

Regulatory Investment Test for Distribution



Final Project Assessment Report

Ensuring Reliability of Electricity Supply and Managing Network Asset Risks in the Douglas Shire Area

Publication Date: 3 July 2020

Executive Summary

ABOUT ERGON ENERGY

Ergon Energy Corporation Limited (Ergon Energy) is part of the Energy Queensland Group and manages an electricity distribution network which supplies electricity to more than 740,000 customers. Our vast operating area covers over one million square kilometres – around 97% of the state of Queensland – from the expanding coastal and rural population centres to the remote communities of outback Queensland and the Torres Strait.

Our electricity network consists of approximately 160,000 kilometres of powerlines and one million power poles, along with associated infrastructure such as major substations and power transformers.

We also own and operate 33 stand-alone power stations that provide supply to isolated communities across Queensland which are not connected to the main electricity grid.

IDENTIFIED NEED

The Mossman 66/22kV Substation was constructed in 1964 and supplies some 3250 customers from the local 22kV distribution network in the Douglas Shire Council area from Mossman and north to the Daintree. Key customers supplied from the distribution network include the hospital, emergency services, aged care and retirement village, sugar mill, water and sewerage treatment plants, schools, communication sites, tourism facilities, resorts and businesses.

The Mossman Substation is supplied by two aged 66kV timber pole lines from Powerlink's Turkinje 132/66kV Substation via Mossman 1 (MOSS 1) and Mossman 2 (MOSS 2) feeders constructed in 1975 and 1958 respectively. The Mossman Substation comprises of two incoming 66kV overhead feeders which supply the two outdoor 66kV bus sections, four Circuit Breaker (CB) bays and isolators. Two 1963 vintage 10MVA 66/22kV transformers supply, an outdoor 22kV yard supply comprising two 22kV bus sections, seven 22kV CBs, and thirteen isolators. Secondary systems, communication and protection equipment is housed in the substation control building. The four Mossman 22kV feeders share intra-feeder ties and an inter-feeder tie with the adjacent 132/22kV Craiglie Substation 22kV distribution network which supplies approximately 4280 customers.

A substation condition assessment has highlighted the aged assets, reliability, safety and environmental risks at the Mossman Substation. The Mossman 66kV feeders which also supply the Mount Molloy Substation in the Northern Atherton Tableland area experience reliability issues and high maintenance costs reflecting late 1950s' design standards, assets reaching the end of service life (e.g. 35km of 1958 vintage 7/0.104 HDBCC 66kV conductor) and exposure to adverse operating conditions (i.e. termites, bushfires, lightning activity, wet tropic rainforests and cyclones).

Ergon Energy has determined that network investment is essential in the Douglas Shire area for it to reliably and safely continue to provide electricity services and manage end of life asset risks. The primary drivers of this investment are reliability of the Mossman Substation and 66kV feeders, managing the 66kV and 22kV asset condition and safety concerns.

Ergon Energy's preferred internal solution is to convert Mossman to a 132/22kV Substation supplied from a 132kV tee-off a switched feeder at Yalkula and retire MOSS 1 and MOSS 2 66kV feeders back to Mount Molloy.

APPROACH

The National Electricity Rules (NER) require that, subject to certain exclusion criteria, network business investments for meeting service standards for a distribution business are subject to a Regulatory Investment Test for Distribution (RIT-D). Ergon Energy has determined that network investment is essential in this case for it to continue to provide electricity to the consumers in the Douglas Shire areas in a reliable, safe and cost-effective manner. Accordingly, this investment is subject to a RIT-D.

Ergon Energy published a Non-Network Options Report for the above described network constraint on 20 August 2019. No submissions were received by the closing date of 29 November 2019. A Draft Project Assessment Report (DPAR) was published on 10 April 2020. No submissions were received by the closing date of 29 May 2020.

Three potentially feasible options have been investigated:

Option A: Transition Mossman Substation from 66/22kV to 132/22kV and extend the Yalkula 132kV bus.

Option B: Staged Replacement of the 66kV Line and Aged Mossman Substation Plant as Required.

Option C: Full Retirement/Recovery of Mossman 66/22kV Substation, Upgrade Craiglie Substation to Supply Mossman 22kV Distribution Area.

This is a Final Project Assessment Report (FPAR), where Ergon Energy provides both technical and economic information about possible solutions has been prepared in accordance with the requirements of clause 5.17.4(o). Ergon Energy's preferred solution to address the identified need is Option A – Transition Mossman Substation from 66/22kV to 132/22kV and extend the Yalkula 132kV bus.

Contents

Executive Summary	1
1 Introduction	6
1.1. Response to the DPAR	6
Ergon Energy published a Draft Project Assessment Report for the identified need in the Douglas Shire network area on the 10 April 2020. No submissions were received by the closing date of 29 May 2020.	6
1.2. Structure of this report	6
1.3. Dispute Resolution Process	6
1.4. Contact Details	7
2 Background.....	8
2.1. Geographic Region.....	8
2.2. Existing Supply System	9
2.3. Load Profiles / Forecasts	11
2.3.1. Mossman 66/22kV Substation	11
2.3.2. Craiglie 132/22kV Substation.....	13
Risk Assessment.....	14
3 Identified Need.....	15
3.1. Description of the Identified Need	15
3.1.1. Mossman Substation reliability, environment and end of life of aged assets	15
3.1.2. 66kV feeder reliability, environment and end of life of aged assets	16
3.2. Quantification of the Identified Need	20
3.2.1. Reliability Impacts.....	20
3.2.2. End of life of aged asset	23
3.2.3. 66kV Sub-transmission Network Limitations	24
3.3. Assumptions in Relation to Identified Need	24
3.3.1. Forecast Maximum Demand	24
3.3.2. Load Profile	25
3.3.3. System Capability – Line Ratings	25
4 Credible Options Assessed.....	26
4.1. Assessment of Network Solutions.....	26
4.1.1. Option A: Preferred - Transition Mossman Substation from 66/22kV to 132/22kV and extend the Yalkula 132kV bus.....	26
4.1.2. Option B: Staged Replacement of the 66kV Line and Aged Mossman Substation Plant as Required	26
4.1.3. Option C: Full Retirement/Recovery of Mossman 66/22kV Substation, Upgrade Craiglie Substation to Supply Mossman 22kV Distribution Area.....	26
4.2. Assessment of Non-Network Solutions	27

4.2.1.	Demand Management (Demand Reduction).....	27
4.2.2.	Demand Response	28
4.2.3.	Customer Solar Power	28
4.2.4.	Large-Scale Customer Generation.....	28
4.3.	Feasible vs Non-Feasible Options	29
4.3.1.	Potentially Feasible Options	29
4.3.2.	Options that are Unlikely to be Feasible.....	29
4.3.3.	Timing of Feasible Options	30
4.4.	Preferred Network Option	30
5	Summary of Submissions Received in Response to Draft Project Assessment Report.....	30
6	Market Benefit Assessment Methodology	30
6.1.	Classes of Market Benefits Considered and Quantified	31
6.1.1.	Changes in involuntary load shedding	31
6.1.2.	Changes in load transfer capability	32
6.2.	Classes of Market Benefits not Expected to be Material	32
6.2.1.	Changes in Voluntary Load Curtailment.....	32
6.2.2.	Changes in Costs to Other Parties.....	32
6.2.3.	Changes in Timing of Expenditure	32
6.2.4.	Changes in Network Losses	32
6.2.5.	Option Value.....	32
7	Detailed Economic Assessment.....	33
7.1.	NPV Results	33
7.2.	Selection of Preferred Option.....	34
8	Conclusion.....	37
8.1.	Preferred Option	37
8.2.	Satisfaction of RIT-D.....	37
9	Compliance Statement.....	38
	Appendix A – The RIT-D Process	39

Figure 1 – Geographical Layout of the 132 and 66kV Network to the Douglas Shire Area	8
Figure 2 – Single Line Diagram (SLD) of the 132 and 66kV Network to the Douglas Shire Area.....	9
Figure 3 - SCADA screen capture of Mossman single-line operating diagram	9
Figure 4 – Mossman and Craiglie 22kV Networks.....	11
Figure 5 - Historical Load of Mossman Substation (Since 1992)	12
Figure 6 - Mossman Average Weekday Load Profile (Summer).....	12
Figure 7 - Mossman load duration plot for 2016/17 period	12
Figure 8 - Historical Load of Craiglie Substation (Since 1997).....	13
Figure 9 - Craiglie Average Weekday Load Profile (Summer)	13
Figure 10 - Mossman load duration plot for 2017/18 period	14

Figure 11 – Left: Mossman Substation yard showing aged plant. Right: Spalling of concrete ceiling exposing fully corroded reinforcement.....	16
Figure 12 - 66kV delta pin construction	17
Figure 13 - 132kV and 66kV across the Rex Range.....	19
Figure 14 – Identified defects on the MOSS 1 and MOSS 2 66kV feeders.....	19
Figure 15 – Customer classification	28
Figure 16 – Annual Energy Consumption.....	29
Figure 17 - Schematic single-line diagram of the Option A preferred network option.....	35
Table 1 - Mossman 22kV feeder peaks (2016/17, 2017/18)	10
Table 2 - Craiglie 22kV feeder peaks (2016/17, 2017/18)	10
Table 3 – Network Risk Assessment.....	14
Table 4 – MOSS 1 and 2, 4 year inspection cycle defects.....	18
Table 5 - 2MOS Feeder - 5 year MSS performance (SR feeder category)	20
Table 6 - 2SCK Feeder – 5 year MSS performance (SR feeder category)	20
Table 7 - 2CAS Feeder - 5 year MSS performance (SR feeder category)	21
Table 8 - 2DAI Feeder - 5 year MSS performance (SR feeder category)	21
Table 9 - 2REE Feeder - 5 year MSS performance (UR feeder category).....	21
Table 10 - 2INL Feeder - 5 year MSS performance (SR feeder category).....	22
Table 11 - 2FOM Feeder - 5 year MSS performance (SR feeder category).....	22
Table 12 - 2OAB Feeder - 5 year MSS performance (SR feeder category).....	22
Table 13 - 2GLK Feeder - 5 year MSS performance (SR feeder category)	22
Table 14 – MOSS 1 and 2, last 10-year expenditure.....	23
Table 15 - Reference: 2018 Ergon Energy DAPR	24
Table 16 – Far North Line Rating Parameters	25
Table 17 - Static Thermal Line rating and utilisation of the MOSS 2 (3MO2) and MOSS 1 (3MO1) 66kV feeders.....	25
Table 18 - Static Thermal Line rating of the Turkinje to Craiglie and Yalkula to Lakeland 132kV feeders.....	25
Table 19 – Commercial Summary Cashflow	34
Table 20 – Project Milestones for the Preferred Option.....	36

1 Introduction

This FPAR has been prepared by Ergon Energy in accordance with the requirements of clause 5.17.4(o) of the NER.

This report represents the final stage of the consultation process in relation to the application of the RIT-D on potential credible options to address the identified need and limitations in the distribution network that supplies the Douglas Shire area.

In preparing this RIT-D, Ergon Energy is required to consider reasonable future scenarios. With respect to major customer loads and generation, Ergon Energy has, in good faith, included as much detail as possible while maintaining necessary customer confidentiality. Potential large future connections that Ergon Energy is aware of are in different stages of progress and are subject to change (including outcomes where none or all proceed). These and other customer activity can occur over the consultation period and may change the timing and/or scope of any proposed solutions.

1.1. Response to the DPAR

Ergon Energy published a Draft Project Assessment Report for the identified need in the Douglas Shire network area on the 10 April 2020. No submissions were received by the closing date of 29 May 2020.

