> </ul>

### 3.5.1 Fleet-wide implications of obsolescence

In addition to the site specific impacts of obsolescence at Gladstone South and QAL West, it is also important to note the compounding impact of equipment obsolescence occurring across the fleet of secondary systems assets installed in the Powerlink network. When a particular equipment type or model is no longer supported by the manufacturer, and limited spares are available to service the fleet of assets, running multiple secondary systems to failure across the network increases the likelihood of concurrent systemic faults that would overwhelm Powerlink's capacity to undertake corrective maintenance or replacement projects. This would leave Powerlink in breach of the Rules, the AEMO standards and its jurisdictional obligations.

## 4 Required technical characteristics for non-network options

The information provided in this section is intended to enable interested parties to formulate and propose genuine and practicable non-network solutions such as, but not limited to, local generation and Demand Side Management (DSM) initiatives.

Powerlink identified in its Transmission Annual Planning Reports (TAPRs) 2018 to 2019 an expectation that action would be required at Gladstone South and QAL West Substations to maintain reliability of supply requirements in the Gladstone transmission zone<sup>24</sup>. Powerlink has considered the operation of the existing embedded generation in the region in establishing this requirement.

Powerlink has consulted with Registered Participants, Powerlink's Non-Network Engagement Stakeholder Register and interested parties on the proposed investment at this substation as part of the TAPR publication and associated engagement activities.

<sup>23</sup> The Rules, clause 7.8.10 Metering installation malfunctions

<sup>24</sup> This relates to the standard geographic definitions (zones) identified within the [Powerlink's Transmission Annual Planning Report](#), which is published annually by 30 June.

No submissions proposing credible non-network options were received from prospective solution providers in the normal course of business or in response to the TAPRs. As a result, Powerlink is currently not aware of any non-network options that could be adopted. This PSCR provides a further opportunity for providers of feasible non-network options to submit details of their proposals for consideration.

#### 4.1 Criteria for proposed network support services

A non-network option that avoids replacement of the ageing secondary systems would require injection or demand response in the Gladstone area of approximately 200MW<sup>25</sup>, including supply to QAL of 105MW as well as 65MW for the Gladstone South Energy Queensland load.

The exact requirements are dependent on the nature of the non-network solution offered, and the ability of the network support to respond to (and operate with) the variable nature of the loads at Gladstone South and QAL West. Powerlink has identified the following common criteria that must be satisfied if proposed network support services are to meet supply requirements<sup>26</sup>.

##### Size and location

- Proposed solutions must be large enough, individually or collectively, to provide the size of injection or demand response set out above. However, the level of support is dependent on the location, type of network support and load forecasts.
- Due to the bulk nature of the transmission network, aggregation of sub 10MW non-network solutions will be the sole responsibility of the non-network provider.
- Notwithstanding the location of any solution, each proposal would require assessment in relation to technical constraints pertinent to the network connection, such as impacts on intra-regional transfer limits, fault level, system strength, maintaining network operability and quality of supply.

##### Operation

- A non-network option would need to be capable of operating continuously 24 hours per day over a period of years.
- If a generation service is proposed (either standalone or in conjunction with other services), such operation will be required regardless of the market price<sup>27</sup>.
- Proponents of generation services are advised that network support payments are intended for output that can be demonstrated to be additional to the plant's normal operation in the National Electricity Market.
- Where there are network costs associated with a proposed non-network option, including asset decommissioning, these costs will form part of the option economic assessment.

##### Reliability

- Proposed services must be capable of reliably meeting electricity demand under a range of conditions and, if a generator must meet all relevant National Electricity Rules requirements related to grid connection.
- Powerlink has obligations under the National Electricity Rules, its Transmission Authority and connection agreements to ensure supply reliability is maintained to its customers. Failure to meet these obligations may give rise to liability. Proponents of non-network options must also be willing to accept any liability that may arise from its contribution to a reliability of supply failure.

##### Timeframe and certainty

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<sup>25</sup> Appendix F – Compendium of potential non-network solution opportunities within the next five years [Powerlink's Transmission Annual Planning Report 2019](#).

<sup>26</sup> [Powerlink's Network Support Contracting Framework](#) has been developed as a general guide to assist potential non-network solution providers. This framework outlines the key contracting principles that are likely to appear in any non-network support agreement.

