

MEDIA RELEASE

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Heywood Interconnector upgrade confirmed to benefit National Electricity Market

A proposal to increase the capability of the South Australian-Victorian Heywood electricity interconnector will deliver benefits to the National Electricity Market.

The proposal to install a third transformer at Heywood in Victoria, series compensation on 275 kV transmission lines in South Australia, and 132 kV network reconfiguration works in South Australia has been confirmed as the preferred option to increase transfer capability.

The preferred option will enable increased wind energy exports from South Australia and also increase imports of lower-cost generation into South Australia, particularly at times of peak demand, and is expected to result in an approximate 40 per cent increase in interconnector capability in both directions.

“A significant increase in the number of wind farms in South Australia over the past few years has resulted in the potential for more renewable power to be exported from that state via the Heywood Interconnector,” said AEMO Managing Director and Chief Executive Officer Matt Zema.

ElectraNet Acting Chief Executive Officer Rainer Korte said: “Rigorous cost-benefit analysis has found that increasing the Heywood Interconnector’s transfer capability will deliver net market benefits of more than \$190 million over the life of the project by significantly reducing generation dispatch costs over the longer term. These benefits will commence from the first year of operation.”

The upgrade is outlined in a Project Assessment Conclusions Report (PACR) prepared by ElectraNet and AEMO as the third and final stage of the Regulatory Investment Test for Transmission (RIT-T) process.

The estimated commissioning date for the upgrade is July 2016. The total capital cost of the upgrade is estimated to be \$108m, with \$45m investment in Victoria and \$63m in South Australia.

The PACR is available on the AEMO website at www.aemo.com.au and the ElectraNet website at www.electranet.com.au.

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