1.2. Structure of this report

This report:

- Provides background information on the network capability limitations of the distribution network supplying the Douglas Shire area.
- Identifies the need which Ergon Energy is seeking to address, together with the assumptions used in identifying and quantifying that need.
- Describes the credible options that are considered in this RIT-D assessment.
- Quantifies costs and classes of material market benefits for each of the credible options.
- Describes the methods used in quantifying each class of market benefit.
- Provides details of classes of market benefits that are not considered material to this RIT-D assessment and provides explanations as to why these classes of market benefits are not considered material.
- Provides the results of Net Present Value (NPV) analysis of each credible option and accompanying explanatory statements regarding the results.
- Identifies the proposed preferred option, including detailed characteristics, estimated commissioning date, indicative costs, and noting that it satisfies the RIT-D.
- Provides contact details for queries on this RIT-D.

1.3. Dispute Resolution Process

In accordance with the provisions set out in clause 5.17.5(a) of the NER, Registered Participants or Interested Parties may, within 30 days after the publication of this report, dispute the conclusions made by Ergon Energy in this report with the Australian Energy Regulator. Accordingly, Registered

Participants and Interested Parties who wish to dispute the conclusions outlined in this report based on a manifest error in the calculations or application of the RIT-D must do so within 30 days of the publication date of this report. Any parties raising a dispute are also required to notify Ergon Energy. Dispute notifications should be sent to demandmanagement@ergon.com.au.

If no formal dispute is raised, Ergon Energy will proceed with the preferred option to transition Mossman Substation from 66/22kV to 132/22kV and extend the Yalkula 132kV bus.

1.4. Contact Details

Inquiries about this RIT-D may be sent to:

E: demandmanagement@ergon.com.au

P: 13 74 66

2 Background

2.1. Geographic Region

The geographic region covered by this report is the area currently supplied by the Mossman Substation and Mount Molloy to Mossman 66kV feeders. The Mossman Substation 22kV distribution network in the Douglas Shire area consists of approximately 3250 customers, with major customers including the local hospital, emergency services, aged care and retirement village, sugar mill, water and sewerage treatment plants, schools, communication sites, tourism facilities, resorts and businesses. See Figure 1 and Figure 2 for the geographical layout and single line diagram of the 132kV and 66kV Ergon Energy Network.

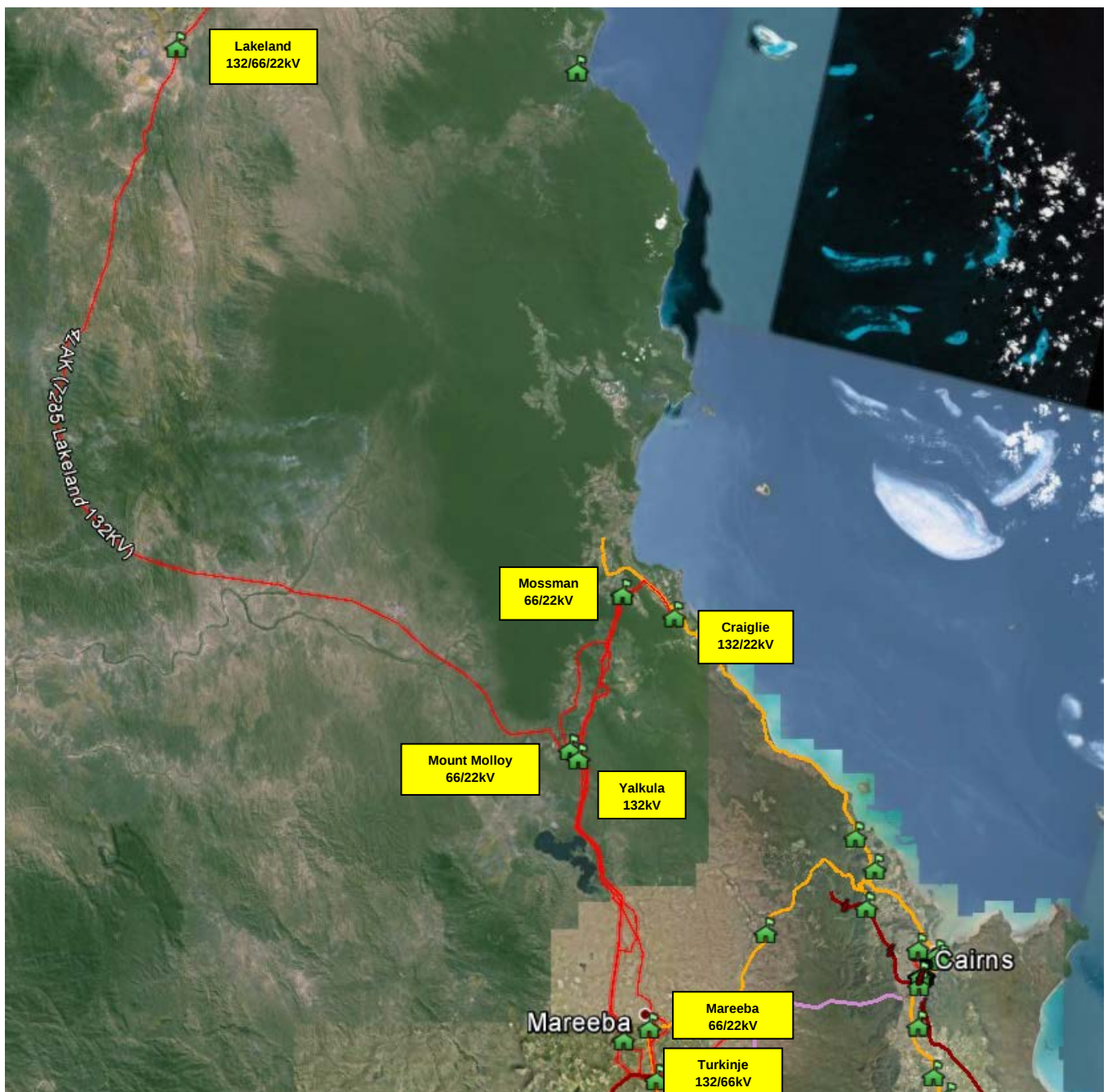


Figure 1 – Geographical Layout of the 132 and 66kV Network to the Douglas Shire Area

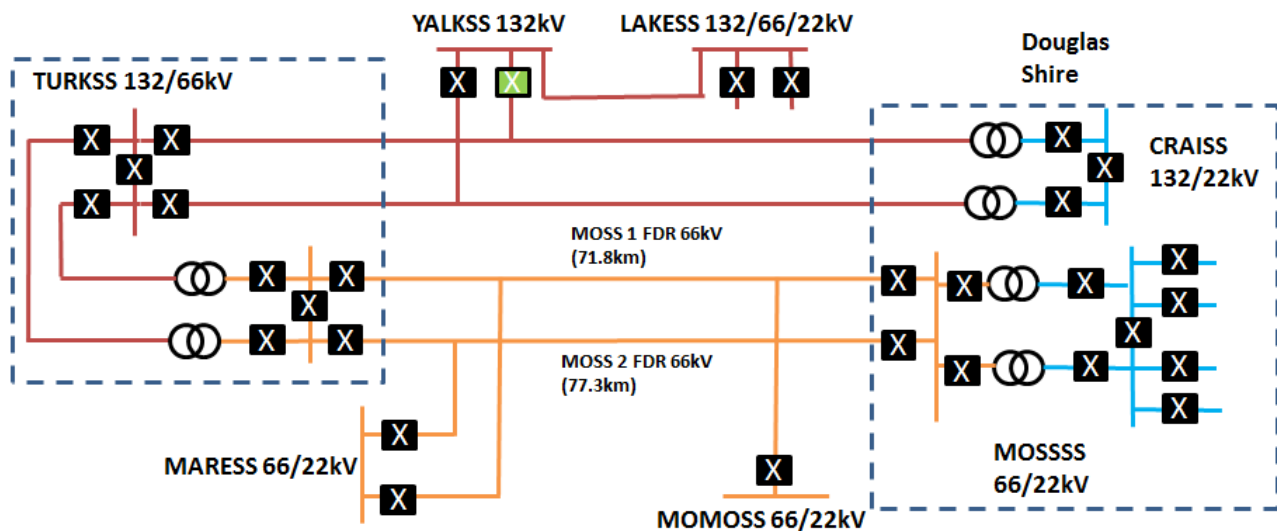


Figure 2 – Single Line Diagram (SLD) of the 132 and 66kV Network to the Douglas Shire Area

2.2. Existing Supply System

The Mossman Substation configuration can be seen in the SCADA screen capture below (Figure 3) comprising of two incoming 66kV overhead feeders which supply the two outdoor 66kV bus sections, four circuit breaker bays and isolators. The two 66/22kV transformers supply two outdoor 22kV bus sections, seven 22kV Circuit Breakers (CBs), a single station service transformer and thirteen isolators.

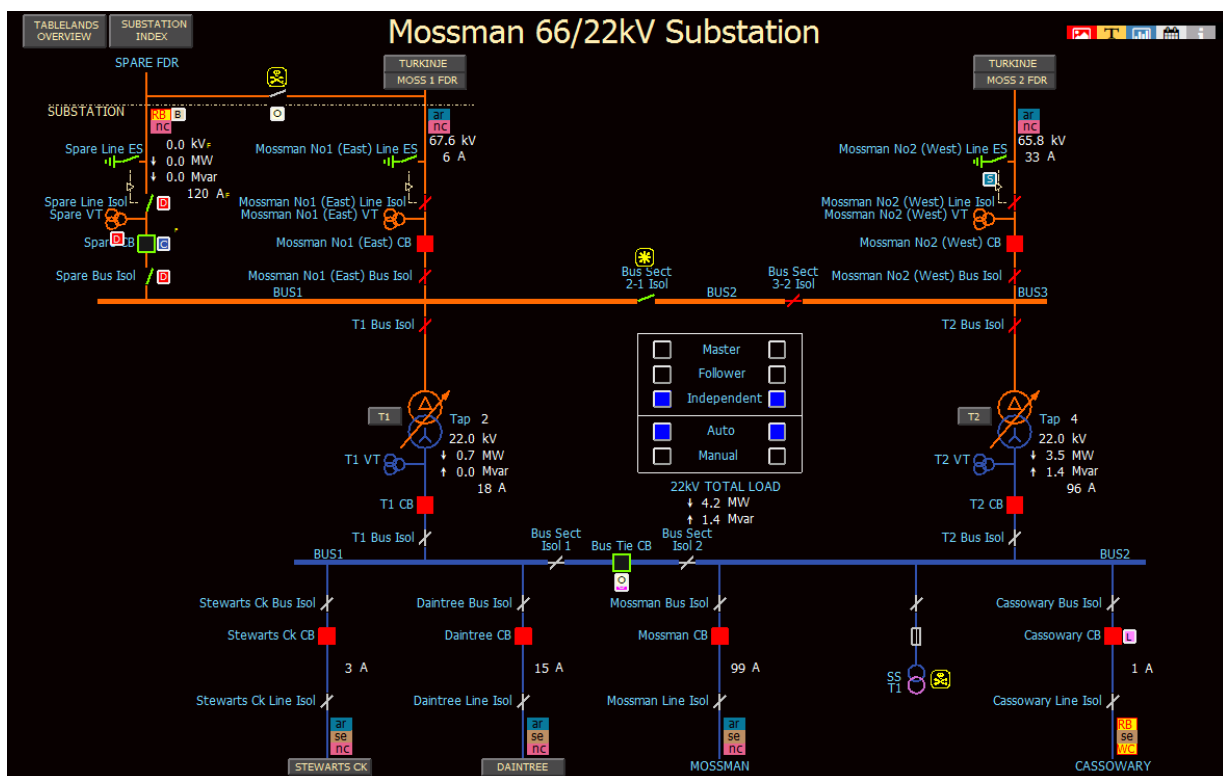


Figure 3 - SCADA screen capture of Mossman single-line operating diagram

Outgoing from the Mossman Substation are four 22kV feeders, which have intra-feeder ties and an inter-feeder tie to the adjacent 132/22kV Craiglie Substation 22kV distribution network which supplies approximately 4280 customers. The maximum demand for Mossman and Craiglie can be seen in Table 1 and Table 2 below. The 22kV feeder layout for Mossman and Craiglie can be seen in Figure 4.