<sup>27</sup> The National Electricity Rules prevent a generator that is providing network support from setting the market price.

- Proposed services must be able to be implemented in sufficient time to meet the identified need, using proven technology and, where not already in operation, provision of information in relation to development status such as financial funding and development timeline to support delivery within the required timeframe must be provided.

#### Duration

- The agreement duration for any proposed service will provide sufficient flexibility to ensure that Powerlink is pursuing the most economic long run investment to address the condition risks at Gladstone South and QAL West Substations.

Powerlink welcomes submissions from potential proponents who consider that they could offer a credible non-network option that is both economically and technically feasible.

## 5 Potential credible network options to address the identified need

Powerlink has developed two credible network options to address the secondary system condition risks and compliance obligations at Gladstone South Substation and QAL West substations. A summary of these options is given in Table 5.1.

Table 5.1: Summary of credible options

Option	Description	Capital costs (\$m) 2019/20	Indicative average O&M Costs (\$m p.a.) 2019/20
	<b>Gladstone South:</b> Partial replacement of secondary systems equipment using a new prefabricated building by April 2024*	15.9*	
1	Partial replacement of secondary systems equipment by October 2030†	2.3†	0.063
	<b>QAL West:</b> Replace all secondary systems using existing building by April 2024*	6.8*	
2	<b>Gladstone South:</b> Full replacement of all secondary systems using a new prefabricated building by April 2024*	17.0*	0.060
	<b>QAL West:</b> Replace all secondary systems using existing building by April 2024*	6.8*	

\*Proposed RIT-T project

†Modelled capital project

All credible options address the major risks resulting from the deteriorating condition of ageing and obsolete secondary systems at Gladstone South and QAL West substations. Addressing these risks will allow Powerlink to meet its reliability of supply and safety obligations under the Rules, its Transmission Authority, the Electricity Act 1994 and other applicable regulatory instruments, by the replacement of the deteriorated protection systems and associated equipment.

The proposed network options have not been discussed by AEMO in its most recent National Transmission Network Development Plan (NTNDP)<sup>28</sup> or the draft 2020 Integrated System Plan (ISP) published in December 2019.

An additional option considered but not progressed due to economic reasons is listed in Appendix 1.

<sup>28</sup> Clause 5.16.4(b)(4) of the Rules requires Powerlink to advise whether the identified need and or solutions are included in the most recent NTNDP. The 2018 NTNDP is the most recent NTNDP.

### 5.1 Option 1: Two stage replacement of the secondary systems by April 2024 and October 2030

This option seeks to optimise the service life of the systems by replacing those secondary systems identified in table 3.1, excluding the secondary systems associated with the capacitor bank and harmonic filter at Gladstone South, by April 2024. The capacitor bank and harmonic filter secondary systems are replaced in a second stage by October 2030.

Powerlink is the proponent of this option.

Table 5.2: Main project components for the Option 1

Option 1	Works	Indicative cost (\$million, 2019/20)
<b>RIT - Project</b>		
Replace selected Gladstone South secondary systems by April 2024	Replacement of the following protection, control and monitoring systems in a new building: <ul style="list-style-type: none"> <li>• 4x bus zones</li> <li>• 3x bus coupler bays</li> <li>• 8x feeder bays</li> <li>• 4x transformer bays</li> <li>• Selected metering equipment</li> <li>• Selected non-bay equipment</li> </ul>	15.9
Replace QAL West Secondary System by April 2024	Replace QAL West Secondary System	6.8
<b>Modelled Capital Project</b>		
Replace capacitor bank and harmonic filter secondary systems by October 2030	Replacement of the following protection, control and monitoring systems in the new building: <ul style="list-style-type: none"> <li>• 1x capacitor bank bay</li> <li>• 1x harmonic filter</li> </ul>	2.3
<b>TOTAL</b>		<b>25.0</b>

## 5.2 Option 2: Single stage replacement of all secondary systems by April 2024

This option seeks to minimise mobilisation costs by replacing all secondary systems identified in Table 3.1 by April 2024.

