

# \$1.5 billion blowout for Australia's largest energy transmission project

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Construction of the Energy Connect transmission line is paving the way for renewable energy developments. (Supplied: Elecnor Australia)

### In short:

Cost estimates for Transgrid's Energy Connect project have ballooned from \$2.1 billion to \$3.6 billion.

The company has blamed COVID, labour supply and other world events for the increase.

### What's next?

Work is continuing on the second and final 540-kilometre portion between Buronga and Wagga Wagga.

Cost estimates for Australia's largest energy transmission project have blown out by \$1.5 billion, sparking fears the hike will be passed onto consumers.

Construction of a 900-kilometre transmission line to connect the energy grids of NSW, Victoria and South Australia is predicted to cost \$3.6 billion, which is an increase of almost 75 per cent from the \$2.1 billion quoted in 2023.

The private company behind the EnergyConnect project, Transgrid, said the line would provide access to cleaner, cheaper and more reliable energy supply between states in the national grid.

In a statement issued in January, the company blamed COVID supply-chain impacts, labour shortages, inflation and the war in Ukraine for the increase in costs.

Independent Wagga Wagga MP Joe McGirr said he was worried the spiralling costs would result in higher power bills.

Mr McGirr said the Australian Energy Regulator (AER) approved the expenditure because it was then put onto people's electricity bills.

**"Now the project has doubled in cost, and that will have to go back to the regulator and get approved again, and that will presumably mean an extra charge on consumers," he said.**

"I don't think the regulator has any choice but to approve the expenditure, and I think most people are not aware that this is the process and this is how the electricity infrastructure in this country runs."



Joe McGirr says he will not be surprised if Transgrid blows out the Humelink project. (Supplied: Andrea Sturgess)

AER said in a statement "its final decision on Transgrid's 2023-28 revenue determination [was] in April 2023".

The AER settled on a total of \$2.1 billion for EnergyConnect, which is the amount the company can retrieve from customers over the five-year period.

Transgrid would have to submit a proposal to reopen the determination if it wants to get more back from consumers.

"Should Transgrid apply to vary its 2023-28 revenue determination, the AER will consult with stakeholders," the AER statement said.

The AER said it had not received a proposal from Transgrid to reopen the determination.

## Electricity bills on the rise

The Australian Competition and Consumer Commission (ACCC) recorded the annual median cost of third-quarter electricity bills across the country between 2019 and 2023.

Households in NSW experienced an increase from \$325 to \$400, while in Victoria bills rose from \$296 to \$309 and in South Australia \$362 to \$371.

Transgrid said in a statement that the company was "committed to doing everything it can to keep costs as low as possible in the best interests of energy consumers".

"Transgrid is delivering the transmission infrastructure identified as critical to realising the Commonwealth and NSW governments' shared vision for a clean energy future," it said.