Table 1 - Mossman 22kV feeder peaks (2016/17, 2017/18)

ASSET NO	ASSET NAME	MD DAY WINKV A	MD EVENING WINKVA	MD NIGHT WINKV A	PREV MD DAY WINKV A	PREV MD EVENING WINKVA	PREV MD NIGHT WINKV A	MD DAY SUM AMPS	MD EVENING SUM AMPS	MD NIGHT SUM AMPS	MD DAY WIN AMPS	MD EVENING WIN AMPS	MD NIGHT WIN AMPS
2CAS	CASSOWARY	138	158	110	127	158	149	5	5	4	4	4	3
2MOS	MOSSMAN	4499	4349	4104	4799	4420	4063	122	103	117	118	114	108
2DAI	DAINTREE	2121	2536	2407	2121	2536	2407	75	93	81	56	67	63
2SCK	STEWART CREEK	169	210	182	178	206	199	6	8	6	4	6	5

Table 2 - Craiglie 22kV feeder peaks (2016/17, 2017/18)

ASSET NO	ASSET NAME	MD DAY WINKV A	MD EVENING WINKVA	MD NIGHT WINKV A	PREV MD DAY WINKV A	PREV MD EVENING WINKVA	PREV MD NIGHT WINKV A	MD DAY SUM AMPS	MD EVENING SUM AMPS	MD NIGHT SUM AMPS	MD DAY WIN AMPS	MD EVENING WIN AMPS	MD NIGHT WIN AMPS
2INL	INLET	1820	1829	1744	1965	2047	1840	66	67	56	48	48	46
2FOM	FOUR MILE BEACH	3858	3924	1765	3943	4118	3403	137	134	85	101	103	46
2OAB	OAK BEACH	984	1038	989	1037	1013	973	30	33	26	26	27	26
2REE	REEF PARK	4564	4547	3598	4776	4744	3881	156	150	111	120	119	94
2GLK	GOLF LINKS	1785	1986	1525	1705	1975	1620	72	73	57	47	52	40



Figure 4 – Mossman and Craiglie 22kV Networks

2.3. Load Profiles / Forecasts

The load at Mossman / Craiglie Substations comprises of a mix of residential and commercial customers. Daily peak loads generally occur in the late afternoon and evening. The load is summer peaking, and annual peak loads are predominantly driven by air-conditioning.

2.3.1. Mossman 66/22kV Substation

The historical load of Mossman Substation for the summer day (SD), summer night (SN), winter day (WD) and winter night (WN) periods since 1992 is shown in the figures below.

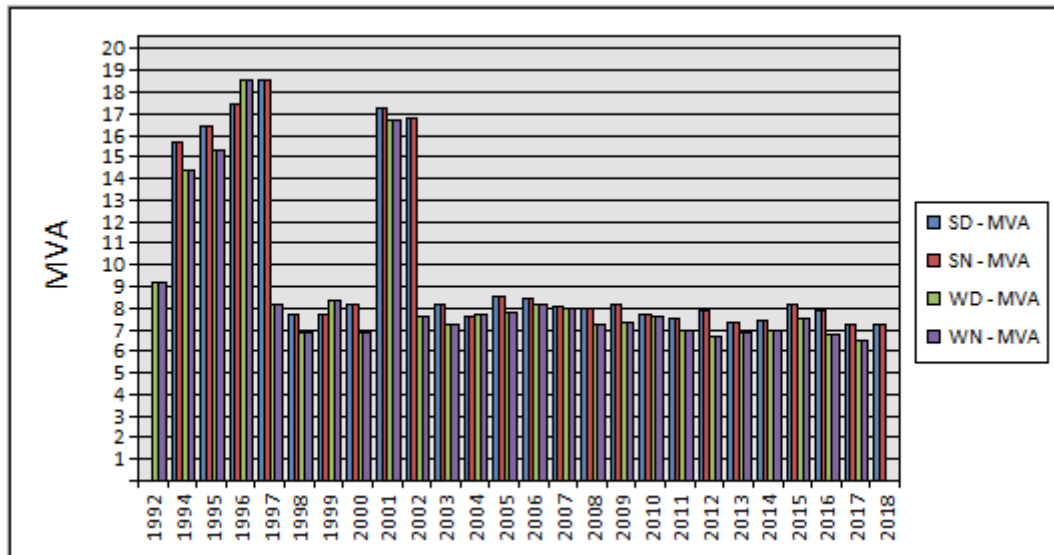


Figure 5 - Historical Load of Mossman Substation (Since 1992)

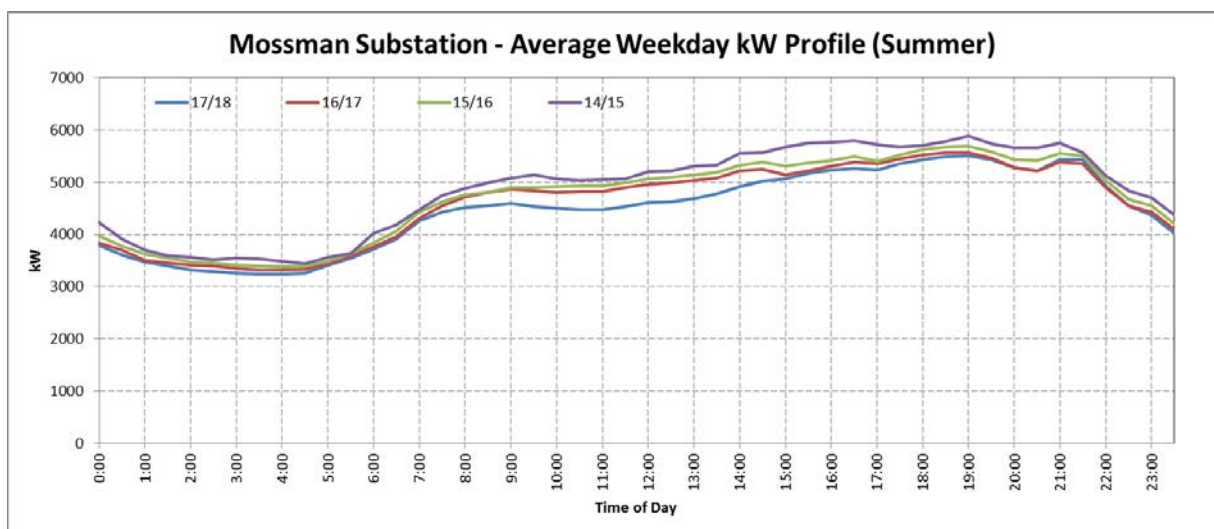


Figure 6 - Mossman Average Weekday Load Profile (Summer)

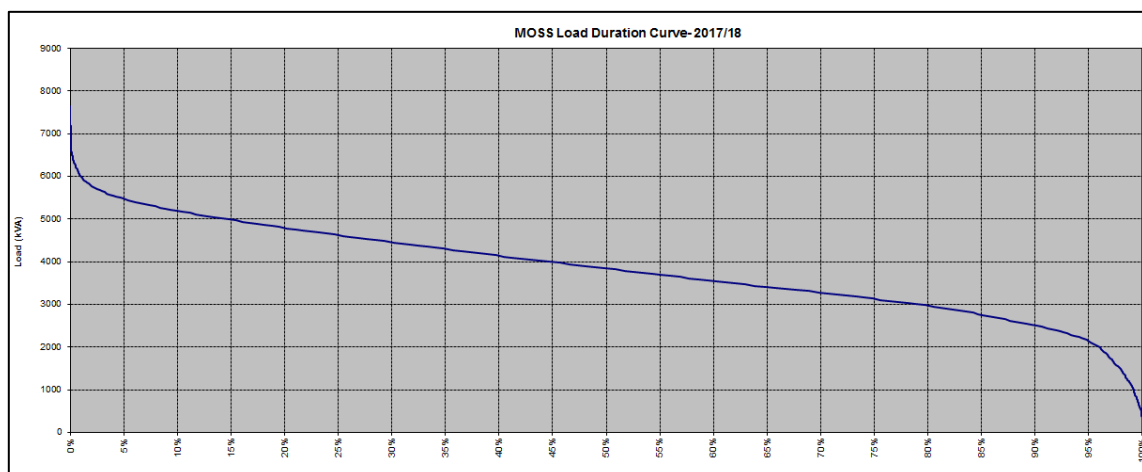


Figure 7 - Mossman load duration plot for 2016/17 period

2.3.2. Craigie 132/22kV Substation

The historical load of Craigie Substation for the summer day (SD), summer night (SN), winter day (WD) and winter night (WN) periods since its energisation in 1997 is shown in the figures below.

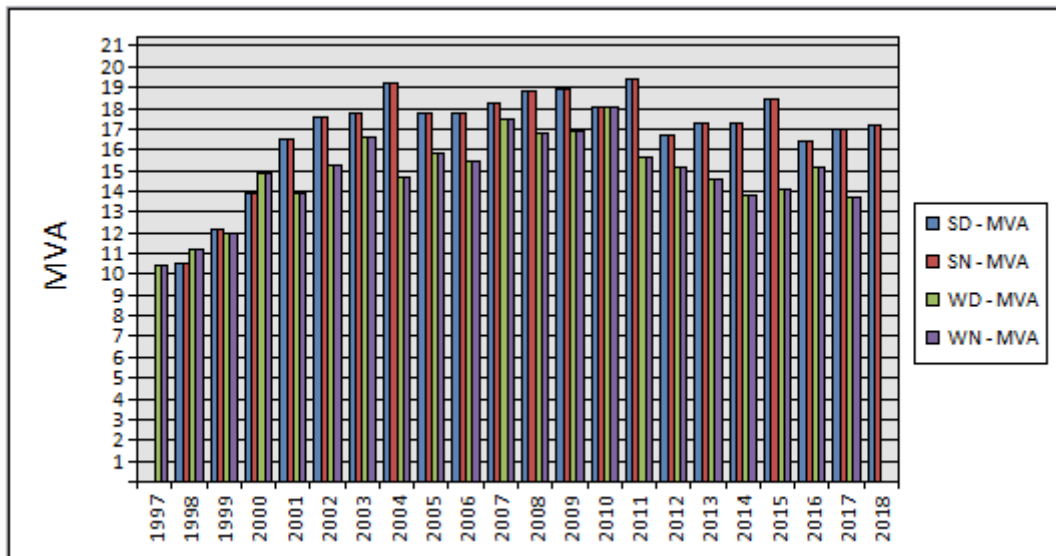


Figure 8 - Historical Load of Craigie Substation (Since 1997)

The daily load profile is also shown in the figure below.