Table 5.4: Main project components for Option 2

Option 2	Works	Indicative cost (\$million, 2019/20)
RIT - Project		
Replace all Gladstone South secondary systems by April 2024	Replacement of the following protection, control and monitoring systems in a new building: <ul style="list-style-type: none"> <li>• 4x bus zones</li> <li>• 3x bus coupler bays</li> <li>• 8x feeder bays</li> <li>• 4x transformer bays</li> <li>• 1x capacitor bank bay</li> <li>• 1x harmonic filter</li> <li>• Selected metering equipment</li> <li>• Selected non-bay equipment</li> </ul>	17.0
Replace QAL West Secondary System by April 2024	Replace QAL West Secondary System	6.8
<b>TOTAL</b>		<b>23.8</b>

## 5.3 Material inter-network impact

Powerlink does not consider that any of the credible options being considered will have a material inter-network impact, based on AEMO's screening criteria<sup>29</sup>.

## 6 Materiality of market benefits

The rules require that all categories of market benefits identified in relation to a RIT-T be quantified, unless the TNSP can demonstrate that a specific category is unlikely to be material.

### 6.1 Market benefits that are material for this RIT-T assessment

Powerlink considers that changes in involuntary load shedding (i.e. avoided unserved energy) delivered by the options in this PSCR provide a material market benefit. This benefit has been quantified and included within the cost benefit and risk cost analysis as network risk.

### 6.2 Market benefits that are not material for this RIT-T assessment

The AER has recognised a number of classes of market benefits may not be material in the RIT-T assessment and so do not need to be estimated<sup>30</sup>. A discussion of each market benefit under the RIT-T that is considered not material is presented below:

- **changes in patterns of generation dispatch:** replacement of secondary systems by itself does not affect transmission network constraints or affect transmission flows that would change patterns of generation dispatch. It follows that changes through different patterns of generation dispatch are not material to the outcome of the RIT-T assessment
- **changes in voluntary load curtailment:** a secondary systems fault by itself does not affect prices in the wholesale electricity market. It follows that changes in voluntary load curtailment will not be material for the purposes of this RIT-T

<sup>29</sup> In accordance with Rules clause 5.16.4(b)(6)(ii). AEMO has published guidelines for assessing whether a credible option is expected to have a material inter-network impact.

<sup>30</sup> AER, Application guidelines, Regulatory investment test for transmission, December 2018

- **changes in costs for other parties:** the effect of replacing secondary systems under the credible options considered are localised to the substation they are located at and do not affect the capacity of transmission network assets and therefore are unlikely to change generation investment patterns (which are captured under the RIT-T category of 'costs for other parties')
- **differences in the timing of expenditure:** credible options for secondary systems replacement do not affect the capacity of transmission network assets, the way they operate, or transmission flows. Accordingly, differences in the timing of expenditure of unrelated transmission investments are unlikely to be affected
- **changes in network losses:** credible options are not expected to provide any changes in network losses as replacing secondary systems does not affect the characteristics of primary transmission assets
- **changes in ancillary services cost:** there is no expected change to the costs of Frequency Control Ancillary Services (FCAS), Network Control Ancillary Services (NCAS), or System Restart Ancillary Services (SRAS) due to credible options under consideration. These costs are therefore not material to the outcome of the RIT-T assessment
- **competition benefits:** Powerlink does not consider that any of the credible options will materially affect competition between generators, and generators' bidding behaviour and, consequently, considers that the techniques required to capture any changes in such behaviour would involve a disproportionate level of effort compared to the additional insight it would provide
- **option value:** Powerlink does not consider that the identified need for the options considered in this RIT-T is affected by uncertain factors about which there may be more clarity in future. As a consequence, option value is not a relevant consideration for this RIT-T.

### 6.3 Consideration of market benefits for non-network options

Powerlink notes that non-network options may impact the wholesale electricity market (for example by displacing generation output). Accordingly, it is possible that several of the above classes of market benefits will be material where there are credible non-network options, depending on the specific form of the option.

Where credible non-network options are identified as part of the consultation process on this PSCR, Powerlink will assess the materiality of market benefits associated with these options. Where the market benefits are considered material, these will be quantified as part of the RIT-T assessment of these options.

## 7 Base Case

### 7.1 Modelling a Base Case under the RIT-T

Consistent with the RIT-T Application Guidelines the assessment undertaken in this PSCR compares the costs and benefits of credible options to address the risks arising from an identified need, with a Base Case<sup>31</sup>.

