



6 December 2017

Mr Sebastian Roberts
General Manager
Australian Energy Regulator
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Melbourne Vic 3001

Sydney Business Chamber
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Via email: TransGrid2018@aer.gov.au

Dear Mr Roberts

The Sydney Business Chamber (The Chamber) endorses the proposed solution for the Powering Sydney's Future project outlined in TransGrid's Revised Revenue Proposal 2018-2023 (1 December 2017) – specifically the capital expenditure on a new 330kV cable to reinforce supply in the inner city.

The SBC is a division of the NSW Business Chamber and represents Sydney's leading corporations, advocating for Sydney to be a competitive and sustainable global city. The Chamber strives to identify, develop and promote the major issues that contribute to economic activity and growth in Australia's only global city, Sydney. We do this by representing and collaborating with government on behalf of business at the local, state and federal level.

The Chamber participated in TransGrid's consumer consultation and agrees that inner Sydney is facing the dual issue of increasing demand combined with deteriorating assets, specifically oil filled cables which supply the city. This comes at time of significant city shaping spend on Sydney's transport infrastructure during the 2018-23 period.

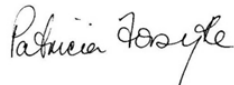
The National Electricity Objective (NEO) requires (among other things) that the Australian Energy Regulator (AER) consider safety and reliability as well as security of supply. Should a major outage occur in Sydney – Australia's only global city, it would not only be economically damaging, it would be unlikely that a quick restoration would be possible without impacting on other States and the National Electricity Market generally.

We understand that TransGrid has made some concessions in the timing of its delivery of the two cable solution, with a single 330kV cable to be completed during the 2018-2023 period with the second 330kV cable deferred. We agree with this approach.

We also understand that TransGrid will be incentivised to remain within budget of its proposed capital expenditure on the 330kV cable through the application of the AER's capital expenditure sharing scheme. This gives the Chamber confidence that the project will be delivered as proposed because inefficient excess spending will not be added to TransGrid's regulatory asset base. This means that businesses and consumers will not have to fund any overspend deemed inefficient by the AER in future periods.

Please contact Robert Millar on 02 9458 7324 or robert.millar@nswbc.com.au if you require any further information or comment.

Yours sincerely

A handwritten signature in black ink that reads "Patricia Forsythe".

The Hon. Patricia Forsythe
Executive Director
Sydney Business Chamber