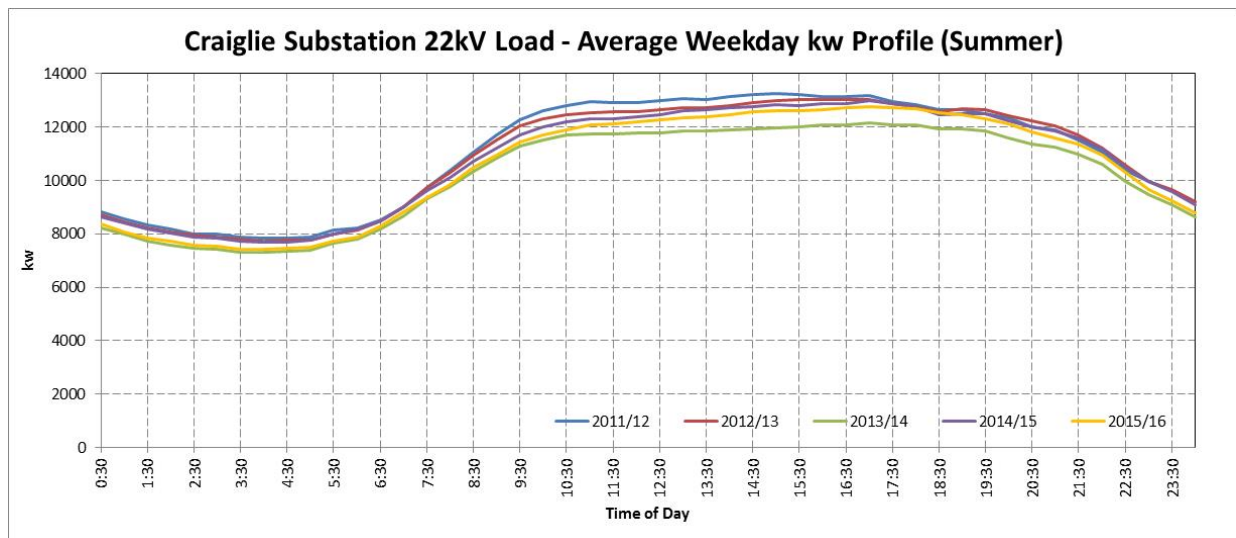


Figure 9 - Craigie Average Weekday Load Profile (Summer)

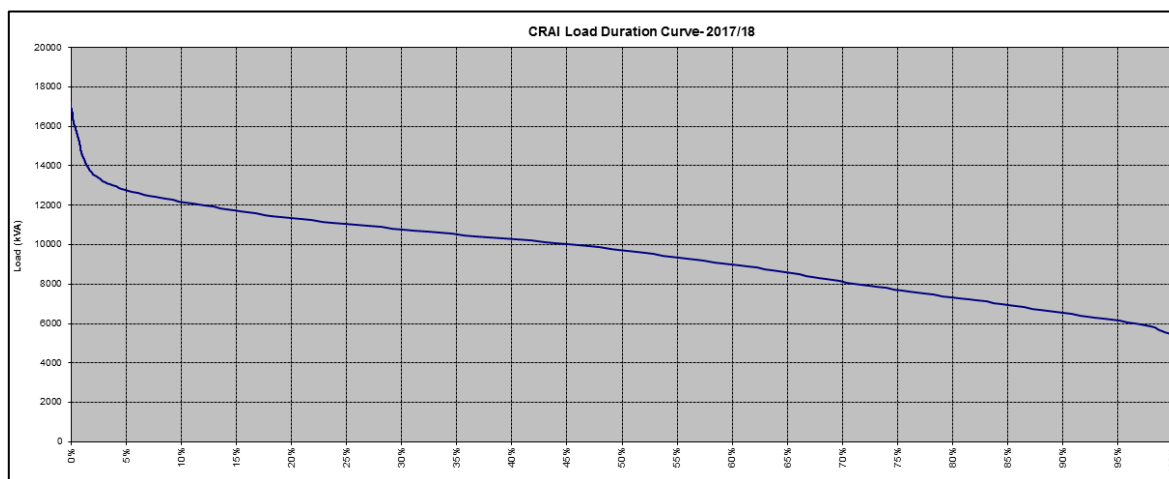


Figure 10 - Mossman load duration plot for 2017/18 period

Risk Assessment

Table 3 – Network Risk Assessment

Risk Category	Equipment	Risk Scenario	Inherent/Untreated Risks			Target (Residual)	
			C	L	Risk Score	L	Risk Score
Safety	Substation Building	Catastrophic failure of building or partial building collapse results in multiple fatalities.	6	2	12 (Moderate)	1	6 (Low) ALARP
Customer	66kV OH Lines	Ergon Energy is unable to meet commitment to Wet Tropics Management Authority resulting in adverse regional media attention.	3	4	12 (Moderate)	1	3 (Very Low) ALARP
Business	Circuit Breaker/ Transformer	Catastrophic failure of primary plant results in substation to operate in abnormal configuration for an extended period.	3	4	12 (Moderate)	1	3 (Very Low) ALARP
Customer	Circuit Breaker/ Transformer/ 66kV OH Lines	Failure of aged plant results in interruption to hospital and sugar mill.	4	5	20 (High)	1	4 (Very Low) ALARP
Environment	Transformer	Failure to contain transformer oil leak results in spill or release into local water table.	5	2	10 (Low)	1	5 (Very Low) ALARP
Safety	Circuit Breaker/ Transformer	Catastrophic failure of aged plant results in a single fatality from exploding debris.	5	3	15 (Moderate)	1	5 (Very Low) ALARP

The network (business) risks the organisation would be exposed to if the project was not undertaken (Inherent Risk) are **not** deemed to be as low as reasonably practicable (ALARP). Addressing the risks, as detailed above, through implementation of the preferred option (Option A) will reduce Energy Queensland's risk exposure (Residual Risk) in the most cost-effective manner.

3 Identified Need

3.1. Description of the Identified Need

The identified need can be broken down into two major components as detailed below.

3.1.1. Mossman Substation reliability, environment and end of life of aged assets

3.1.1.1. Reliability

A condition assessment of the Mossman Substation has highlighted a number of assets at end of life and in poor condition (see Appendix A for details on the retirement timeframe of primary assets at Mossman Substation). The condition of these substation assets presents a significant safety, environmental and reliability risk.

Condition data indicates that Transformer 1 (TX1) is reaching end of life within the next 5 years (i.e. YOM 1963, 61 years of age by 2024). Given that Transformer 2 (TX2) is of the same vintage and analysis indicates end of life in a similar time frame, site reliability could be adversely affected due to the increased risk of ageing asset plant failure.

The 66kV power transformer CBs are removed from service due to plant condition and safety access restrictions. To enable ongoing network operation, the 66kV and 22kV bus sections have been opened and the 66kV transformer CB protection has been re-directed to the incoming 66kV feeder CBs. In the meantime, reliability of supply to the Mossman 22kV distribution area will be adversely impacted during 66kV feeder faults and TX1 / TX2 protection trips.

A significant number of remaining primary and secondary assets are at end of life in the next 10 years including; all 66kV and 22kV voltage transformers, both incoming 66kV feeder current transformers, 66kV feeder and 66/22kV transformer protection relays, associated control building and substation yard structures. If left unaddressed, these assets are likely to become less reliable as they age impacting the reliability and safe operation of the network.

3.1.1.2. Environmental

The existing 66/22kV transformers do not have bunding, as this was not required when constructed. These transformers are considerably wet and have previously been leaking oil. As a result this is considered a contaminated site. Given that Mossman is a very wet tropical location, containment of this contamination is required to prevent spreading to outside the site.

3.1.1.3. End of life of aged assets

Some of the primary & secondary system assets, including the 66/22kV power transformers, 66kV CBs, 22kV CBs, 22kV VTs, and isolators are ageing and deemed to reach their end of life within the next 10 years.

The concrete control building which has spalling in the ceiling exposing fully corroded reinforcement is at the end of its serviceable life (Figure 11). The concrete roof slab provides stability to the building walls and hold down capacity to the roof. AC and DC supply, and secondary

systems including protection relays necessary to safely and reliably operate substation plant are required to be housed within a safe, secure, dry and cyclone proof structure.

The Mossman Substation has a build vintage of 1964 (i.e. 56 years old), The expected life of external structures is typically 50 years and concrete foundations will typically be at end of service life (i.e. 50 years +/- 20%, 60 years) by 2024. Safety concerns exist around operating the older 66kV isolators, as they have signs of rust and corrosion, and their mechanical strength is unknown. In early 2016, during maintenance works at the substation, inspections revealed corrosion on the structure steelwork and bolts. The corroded bolts were either replaced or treated with galvanising paint. Latest inspection revealed that this corrosion has continued on these treated bolts. Remediation work was undertaken on both the 22kV and 66kV structures.

The condition of these ageing substation assets presents an increasing safety and reliability risk particularly being operated in a high rainfall and cyclonic environment.



Figure 11 – Left: Mossman Substation yard showing aged plant. Right: Spalling of concrete ceiling exposing fully corroded reinforcement

3.1.2. 66kV feeder reliability, environment and end of life of aged assets

3.1.2.1. Reliability

Poor reliability associated with the 66kV sub-transmission feeders (i.e. MOSS 1 and 2) had become a community hot spot issue after several major outages, however, dual 66kV feeder outages are largely expected to be resolved with changes to the MOSS 1 and MOSS 2 66kV zone 2 distance protection auto-reclose scheme.

The timber pole lines were constructed to late 1950s' design standard that did not include an overhead earth wire (see Figure 12). As such these two lines have a high exposure to and no shielding from lightning strikes. Despite the redundancy provided in the 66kV network that supplies the Mossman Substation the customers serviced by it have suffered 24 separate supply interruption events associated with faults occurring in the 66kV feeders over the past 10 years.

Causes of these 24 interruptions are:

- 6 due to lightning strikes;
- 5 were a result of animals;
- 8 other feeder faults;
- 4 due to upstream 132kV outages; and
- 1 unknown cause.

On average, customers will experience 2.0 outages each year from the existing 66kV timber pole lines and substation. These figures do not reflect individual MOSS 1 (71.8km long) & MOSS 2 (77.3km long) 66kV feeder outage rates. Feeder performance for overhead timber pole/cross-arm line construction could vary between 3 to 8 outages per 100km-years (number of outages per 100km of line per year) pending the terrain the line traverses. Repair periods for a single 66kV feeder failure could range from 2-3 hours to considerably longer periods for failures of aged conductor or difficult access locations across the Rex Range. Based on an average of 5 outages per 100km-years and approx. 75km length of 66kV feeder, up to 4 permanent faults each year could be expected on a single radial 66kV feeder. Where there are two 66kV feeders, the remaining feeder in service will typically maintain electricity supply to the Mossman area whilst the adjacent feeder is being repaired.

The Turkinje - Yalkula – Craiglie double circuit steel tower with overhead earth wire, 132kV line (circuits 7200 and 7201) was commissioned in early 1997. Typical high reliability line outage rates would be in the order of 1.30 to 2.50 outages per 100km-years. The 132kV circuit 7201 (approx. 81km in length) and passing immediately adjacent Mossman Substation has historically experienced 1 outage each year with an outage period of approximately 12 minutes.



Figure 12 - 66kV delta pin construction

3.1.2.2. Environment

The timber pole 66kV Mossman feeders are of the late 1950's design standards. These feeders have ongoing access and vegetation maintenance, poor reliability and exhibit a high ongoing CAPEX and OPEX cost. The route the two lines take is through the World Heritage listed areas of the Rex Range which is managed by the Wet Tropics Management Authority. The nature of the route means that accessing poles to perform repairs is difficult due to the dense vegetation.

Legacy distribution network businesses have committed to the management authority and the community to remove the 66kV feeders. Once the local 22kV distribution network to the Mossman township area and supply north to the Daintree is secured with safe, cost effective and reliable electricity supply, the 66kV feeders can be removed.

3.1.2.3. End of life aged assets

MOSS 1 and MOSS 2 timber pole lines are a build vintage of 1958 (i.e. 62 years old) and 1975 (44 years old) respectively. These feeders are considered end of life due to the age of the line and the conductor type, Hard Drawn Bare Copper Conductor (HDBCC).

The next cycle for line inspections (above/below ground) is due in late 2021, early 2022, when an increased number of defects are anticipated for remediation based on reporting from the most recent inspection cycle.

Table 4 – MOSS 1 and 2, 4 year inspection cycle defects

Defect classification	Mossman 1 total number of defects	Mossman 1 number of defects in section of line to be recovered	Mossman 2 total number of defect	Mossman 2 number of defects in section of line to be recovered
P1	8	5	35	12
P2	73	40	256	117
C3	1395	796	1321	645
Total	1476	841	1612	774

P1/P2/C3 defects are recorded in the 4-year cycle and defined as:

- o P1: Serious deterioration or damage, which requires some specific action or indicates an unacceptable risk of failure in the short term or presents an imminent danger or risk of asset failure;
- o P2: Moderate deterioration or damage, which requires some specific action or indicates an unacceptable risk to safety, environment, operations, or reliability in the medium term; and
- o C3: Minor deterioration or damage which requires no specific action or does not indicate an unacceptable risk of failure in the medium term.

The previous asset inspection highlighted that the section from Mount Molloy to Mossman, whilst being less than a third of the 66kV line length from Turkinje to Mossman, contributes 40-50% of the number of defects of the entire line.