As characterised in the RIT-T Application Guidelines, the Base Case itself is not a credible option to meet the identified need. Specifically, the Base Case reflects a state of the world in which the condition and obsolescence issues arising from the ageing assets are only addressed through standard operational activities, with escalating safety, financial, environmental and network risks.

To develop the Base Case, the existing condition and obsolescence issues are managed by undertaking operational maintenance only, which results in an increase in risk levels as the condition and availability of the asset deteriorates over time. These increasing risk levels are assigned a monetary value that is used to evaluate the credible options designed to offset or mitigate these risk costs.

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<sup>31</sup> AER, Application Guidelines, Regulatory Investment Test for Transmission, December 2018

The Base Case for Gladstone South and QAL West secondary systems therefore includes the costs of work associated with operational maintenance and the risk costs associated with the failure of the assets. The costs associated with equipment failures are modelled in the risk cost analysis and are not included in the operational maintenance costs.

The Base Case provides a clear reference point in the cost-benefit analysis to compare and rank the credible options against each other over the same timeframe.

## 7.2 Gladstone South QAL West Base Case risk costs

Powerlink has developed a risk modelling framework consistent with the RIT-T Application Guidelines and the AER Industry practice application note<sup>32</sup>. An overview of the framework is available on Powerlink's website<sup>33</sup>. The principles of the framework have been used to calculate the risk costs of this Base Case. The framework includes the modelling methodology and general assumptions underpinning the analysis.

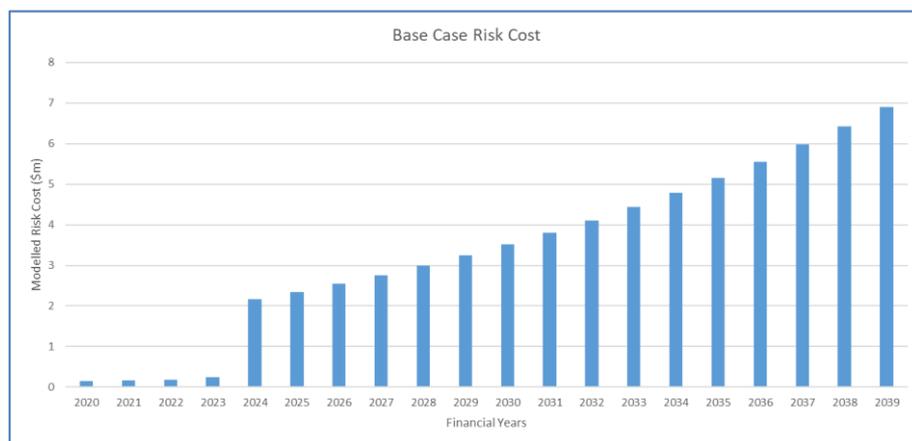
## 7.3 Base Case assumptions

In calculating the potential unserved energy (USE) arising from a failure of the ageing and obsolete secondary systems at Gladstone South and QAL West substations, the following modelling assumptions have been made:

- spares for secondary system items have been assumed to be available prior to the point of expected spares depletion, as after this point, the cost and time to return the secondary system back to service increases significantly
- historical load profiles have been used when assessing the likelihood of unserved energy under concurrent failure events
- unserved energy generally accrues under concurrent failure events, and consideration has been given to potential feeder trip events within the wider area
- the network risk cost model has used the VCR values as published in the AER 2019 Value of Customer Reliability Review Final Report.<sup>34</sup>

The 20 year forecast of risk costs for the Base Case is shown in Figure 7.1.

Figure 7.1: Modelled Base Case risk costs



Based upon the assessed condition of the ageing secondary systems at Gladstone South and QAL West, the risk costs are projected to increase from \$0.16 million in 2020 to \$6.90 million in 2039. The main areas of risk cost are network risks that involve reliability of supply through the failure of deteriorated secondary systems modelled as probability weighted unserved energy<sup>35</sup>, and financial risk costs associated mostly with the replacement of failed assets in an

<sup>32</sup> AER Industry practice application note, Asset Replacement Planning, January 2019

<sup>33</sup> The risk costs are calculated using the principles set out in the Powerlink document, [Overview of Asset Risk Cost Methodology](#), May 2019

<sup>34</sup> AER - Values of Customer Reliability Review - Final Report - December 2019.

<sup>35</sup> As the analysis for this RIT commenced before the December 2019 VCR update, Unserved Energy is modelled using a Value of Customer Reliability (VCR) consistent with that published by AER in their *Value of Customer Reliability Review, Final Report*, 2014.

emergency. These risks increase over time as the condition of equipment further deteriorates, more equipment becomes obsolete and the likelihood of failure rises.

#### 7.4 Modelling of Risk in Options

Each option is scoped to mitigate the major risks arising in the Base Case and to maintain compliance with all statutory requirements, the Rules and AEMO standards. The residual risk is calculated for each option based upon their individual implementation strategy. This is included with the capital and operational maintenance cost of each option to develop the NPV inputs.

## 8 General modelling approach adopted for net benefit analysis

### 8.1 Analysis period

The RIT-T analysis has been undertaken over a 20 year period, from 2020 to 2039. A 20 year period takes into account the size and complexity of the secondary system replacement options. There will be remaining asset life by 2039, at which point a terminal value is calculated to correctly account for capital costs under each credible option.

### 8.2 Discount rate

Under the RIT-T, a commercial discount rate is applied to calculate the NPV of the costs and benefits of credible options. Powerlink has adopted a real, pre-tax commercial discount rate of 5.90%<sup>36</sup> as the central assumption for the NPV analysis presented in this report.

Powerlink has tested the sensitivity of the results to changes in this discount rate assumption, and specifically to the adoption of a lower bound discount rate of 3.47%<sup>37</sup> and an upper bound discount rate of 8.33% (i.e. a symmetrical upwards adjustment).

### 8.3 Description of reasonable scenarios

The RIT-T analysis is required to incorporate a number of different reasonable scenarios, which are used to estimate market benefits. The number and choice of reasonable scenarios must be appropriate to the credible options under consideration, and they must reflect any variables or parameters that are likely to affect the ranking of the credible options, where the identified need is reliability corrective action<sup>38</sup>.

Powerlink has considered discount rate, capital cost and risk cost sensitivities individually and in combination and found that the discount rate parameter has an impact on the ranking of results. Powerlink has developed three reasonable scenarios and applied weighting to the NPVs calculated under the high, central and low scenarios, as illustrated in Table 8.1.

Table 8.1: Reasonable scenario assumed

Key parameter	High Scenario	Central scenario	Low scenario
Capital cost	100% of base capital cost estimate	100% of base capital cost estimate	100% of base capital cost estimate
Discount rate	8.33%	5.90%	3.47%
Weighting	1/3	1/3	1/3

<sup>36</sup> This indicative commercial discount rate has been calculated on the assumptions that a private investment in the electricity sector would hold an investment grade credit rating and have a return on equity equal to an average firm on the Australian stock exchange, as well as a debt gearing ratio equal to an average firm on the Australian stock exchange.

<sup>37</sup> A discount rate of 3.47% is based on the AER's Final Decision for Powerlink's 2017-2022 transmission determination, which allowed a nominal vanilla WACC of 6.0% and forecast inflation of 2.45% that implies a real discount rate of 3.47%. See AER, Final Decision: Powerlink transmission determination 2017-2022 | Attachment 3 – Rate of return, April 2017, p 9.

<sup>38</sup> AER, Final Regulatory Investment Test for Transmission, June 2010, version 1, paragraph 16, p. 7

## 9 Cost benefit analysis and identification of the preferred option

### 9.1 NPV Analysis

Table 9.1 shows the NPV and the corresponding ranking of each credible option relative to the Base Case.