When compared on a cost basis, approximately 60% of the costs (i.e. typically pole, stay and cross-arm replacements) can be attributed to the area between Mount Molloy and Mossman where the 66kV line crosses the Rex Range and Wet Tropics Area. Whilst pole nailing and detailed aerial inspections will aim to prolong asset age, there is a significant escalation of defect asset issues being reported.

The age and location of the 66kV feeders has resulted in increased operational maintenance and capital cost (Figure 14).

Strategic development of the 66kV network to Mossman Substation will need to consider the surrounding aged plant assets at Mossman 66/22kV Substation and the associated upstream 66kV lines to Mount Molloy. Subsequently, strategic development of the 66kV network to Mount Molloy Substation is required to account for the surrounding aged plant assets at Mount Molloy 66/22kV Substation and the associated upstream 66kV lines from Mount Molloy back towards Turkinje.

The Turkinje - Yalkula – Craiglie double circuit steel tower structure with overhead earth wire construction, 132kV line (circuits 7200 and 7201) was commissioned in early 1997. The line is relatively new, low maintenance, highly reliable in cyclonic conditions and passes adjacent Mount

Molloy and Mossman Substations. The 132kV line from Yalkula to Craiglie passes directly adjacent to Mossman Substation with circuit 7201 facing the Mossman Substation.



Figure 13 - 132kV and 66kV across the Rex Range

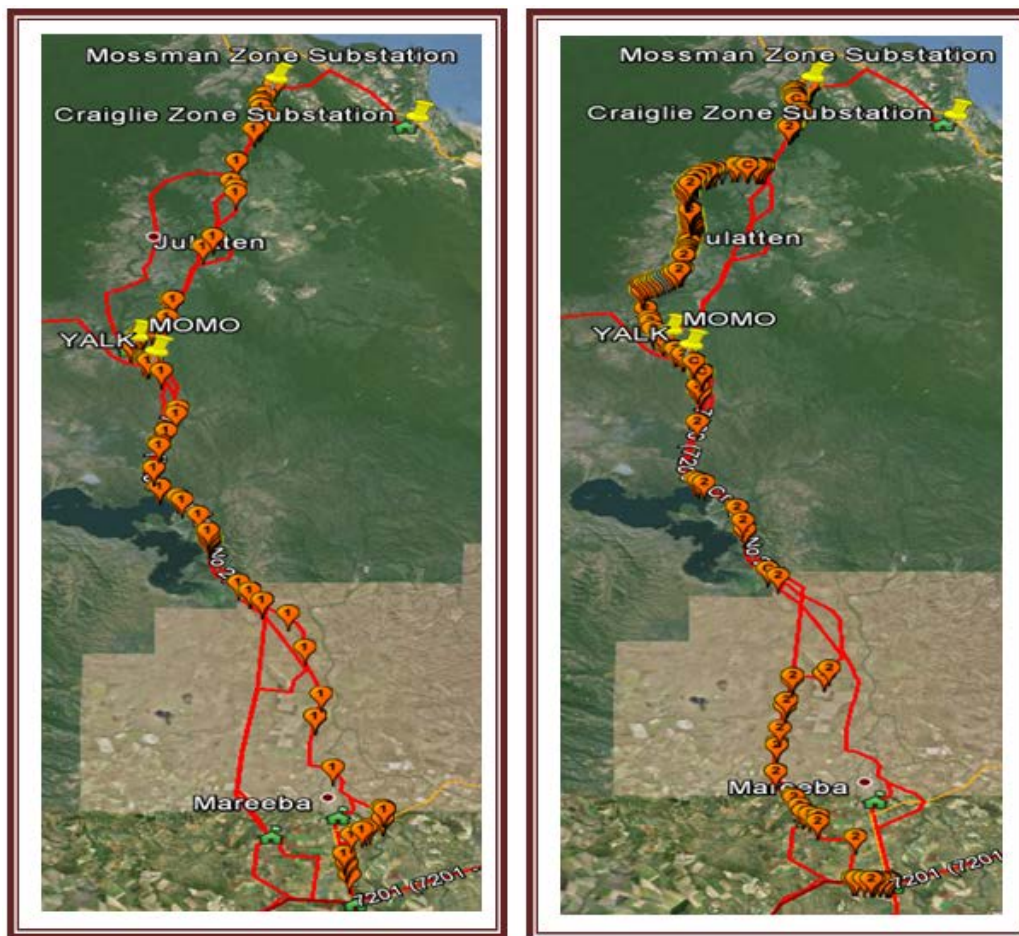


Figure 14 – Identified defects on the MOSS 1 and MOSS 2 66kV feeders

3.2. Quantification of the Identified Need

3.2.1. Reliability Impacts

The below tables show the System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI) values of each feeder being supplied from the Mossman and Craiglie Substations. These values provide a benchmark for which Ergon Energy's reliability performance can be assessed. Ergon Energy must use its best endeavours to prevent the SAIDI and SAIFI for each feeder category exceeding the relevant limits set out in its Distribution Authority for the financial year. A reliability status of 'Green' is an indication that the feeder is performing within acceptable limits. A reliability status of 'Yellow', 'Amber', or 'Red', indicate that the feeder is performing outside acceptable limits. The risk of high outage rate and ageing 66kV feeders; and out of service and ageing Mossman Substation plant becoming less reliable will adversely impact the reliability and safe operation of the network.

Retirement of one of the two 66kV feeders from Mount Molloy to Mossman could result in an outage time increase of 10 hours pa (i.e. 4 outages at a repair time of 2.5 hours for each failure). This would result in 'Amber' and 'Red' MSS performance across all Mossman Substation 22kV feeders. The removal from service and ageing Mossman Substation plant risk will result in an upward trend and adverse impact on the 22kV feeder MSS performance figures.

Note: Table 5 to Table 8 are all YTD Figures for the Mossman Substation 22kV feeders

Table 5 - 2MOS Feeder - 5 year MSS performance (SR feeder category)

MSS Type	2013-14	2014-15	2015-16	2016-17	2017-18*
SAIDI	267.8	239.4	429.3	331.6	232.8
SAIFI	2.12	3.49	3.45	3.32	5.09
MAIFle	1.01	2.01	4.0	3.0	4.97
Reliability Status	Green	Green	Yellow	Green	Green

Table 6 - 2SCK Feeder – 5 year MSS performance (SR feeder category)

MSS Type	2013-14	2014-15	2015-16	2016-17	2017-18*
SAIDI	1325	1684.5	467.2	895.7	1676.1
SAIFI	5.18	9.14	3.09	5.38	8.96
MAIFle	1.0	3.02	3.03	1.41	2.5
Reliability Status	Red	Red	Yellow	Red	Red

Table 7 - 2CAS Feeder - 5 year MSS performance (SR feeder category)

MSS Type	2013-14	2014-15	2015-16	2016-17	2017-18*
SAIDI	489	611.9	1410.6	259.4	229.6
SAIFI	1.92	4.12	2.58	3.57	4.07
MAIFle	1.0	0.98	2.99	0.97	2.97
Reliability Status	Yellow	Yellow	Red	Green	Green

Table 8 - 2DAI Feeder - 5 year MSS performance (SR feeder category)

MSS Type	2013-14	2014-15	2015-16	2016-17	2017-18*
SAIDI	373.9	377.6	888.2	429.7	540.8
SAIFI	2.38	4.52	6.71	4.07	5.01
MAIFle	32.4	3.12	4.44	5.63	3.01
Reliability Status	Green	Green	Red	Yellow	Yellow

Note: Table 9 to Table 13 are all YTD Figures for the Craigie 22kV feeders

Table 9 - 2REE Feeder - 5 year MSS performance (UR feeder category)

MSS Type	2013-14	2014-15	2015-16	2016-17	2017-18*
SAIDI	1.74	94.6	166.2	22.5	234.2
SAIFI	0.01	2.13	2.31	0.27	1.48
MAIFle	0.0	4.95	0.0	0.0	0.0
Reliability Status	Green	Green	Yellow	Green	Amber

Table 10 - 2INL Feeder - 5 year MSS performance (SR feeder category)

MSS Type	2013-14	2014-15	2015-16	2016-17	2017-18*
SAIDI	34.3	25.9	244.4	20.8	136.4
SAIFI	0.14	1.07	2.40	0.18	1.13
MAIFle	1.98	0.0	4.04	1.99	1.02
Reliability Status	Green	Green	Green	Green	Green

Table 11 - 2FOM Feeder - 5 year MSS performance (SR feeder category)

MSS Type	2013-14	2014-15	2015-16	2016-17	2017-18*
SAIDI	30.3	31.0	187.4	312.5	42.6
SAIFI	0.12	2.16	1.08	1.64	0.35
MAIFle	0.0	0.99	2.0	1.0	0.0
Reliability Status	Green	Green	Yellow	Red	Green

Table 12 - 2OAB Feeder - 5 year MSS performance (SR feeder category)

MSS Type	2013-14	2014-15	2015-16	2016-17	2017-18*
SAIDI	51.8	487.9	345.5	566.9	20.9
SAIFI	0.39	4.47	2.91	2.36	0.14
MAIFle	1.97	2.26	6.32	0.0	3.96
Reliability Status	Green	Yellow	Green	Yellow	Green

Table 13 - 2GLK Feeder - 5 year MSS performance (SR feeder category)

MSS Type	2013-14	2014-15	2015-16	2016-17	2017-18*
SAIDI	4.3	46.6	65.6	1.8	241.9
SAIFI	0.07	1.19	0.50	0.05	0.58
MAIFle	1.04	2.02	1.0	0.99	0.0
Reliability Status	Green	Green	Green	Green	Amber

3.2.2. End of life of aged asset

The age of the substation (54 years) and 66kV feeders has resulted in an increased operational maintenance and capital cost. Over the last ten years total expenditure including overheads was:

Table 14 – MOSS 1 and 2, last 10-year expenditure

Element	OPEX	CAPEX	TOTAL
Substation	\$ 1,904,429	\$ 130,337	\$ 1,382,781
66 kV Feeder	\$ 6,579,885	\$ 1,252,443	\$ 8,484,314
TOTAL	\$ 8,484,314	\$ 1,382,780	\$ 9,867,095

Actual historical OPEX costs for the vegetation management and access track remediation for the 66kV feeders has been approx. \$124,800pa.

Over a 15 year forecast period, the annual average C3 spends for the 66kV lines is estimated as:

- o Turkinje - Mossman:
 - \$13.818M OPEX - approx. \$921,000pa for both circuits;
- o Turkinje - Mount Molloy:
 - \$5.578M OPEX - approx. \$372,000pa for both circuits;
- o Mount Molloy – Mossman:
 - \$8.24M OPEX - approx. \$549,000pa for both circuits;

As such, the forecast P1/P2/C3 remediation costs for the Turkinje – Mount Molloy – Mossman 66kV feeders from the next asset inspection cycle is anticipated as:

- Turkinje to Mount Molloy: \$372,000pa; and
- Mount Molloy to Mossman: \$549,000pa.

The remaining 35km of 7/0.104 HDBC conductor on the Mossman 66kV feeders is approximately 55 years of age (i.e. 1958 vintage) and has been subject to a large number of faults during its life as well as being pushed to its full current rating during the Port Douglas boom in the 1990s prior to construction of the Craiglie Substation and its' 22kV feeders. The conductors are full of line splices and could be annealed which affects the conductors' mechanical strength. The cost of remediation has not been included in the above C3 defect assessment.

The Turkinje to Mount Molloy 66kV network will be further reviewed as the 1967 vintage Mount Molloy Substation and 1981 and 1998 vintage 66/22kV transformers are identified as end of life assets.

3.2.3. 66kV Sub-transmission Network Limitations

Mossman is currently supplied by two 66kV feeders; MOSS 1 and MOSS 2 which do not experience thermal rating capacity limitations (see Table 15).