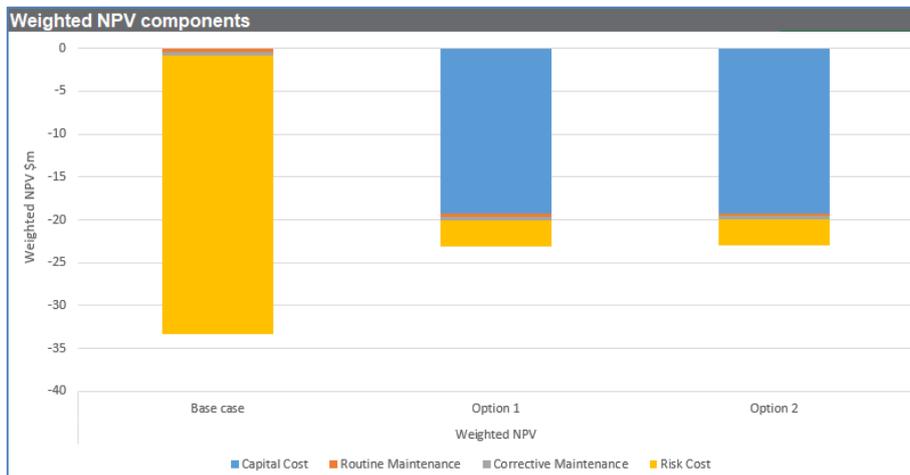
Table 9.1: NPV of credible options relative to base case (\$m, 2019/20)

Option	Weighted NPV relative to Base Case (\$m)	Ranking
Option 1 Two stage replacement of secondary systems by April 2024 and October 2030	10.264	2
Option 2: Single stage replacement of all secondary systems by April 2024	10.367	1

Both credible network options address the identified need on an enduring basis. Option 2 has the highest weighted NPV relative to the Base Case and is ranked first.

Figure 9.1 sets out the weighted NPV component of capital cost, maintenance cost and risk cost for the Base Case and each credible option. Option 2 has lower capital cost and maintenance cost components compared to Option 1, resulting in overall higher weighted net present value. Note that the non-credible Base Case consists of maintenance cost and risk cost and does not include any capital expenditure.

Figure 9.1: NPV of the Base Case and each credible option (NPV \$m, 2019/20)



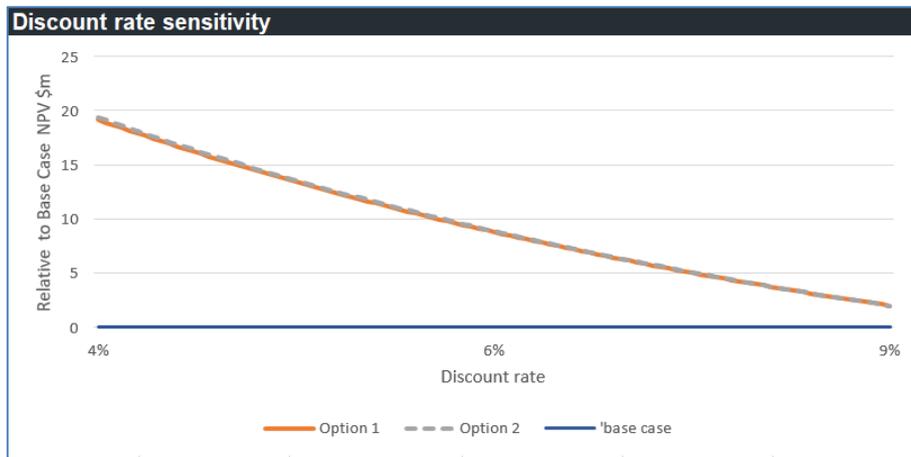
### 9.2 Sensitivity analysis

Powerlink has investigated the following sensitivities on key assumptions:

- a range from 3.47% to 8.33% discount rate
- a range from 75% to 125% of base capital expenditure estimates
- a range from 75% to 125% of base risk cost estimates

Option 2 is preferred for discount rates below 8.2% while Option 1 is preferred for discount rate greater than 8.2%. In the calculation of weighted NPV, Option 2 results in higher NPV compared Option 1.

Figure 9.2.1 Discount rate sensitivity



Sensitivity analysis of the NPVs relative to the Base Case shows that when varying capital expenditure and risk costs, there is no material change between the option rankings.