Table 15 - Reference: 2018 Ergon Energy DAPR

Operational Number	Feeder Name	PF Feeder Obj Name	Year Ratings Period Variable	2025		
				SD	SE	SNM
3MO2	MOSSMAN NO 2	3MO2_Mossman No 2 66 kV	% of Rated A	27.6	22.5	21.2
3MO2	MOSSMAN NO 2	3MO2_Mossman No 2 66 kV	Loading (A)	36	38	34
3MO2	MOSSMAN NO 2	3MO2_Mossman No 2 66 kV	Power Factor	0.93	0.93	0.94
3MO2	MOSSMAN NO 2	3MO2_Mossman No 2 66 kV	Rating (A)	132	167	159
3MO1	MOSSMAN NO 1	3MO1_Mossman No 1 66 kV	% of Rated A	60.1	50.1	46.3
3MO1	MOSSMAN NO 1	3MO1_Mossman No 1 66 kV	Loading (A)	79	84	74
3MO1	MOSSMAN NO 1	3MO1_Mossman No 1 66 kV	Power Factor	0.97	0.98	0.96
3MO1	MOSSMAN NO 1	3MO1_Mossman No 1 66 kV	Rating (A)	132	167	159

The Mossman Substation comprises of:

- two transformers, 66/22kV Dyn11 10MVA OLTC; and
- outdoor 22kV switchgear c/w four 22kV feeders and a bus section breaker.

The transformer technical characteristics are 2.5% buck, 17.5% boost. Transformer capacity is not a constraint; however, buck range is a constraint in managing to the new 230V LV standard.

Additional Load or Generation from Mossman:

The use of different generation technologies amongst major industrial customers may result in increased export capability of the generation plant.

Pending the substantive increase in generation export capability, electricity supply via the 22kV distribution network from Mossman substation could be less restrictive than from the Craiglie substation due to the extra 22kV feeder lengths involved.

3.3. Assumptions in Relation to Identified Need

Below is a summary of key assumptions that have been made when the Identified need has been analysed and quantified.

It is recognised that the below assumptions may prove to have various levels of correctness, and they merely represent a 'best endeavours' approach to predict the future identified need.

3.3.1. Forecast Maximum Demand

Organic load growth for Mossman and Craiglie substations has been shown to be relatively stagnant, however, it is expected that growth could occur through future developments such as existing industrial customer product chain value-adding or generation technology changes, new major commercial and industrial customers, residential developments, tourist facilities, etc.

3.3.2. Load Profile

Characteristic peak day load profiles shown in Section 2.3 are unlikely to change significantly from year to year, i.e. the shape of the load profile will remain virtually the same with increasing maximum demand.

3.3.3. System Capability – Line Ratings

The thermal ratings of the sub-transmission lines that supply Mossman have been calculated based on the main parameters listed in the table below.

Table 16 – Far North Line Rating Parameters

Parameter	Summer Day (9am – 5pm)	Summer Evening (5pm – 10pm)
Ambient Temperature	38°C	34°C
Wind Velocity	0.8 m/s	0.4 m/s
Wind Angle to Conductor Axis	45°	45°
Direct Solar Radiation	910 W/m ²	200 W/m ²
Diffuse Solar Radiation	210 W/m ²	20 W/m ²

Mossman Substation is currently supplied by two 66kV feeders, MOSS 1 and MOSS 2 which do not experience thermal rating capacity limitations.

Table 17 - Static Thermal Line rating and utilisation of the MOSS 2 (3MO2) and MOSS 1 (3MO1) 66kV feeders

Operational Number	Feeder Name	PF Feeder Obj Name	Year Ratings Period Variable	2025		
				SD	SE	SNM
3MO2	MOSSMAN NO 2	3MO2_Mossman No 2 66 kV	% of Rated A	27.6	22.5	21.2
3MO2	MOSSMAN NO 2	3MO2_Mossman No 2 66 kV	Loading (A)	36	38	34
3MO2	MOSSMAN NO 2	3MO2_Mossman No 2 66 kV	Power Factor	0.93	0.93	0.94
3MO2	MOSSMAN NO 2	3MO2_Mossman No 2 66 kV	Rating (A)	132	167	159
3MO1	MOSSMAN NO 1	3MO1_Mossman No 1 66 kV	% of Rated A	60.1	50.1	46.3
3MO1	MOSSMAN NO 1	3MO1_Mossman No 1 66 kV	Loading (A)	79	84	74
3MO1	MOSSMAN NO 1	3MO1_Mossman No 1 66 kV	Power Factor	0.97	0.98	0.96
3MO1	MOSSMAN NO 1	3MO1_Mossman No 1 66 kV	Rating (A)	132	167	159

Craigie Substation is currently supplied by two 132kV feeders, circuits 7200 and 7201 which do not experience thermal rating capacity limitations.

Table 18 - Static Thermal Line rating of the Turkinje to Craigie and Yalkula to Lakeland 132kV feeders

Description	Value	Summer Day 9am-5pm	Summer Evening 5pm-10pm	Summer Night/Morning 10pm-9am	Winter Day 9am-5pm	Winter Evening 5pm-10pm	Winter Night/Morning 10pm-9am
Turkinje-Craigie 132kV Feeder 7200 (Turkinje-Yalkula Section)	Rating (A)	452	476	427	502	483	443
Turkinje-Craigie (132kV) Feeder 7200 (Yalkula-Craigie Section)	Rating (A)	379	370	322	395	359	329
Turkinje-Craigie 132kV Feeder	Rating (A)	452	476	427	502	483	443

7201 (Turkinje-Yalkula Section)							
Turkinje-Craigie 132kV Feeder 7201 (Yalkula-Craigie Section)	Rating (A)	379	370	322	395	359	329
Yalkula-Lakeland 132kV Feeder	Rating (A)	468	523	480	539	539	494

4 Credible Options Assessed

4.1. Assessment of Network Solutions

4.1.1. Option A: Preferred - Transition Mossman Substation from 66/22kV to 132/22kV and extend the Yalkula 132kV bus

Ergon Energy's preferred internal option is to transition the Mossman 66/22kV Substation to a single transformer 132/22kV Substation. This option includes the recovery of the existing aged 66kV lines through the World Heritage listed areas of the Rex Range as part of a legacy agreement with the Queensland Government Wet Tropics Management Authority.

See Figure 17 for a Single Line Diagram showing the network configuration once these works are complete.

4.1.2. Option B: Staged Replacement of the 66kV Line and Aged Mossman Substation Plant as Required

This option involves the replacement of plant at Mossman 66/22kV Substation on an as-required basis, however, it includes the staged replacement of the aging 66kV feeders to reduce the anticipated increase in C3 remediation forecast from the last inspection cycle.

This option was considered for economic and sensitivity analysis but was not found to be preferred due to the significant overall capital expenditure across the area network, sub-par reduction of ongoing OPEX costs, and lack of strategic benefit to the wider network development, particularly Mount Molloy Substation and 66kV feeders back towards Turkinje.

In addition to the above, rebuilding the 66kV feeders to the current standard with sufficient way leave is deemed to be not feasible due to unviable increased vegetation clearance required across the rainforest (as indicated by the Queensland Government Wet Tropics Management Authority) nor moving towards a commitment to remove the 66kV assets from the Rex Range.

4.1.3. Option C: Full Retirement/Recovery of Mossman 66/22kV Substation, Upgrade Craigie Substation to Supply Mossman 22kV Distribution Area

This option involves the retirement/recovery of the Mossman 66/22kV Substation and supplying Mossman Substation feeder loads 2DAI, 2MOS and 2SCK/2CAS via a combination of the existing

overhead 21NL feeder and new 22kV underground feeders from Craiglie Substation. One of the ageing Craiglie Substation 132/22kV 15/20 MVA transformers will need to be replaced in 2021/22 due to the extra security required of this substation with Mossman Substation retired and the combined loading expectations.

This option does not provide the strategic 132kV network development (i.e. future retirement of 66kV feeders from Mount Molloy substation towards Turkinje substation) at Yalkula Substation, nor consider major customer product chain value-adding or substantive generation technology changes in the Mossman 22kV distribution area. This proposal does enable the retirement of the upstream 66kV lines from Mossman towards Mount Molloy.

4.2. Assessment of Non-Network Solutions

Ergon Energy's Customer Interactions (CI) team has assessed the potential Non-Network Alternative (NNA) options required to defer WR1273666 and have determined that there is very limited opportunity to address the proposed refurbishment/replacement of the MOSS 66/22kV zone substation and associated 66kV feeders utilising NNAs. The main drivers for the investment identified in the Substation Condition Assessment Report (SCAR) and detailed in the planning report are Safety, Aged/Poor Asset Replacement, Reliability, Customer and Community Satisfaction and Strategic Development and Alignment with Future Area Plan.

CI has assessed the potential demand management options. CI has also reviewed the customer base and considered several demand management technologies based on the key drivers of this investment being, "end of life" aged asset replacement, reliability, safety and standards compliance. Based on the key drivers, there is a low likelihood of the NNA option to address the identified need for investment outlined in the planning report. One of the key pieces of work associated with this investment is the removal and relocation of the two 66kV feeders (MOSS 1 & 2).

4.2.1. Demand Management (Demand Reduction)

The customer base is largely residential and small business. Demand savings in these customer market segments are characterised by very small demand saving increments with a slow rate of uptake.

The residential customers appear to drive the daily peak of demand which occurs generally between from 4:30 - 9:30 pm.

MOSS has 1869 customers on tariff T31 and T33 hot water load control (LC); an estimated maximum demand reduction value is available of 1121kVA¹. There is no load control plant (AFLC) at Mossman substation. The load is switched daily using time clock control with an off period in the afternoon to evening. There is limited opportunity to further reduce demand utilising off-peak controlled load.

¹ Hot water diversified demand saving estimated at 0.6kVA per system

4.2.2. Demand Response

Demand response through customer embedded generation may be achieved through a customer embedded generator contract – this would need to be negotiated with the customer. Call off load and load curtailment contracts have been assessed as technically not viable as:

- The predominant customer types are residential and small business. The demand reduction potential of the remaining large customers is not of sufficient value to be attractive enough to contract to “call off” or curtail.
- It will not address issues of “end of life” asset replacement, reliability, environmental risk or standard compliance.

4.2.3. Customer Solar Power

3512kW of customer PV on the Network is reducing the summer and winter daytime peaks, resulting in a relatively flat daytime load profile. It may be possible to combine PV with battery storage to provide some demand management opportunities as an option.

4.2.4. Large-Scale Customer Generation

There are 2925 residential customers and 488 business customers connected to MOSS (refer to Figure 15).

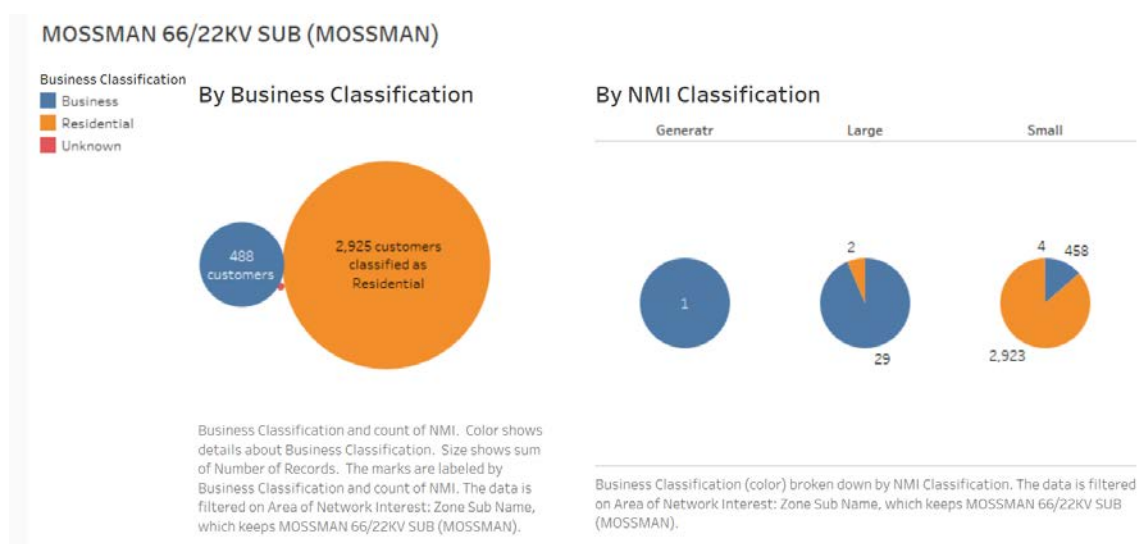


Figure 15 – Customer classification

There are 31 customers classified as large (refer Figure 15). Out of the large customers, there are only nine with a maximum demand of over 100kVA. There is also one generator (synchronised) which is located at Mossman Sugar Mill. The generation capacity that could be used for demand management network support is 800kVA (diesel generation). This may be utilised potentially for up

to 100 hours per annum to peak low summer demand through negotiating a Network Support Agreement. The other customer groups that are represented in the large customer segment are tourism, government, retail, education, farming (aquaculture) hospitality and sugar processing/manufacture.

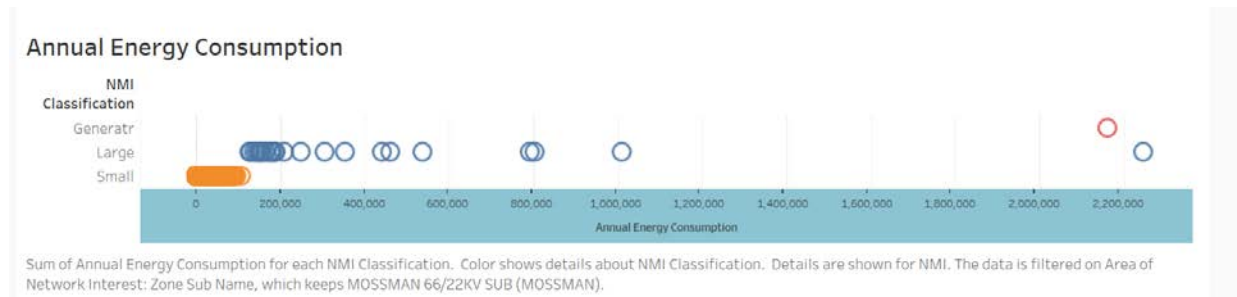


Figure 16 – Annual Energy Consumption

The balance of large customers (seen in Figure 16) demonstrates that annual consumption with the bulk of business customers is less than 200,000kWh's p.a.

4.3. Feasible vs Non-Feasible Options

4.3.1. Potentially Feasible Options

The identified need presented in this report is driven by ensuring the reliability of electricity supply and management of asset risks in Douglas Shire area that entails the Mossman 22kV distribution feeder area and in future, the Mount Molloy 22kV distribution feeder area.

As such, alternative solutions that cost-effectively provide baseload could potentially represent technically feasible options.

A non-exhaustive list of potentially feasible options includes:

- New embedded network generation
- Existing customer generation and load curtailment
- Embedded energy storage systems.

4.3.2. Options that are Unlikely to be Feasible

Without attempting to limit a potential proponent's ability to innovate when considering opportunities, some technologies/approaches are unlikely to represent a technically or financially feasible solution given the network requirement date of a solution.

A non-exhaustive list of options that are unlikely to be feasible includes:

- Renewable generation not coupled with energy storage and/or dispatchable generation; and
- Unproven, experimental or undemonstrated technologies.

4.3.3. Timing of Feasible Options

4.3.3.1. Implementation Timeframe

In order to ensure compliance with Ergon Energy's planning criteria and the Safety Net Targets, a non-network solution (if identified as preferred) will need to be implemented by March 2023.

4.3.3.2. Time of Year

Load restoration capability (for Service Safety Net Targets) may be required at any time of the year, although the required magnitude will be significantly lower during seasons with low to moderate daily peak loads, e.g. late autumn, winter and early spring.

4.4. Preferred Network Option

Ergon Energy's preferred internal solution is to convert Mossman to a 132/22kV single transformer substation supplied from a 132kV tee-off a switched feeder at Yalkula and retire MOSS 1 and MOSS 2 66kV feeders back to Mount Molloy. The works will include the extension of the 132kV busbar at Yalkula.

This option includes the recovery of the existing aged 66kV lines through the World Heritage listed areas of the Rex Range as part of a legacy agreement with the Queensland Government Wet Tropics Management Authority.

5 Summary of Submissions Received in Response to Draft Project Assessment Report

On 10 April 2020, Ergon Energy published the Draft Project Assessment Report providing details on the identified need on the sub-transmission network that supplies Douglas Shire. This report provided both technical and economic information about possible solutions and sought information from interested parties about possible alternate solutions to address the need for investment. In response to the Draft Project Assessment Report, Ergon Energy received no submissions by 29 May 2020, which was the closing date for submissions to the Draft Project Assessment Report.

6 Market Benefit Assessment Methodology

The purpose of the RIT-D is to identify the option that maximises the present value of net market benefits to all those who produce, consume and transport electricity in the National Electricity Market (NEM).

In order to measure the increase in net market benefit, Ergon Energy has analysed the classes of market benefits required to be considered by the RIT-D.

6.1. Classes of Market Benefits Considered and Quantified

The following classes of market benefits are considered material, and have been included in this RIT-D assessment:

- Changes in involuntary load shedding

6.1.1. Changes in involuntary load shedding

Involuntary load shedding is where a customer's load is interrupted from the network without their agreement or prior warning. Ergon Energy has forecast load over the assessment period and has quantified the expected unserved energy by comparing forecast load to network capabilities under system normal and network outage conditions. A reduction in involuntary load shedding expected from an option, relative to the base case, results in a positive contribution to the market benefits of the credible option being assessed.

Involuntary load shedding of a credible option is derived by the quantity in MWh of involuntary load shedding required assuming the credible option is completed multiplied by the Value of Customer Reliability (VCR). The VCR is measured in dollars per MWh and is used as a proxy to evaluate the economic impact of unserved energy on customers under the RIT-D.

Energy Queensland utilises Value of Customer Reliability (VCR) values as part of its investment and project planning process. VCR is an economic value applied to customers' unserved energy for any particular year and is intended to represent customers' willingness to pay for their reliability of electricity supply. VCR is used to supplement Ergon Energy and Energex's Jurisdictional Security Criteria requirements by helping compare project options in a project business case or RIT-D, where reliability is assessed to have a material impact. VCR analysis can also be used to demonstrate the customer benefits of investment above mandatory requirements, to achieve an improved, efficient customer reliability outcome, but in practice this application is very rare. Detail about how VCR is applied in investment analysis is included in each DNSP's Distribution Annual Planning Report (DAPR)² under Section 6.4 on Network Planning Criteria

Whilst MOSS is proposed to be supplied via a single 132/22kV transformer supply, it is still an improvement to the 66kV which on the surface has N-2 reliability but has experienced double circuit outages on several occasions when auto-reclose on the 66kV was problematic.

Due to various reasons pertaining to the 66kV build (i.e. steel crossarms, 3 piece pin insulators, common timber poles, no Overhead Earth Wire (OHEW), terrain and environment characteristics), the Dual Circuit Steel Towers (DCST) 132kV offers a more reliable supply than the 66kV.

Contingent 22kV supply will be available from Craiglie Substation via remotely controlled plant to assist response transfer to 21NL feeder.

² <https://www.ergon.com.au/network/network-management/future-investment/distribution-annual-planning-report>

6.1.2. Changes in load transfer capability

The installation of voltage regulators and new switching points on the 22kV network which are being considered as part of Option A will allow for greater load transfer capabilities between the Mossman and Craiglie substations.

6.2. Classes of Market Benefits not Expected to be Material

The following classes of market benefits are not considered to be material for this RIT-D, and have not been included in this RIT-D assessment:

- Changes in voluntary load curtailment
- Changes in costs to other parties
- Changes in timing of expenditure
- Changes in load transfer capability
- Changes in network losses
- Option value

6.2.1. Changes in Voluntary Load Curtailment

Because none of the credible options include any voluntary load curtailment, and because there are no customers on voluntary load curtailment agreements in the Douglas Shire area at present, any market benefits associated with changes in voluntary load curtailment have not been considered.

6.2.2. Changes in Costs to Other Parties

Ergon Energy does not anticipate that any of the credible options included in this RIT-D assessment will affect costs incurred by other parties.

6.2.3. Changes in Timing of Expenditure

None of the credible options included in this RIT-D assessment is expected to affect the timing of other distribution investments for unrelated identified needs.

6.2.4. Changes in Network Losses

Ergon Energy does not anticipate that any of the credible options included in the RIT-D assessment will lead to any significant change in network losses.

6.2.5. Option Value

The AER's view is that option value is likely to arise where there is uncertainty regarding future outcomes, the information that is available in the future is likely to change, and the credible options considered by the RIT-D proponent are sufficiently flexible to respond to that change³.

³ AER "Regulatory Investment Test for Distribution Application Guidelines", Section A6. Available at: <http://www.aer.gov.au/networks-pipelines/guidelines-schemes-models-reviews/regulatory-investment-test-for-distribution-rit-d-and-application-guidelines>

Ergon Energy does not consider that the identified need for the options included in this RIT-D would be affected by uncertain factors about which there may be more clarity in the future.

A VCR factor has not been included in the NPVs, however a 132kV circuit breaker (CB) has been included in the Option A Craiglie Substation transformer bay. Given the proposed deferral of the Craiglie Substation 132/22kV transformers and outages attributed to these units, the install of the CB to retain the high security of the 132kV of the line can be justified using VCR if required. The existing 132kV transformer bay is fully established except for the CB.

7 Detailed Economic Assessment

7.1. NPV Results

The estimated total capital cost of the preferred network option is \$27.2M. Four network options were costed; Option A being the lowest Net Present Value (NPV) cost option is ranked 1, and is the network option proposed to be implemented.

A Base Case option was costed but has not been considered an acceptable option due to the resultant high ongoing maintenance costs and subsequent elevated risk of equipment damage and personnel safety. Furthermore, it does not consider a strategic and holistic view of the 132kV and 66kV network supplying the Douglas Shire area and Northern Atherton Tablelands, or removal of the 66kV feeders across the Rex Range. Hence, it is not considered in this report.

Note that the figures in the table below are the discounted present values evaluated over a 20-year period. These direct costs are preliminary estimates which are subject to change as costs are refined, and do not include any interest, risk, contingencies or overheads, but does include residual life values at the end of the 20-year period.

Table 19 – Commercial Summary Cashflow

Commercial Summary Cashflow

Preferred Option Selected:	Option A	Preferred Option is Rank 1 for the Commercial NPV
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\$ Millions	Base Case	Option A	Option B	Option C
Capex	(11.10)	(11.77)	(12.99)	(12.16)
Opex	(3.48)	(1.80)	(2.01)	(1.62)
Direct Benefits	0.00	0.00	0.00	0.00
Commercial NPV	(14.58)	(13.57)	(15.01)	(13.79)
<i>Ranking</i>	3	1	4	2
Indirect/Risk	0.00	0.00	0.00	0.00
Commercial + Risk	(14.58)	(13.57)	(15.01)	(13.79)
<i>Ranking</i>	3	1	4	2

The preferred option has a NPV difference to the Base Case of :	1.01
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7.2. Selection of Preferred Option

Mossman Substation is currently supplied by two 66kV feeders, which feed the two 10MVA 66/22kV transformers, associated 66kV and 22kV bus and structures, and 22kV feeder bays.

The existing control building will be replaced with a new control building that will house new indoor 22kV switchgear. The existing 22kV distribution feeders currently being supplied from the Mossman Substation aged outdoor 22kV yard will be transitioned across to the new 22kV indoor switchgear. This will enable the recovery of the existing outdoor 22kV yard, structures and one of the 10MVA 66/22kV transformers.

Once this area has been cleared, a new 132/22kV transformer will be installed into the vacated footprint.

Subsequently, a new 132kV tee-off the adjacent Turkinje to Craiglie 132kV feeder (circuit 7201/2) will land into the Mossman Substation and be connected to the new 132/22kV transformer.

The transition of the Mossman Substation to the 132kV network will require an extension of the 132kV bus at Yalkula Substation and minor 132kV work at the Turkinje and Craiglie Substations. Minor 22kV distribution work between Craiglie and Mossman Substations will provide single 132/22kV transformer Safety Net security to the Mossman Substation.