Figure 9.2.2 Capital cost sensitivity

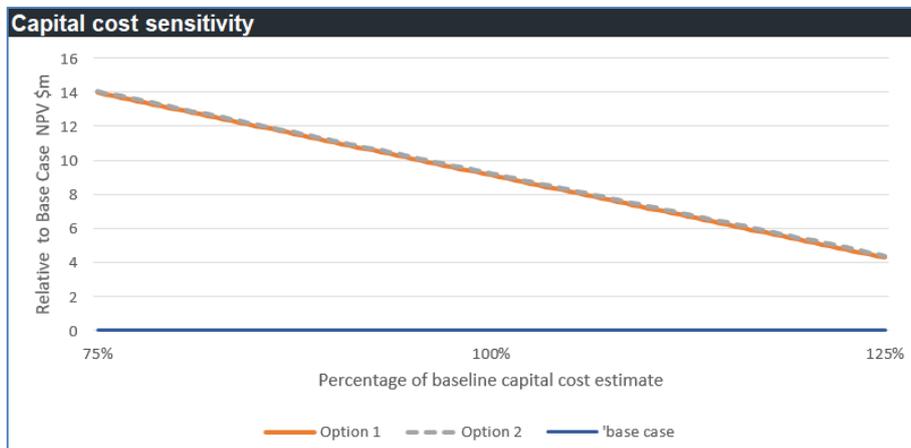
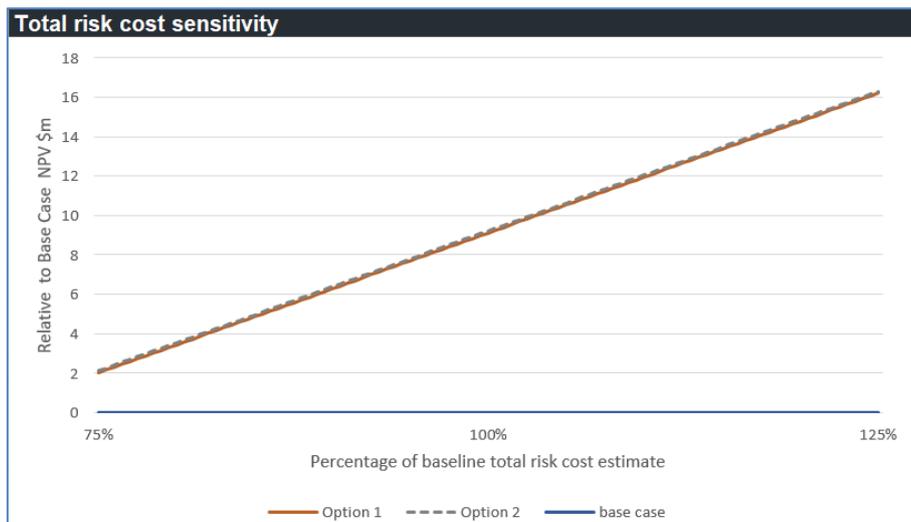


Figure 9.2.3 Risk cost sensitivity



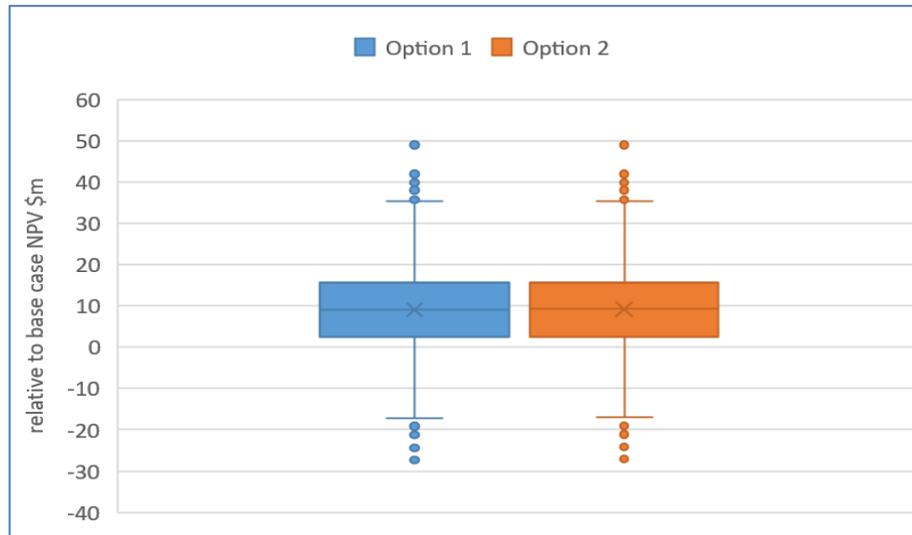
### 9.3 Sensitivity to multiple parameters

A Monte Carlo simulation was performed with multiple input parameters (including capital cost, discount rate and risk cost) generated for the calculation of the NPV for each option. This process is repeated over 5000 iterations, each time using a different set of random variables from the probability function.

The sensitivity analysis output is presented as a distribution of possible NPVs for each option, as illustrated in Figure 9.3.

The Monte Carlo simulation results identify that Option 2 has similar statistical dispersion in comparison to Option 1 and has a higher mean compared to Option 1. This confirms that the preferred option, Option 2, is robust over a range of input parameters in combination.

Figure 9.3 NPV sensitivity analysis of multiple key assumptions relative to the Base Case



#### 9.4 Conclusion

The Base Case is not a credible option, in that it does not allow Powerlink to continue to maintain compliance with relevant standards, applicable regulatory instruments and the Rules.

As the investment is classified as a 'reliability corrective action' under the Rules, the purpose of the RIT-T is to identify the credible option that minimises the total cost to customers. The result of the cost benefit analysis indicates that Option 2 is the credible option with the highest NPV, over the 20 year analysis period, and therefore reduces costs to customers. Sensitivity testing shows the analysis is robust to variations in the discount rate, capital cost and risk cost assumptions.

Option 2 is therefore considered to satisfy the requirement of the RIT-T and is the proposed preferred option.

## 10 Draft recommendation

Based on the conclusions drawn from the economic analysis and the Rules requirements relating to the proposed replacement of transmission network assets, it is recommended that Option 2 be implemented to address the risks associated with the deteriorated condition of the aged and obsolete secondary systems at Gladstone South and QAL West substations. Implementing this option will also ensure ongoing compliance with relevant standards, applicable regulatory instruments and the Rules.

Option 2 involves the full replacement of both the Gladstone South and QAL West secondary systems at an indicative capital cost of \$23.8 million in 2019/20 prices. Powerlink is the proponent of this network option.

Under Option 2, design work will commence in 2020, and construction from 2022. Installation and commissioning of the new secondary systems will be completed by April 2024.

## 11 Submissions requirements

Powerlink invites submissions and comments in response to this PSCR from Registered Participants, AEMO, potential non-network providers and any other interested parties.

Submissions should be presented in a written form and should clearly identify the author of the submission, including contact details for subsequent follow-up if required. If parties prefer, they may request to meet with Powerlink ahead of providing a written response.

### 11.1 Submissions from non-network providers

This is not a tender process – submissions are requested so that Powerlink can fulfil its regulatory obligations to analyse non-network options. In the event that a non-network option appears to be a credible alternative that could satisfy the RIT-T, Powerlink will engage with that proponent or proponents to clarify cost inputs and commercial terms.

Submissions from potential non-network providers should contain the following information:

- details of the party making the submission (or proposing the service)
- technical details of the project (capacity, proposed connection point if relevant, etc.) to allow an assessment of the likely impacts on future supply capability
- sufficient information to allow the costs and benefits of the proposed service to be incorporated in a comparison in accordance with AER RIT-T guidelines
- an assessment of the ability of the proposed service to meet the technical requirements of the Rules
- timing of the availability of the proposed service
- other material that would be relevant in the assessment of the proposed service.

As the submissions will be made public, any commercially sensitive material, or material that the party making the submission does not want to be made public, should be clearly identified. It should be noted that Powerlink is required to publish the outcomes of the RIT-T analysis. If parties making submissions elect not to provide specific project cost data for commercial-in-confidence reasons, Powerlink may rely on cost estimates from independent specialist sources.

### 11.2 Assessment and decision process

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 Publication	25 February 2020
Part 2	Submissions due on the PSCR Have your say on the credible options and propose potential non-network options.	22 May 2020
Part 3	Publication of the PACR Powerlink's response to the submissions received and final recommendation on the preferred option for implementation.	July 2020

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](http://www.powerlink.com.au)).

## Appendices

### Appendix 1: Options considered but not progressed

Powerlink considered a further network option that has not been progressed. This option is described in Table A1.

Table A1: Option considered but not progressed

Option description	Reason for not progressing option
<b>Gladstone South:</b> Replacement of secondary systems equipment into a new building, with line reconfiguration work	This option was designed to optimise the outage opportunities for the proposed works, however, a cost benefit analysis showed the option to be economically unviable.



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