After the commissioning of the 132/22kV transformer, the remaining 66/22kV transformer and 66kV plant will be recovered and remediated. The two 66kV feeders back towards Mount Molloy will be recovered.

Strategically, the high cost 66kV feeders from Turkinje to Mount Molloy will be reviewed along with the aged asset condition of the Mount Molloy 66/22kV Substation. The 132kV extension at Yalkula Substation will be designed to enable a 132/22kV transformer at Yalkula to enable future retirement of Mount Molloy Substation and the 66kV feeders back towards Turkinje.

Retirement of the two aged Craiglie 132/22kV 15/20MVA transformers will be deferred. The proposed 22kV feeder tie works proposed for the Safety Net security of the Mossman Substation single 132/22kV transformer supply will provide limited contingency load transfers of the Craiglie 22kV distribution network.

The schematic single-line diagram in Figure 17 shows the proposed network configuration of this preferred network option.

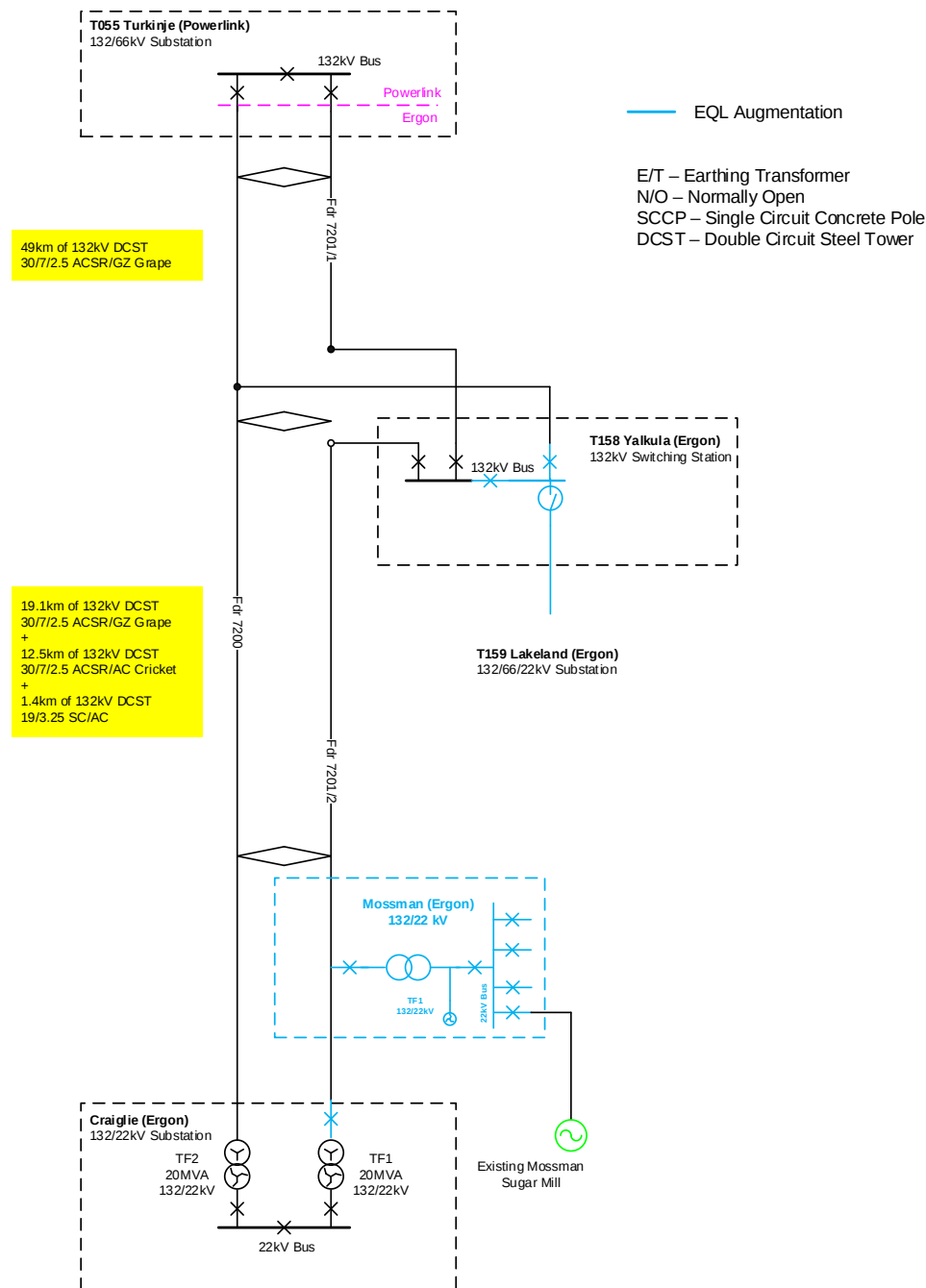


Figure 17 - Schematic single-line diagram of the Option A preferred network option

Milestones for this project can be seen in Table 20 below.

Table 20 – Project Milestones for the Preferred Option

Milestone Description	Date
Detailed Design Commence	August 2020
Construction Commence	May 2022
Construction Complete	May 2024

As per

Table 19 – Commercial Summary Cashflow above, the capital and operation cost from a 20-year NPV perspective is \$11.77M and \$1.80M respectively.

8 Conclusion

The Final Project Assessment Report (FPAR) represents the final stage of the consultation process in relation to the application of the RIT-D. Ergon Energy intends to take steps to progress the proposed preferred option to ensure any statutory non-compliance is addressed and undertake appropriately justified network reliability improvements, as necessary.

8.1. Preferred Option

Ergon Energy's preferred internal solution is to convert Mossman to a 132/22kV single transformer substation supplied from a 132kV tee-off a switched feeder at Yalkula and retire MOSS 1 and MOSS 2 66kV feeders back to Mount Molloy. The works will include the extension of the 132kV busbar at Yalkula.

This option includes the recovery of the existing aged 66kV lines through the World Heritage listed areas of the Rex Range as part of a legacy agreement with the Queensland Government Wet Tropics Management Authority.

The estimated total capital cost of the preferred network option is \$27.2M.

8.2. Satisfaction of RIT-D

The proposed preferred option satisfies the RIT-D.

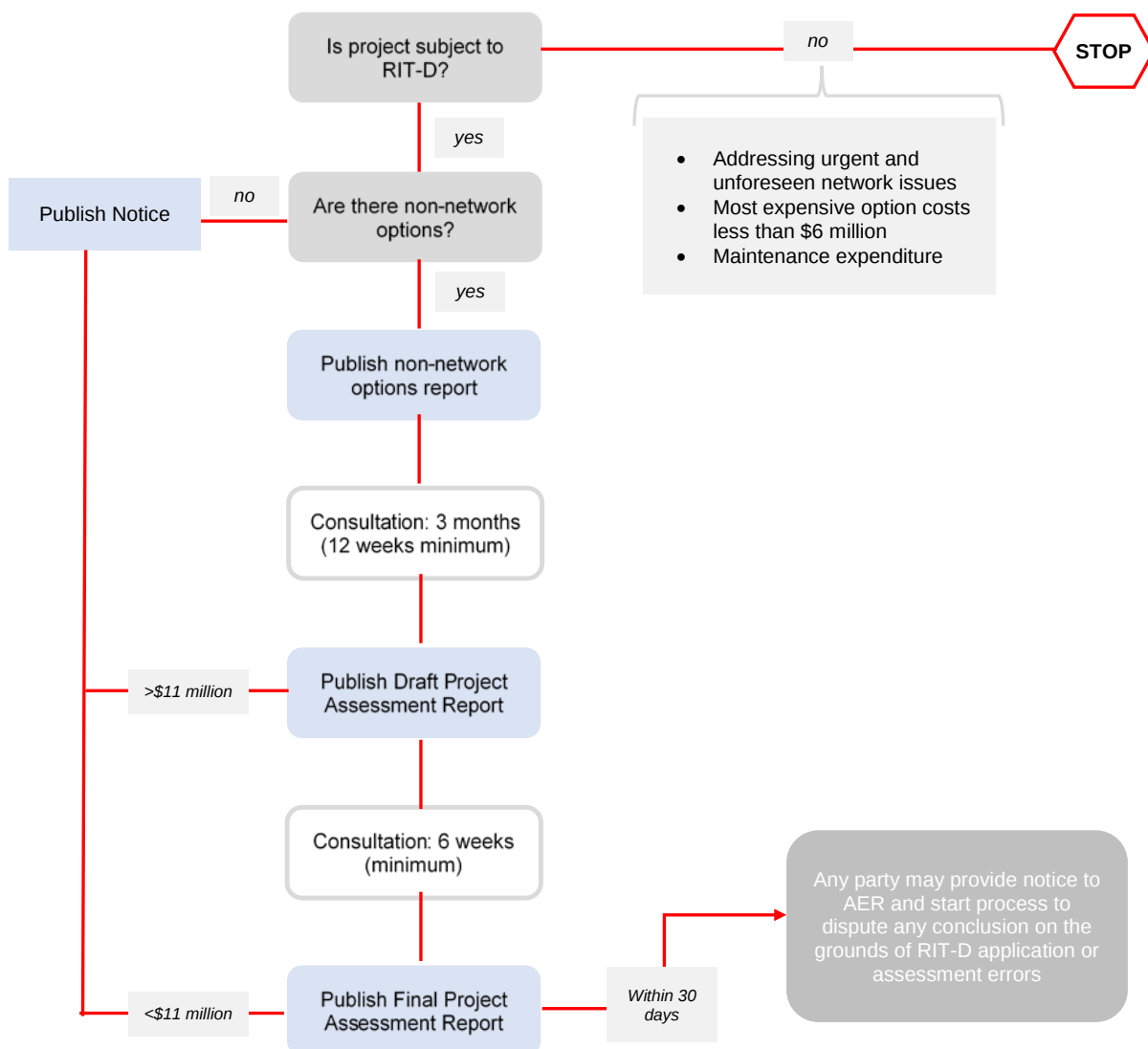
This statement is made on the basis of the detailed analysis set out in this report. The proposed preferred option is the credible option that has the highest net economic benefit under the most likely reasonable scenarios.

9 Compliance Statement

This Final Project Assessment Report complies with the requirements of NER section 5.17.4(j) as demonstrated below:

Requirement	Report Section
(1) a description of the identified need for investment;	3
(2) the assumptions used in identifying the identified need (including, in the case of proposed reliability corrective action, why the RIT-D proponent considers reliability corrective action is necessary);	3.3
(3) if applicable, a summary of, and commentary on, the submissions received on the DPAR;	5
(4) a description of each credible option assessed	4
(5) where a <i>Distribution Network Service Provider</i> has quantified market benefits in accordance with clause 5.17.1(d), a quantification of each applicable market benefit of each credible option	6
(6) a quantification of each applicable cost for each credible option, including a breakdown of operating and capital expenditure	7
(7) a detailed description of the methodologies used in quantifying each class of costs or market benefit	7
(8) where relevant, the reasons why the RIT-D proponent has determined that a class or classes of market benefits or costs do not apply to a credible option	6.2
(9) the results of a NPV analysis of each credible option and accompanying explanatory statements regarding the results	7.1
(10) the identification of the proposed preferred option	7.2
(11) for the proposed preferred option, the RIT-D proponent must provide: (i) details of the technical characteristics; (ii) the estimated construction timetable and commissioning date (where relevant); (ii) the indicative capital and operating costs (where relevant); (iv) a statement and accompanying analysis that the proposed preferred option satisfied the RIT-D; and (v) if the proposed preferred option is for reliability corrective action and that option has a proponent, the name of the proponent	7.2
(12) contact details for a suitably qualified staff member of the RIT-D proponent to whom queries on the final report may be directed.	1.4

Appendix A – The RIT-D Process



Source: AEMC, *Rule determination: National Electricity Amendment (Replacement expenditure planning arrangements) Rule 2017*, July 2017, p. 64.