



Office of the
Minister for Energy and Water Supply

Ref: EWS/003171

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13 May 2013

Mr Neil Laurie
Clerk of the Parliament
Parliament House
George Street
BRISBANE QLD 4000


Dear Mr Laurie

I refer to your letter of 17 April 2013 enclosing a copy of Petition No. 2058-13 lodged in the Queensland Legislative Assembly.

The Petition draws to the attention of the House the apparent lack of a public component in (electricity transmission) projects currently proposed by Powerlink Queensland (Powerlink) to meet the high voltage electricity needs of APLNG (Origin) and Santos GLNG for their Coal Seam Gas (CSG) operations. In particular, the Petition suggests these projects are for the sole benefit and profit of privately owned companies and their shareholders.

The projects subject to this Petition are collectively known as Powerlink's "Transmission Network Extension in North West Surat" projects.

The Petition raises four issues which are addressed in the response below:

1. *Designate these Projects listed on this petition as Private Infrastructure and reject Powerlink's application for Community Infrastructure.*

Powerlink is proposing to seek planning approval for the Transmission Network Extension in North West Surat by requesting ministerial designation of the land as land for community infrastructure under the *Sustainable Planning Act 2009*. This framework applies to infrastructure described in Schedule 2 of the *Sustainable Planning Regulation 2009*. Schedule 2 of the regulation includes 'operating works under the *Electricity Act 1994*', a definition that includes transmission assets operated by the holder of a transmission authority, such as Powerlink.

As designating Minister, when considering a community infrastructure designation request, I must comply with the *Sustainable Planning Act 2009*, which ultimately requires me to be satisfied that the proposed project(s) meets at least one of the following four tests under section 201 of that Act:

- (a) facilitate the implementation of legislation and policies about environmental protection or ecological sustainability; or
- (b) facilitate the efficient allocation of resources; or
- (c) satisfy statutory requirements or budgetary commitments of the State or local Government for the supply of community infrastructure; or
- (d) satisfy the community's expectations for the efficient and timely supply of infrastructure.

The *Electricity Act 1994*, under section 32(1), places a condition on Powerlink to allow, as far as technically and economically practicable, a person to connect supply to its transmission grid or take electricity from the grid, on fair and reasonable terms. Further, section 34(1) requires a transmission authority to 'operate, maintain (including repair and replace) and protect its transmission grid to ensure the adequate, economic, reliable and safe transmission of electricity'.

Powerlink also has an obligation under section 5.2.3(d)(1) of the National Electricity Rules to review and process an application to connect that is submitted to it and enter a connection agreement to the extent that the (future) connection point relates to its part of the national grid.

These obligations combined with the CSG companies' requests for high voltage electricity supply in the Surat Basin, oblige Powerlink to provide a solution that is adequate, economic, reliable and safe. Powerlink is entitled to make a request for designation of the land under the *Sustainable Planning Act 2009*.

While the growth in the CSG sector is driving the need for electricity projects, it is also true that improved network security and reliability will flow to Ergon Energy as the local electricity distributor on the back of this expansion. This will allow it to improve the supply reliability of its network for the benefit of all existing and future electricity consumers within the region. This will also have a flow-on effect to the general community as it will support economic development and utilisation of the electricity network.

It is pleasing to note that Ergon Energy and Powerlink have engaged in joint planning of network augmentation in the region to minimise duplication and ensure there is no unnecessary proliferation of poles and wires, while still reinforcing the network in the Surat Basin.

2. *Place these projects under the jurisdiction of the Coordinator-General and the Petroleum and Gas (Production and Safety) Act 2004 due to the private nature and compensation deficiencies and unworkability of the Acquisition of Land Act 1967.*

As the projects are electricity transmission assets, they clearly fall within the scope of the *Electricity Act 1994* and not the *Petroleum and Gas (Production and Safety) Act 2004* which relates to the exploration, recovery and transportation by pipeline, of petroleum and fuel gas in a safe and efficient manner. In addition, Petroleum Lease holders are permitted to undertake Petroleum Lease-related activities only on the land which is covered by the Petroleum Lease. This would not support the development of the transmission facilities required to support the electricity requirements of the CSG projects.

While Powerlink may apply for the project(s) to be considered under the jurisdiction of the Coordinator-General (under the *State Development and Public Works Organisation Act 1971*), both Acts ultimately apply the same compensation provisions under the *Acquisition of Land Act 1967*.

3. *Apply a commensurate compensation regime that applies to other private CSG projects including, but not limited to legal, valuation, accountancy, time, production-construction-devaluation impacts through-out the life of project, ongoing annual payments, miscellaneous costs, and a meaningful consultation/negotiation framework for affected landholders on all tenure types during the consultation period whether the projects proceed or not.*

Powerlink operates under a national regulatory regime which requires it to supply electricity at the lowest cost to the consumer, while meeting reliability, environmental and other regulatory requirements.

In contrast, the CSG companies are operating on a purely commercial basis and may have the option of being able to pay a premium for early access to land.

For electricity purposes, the *Acquisition of Land Act 1967* requires compensation to be paid taking into regard not only the value of the land (or easement) taken, but also:

- (a) the damage, if any, caused by any of the following:
 - i. the severing of the land taken from other land of the claimant;
 - ii. the exercise of any statutory powers by the constructing authority otherwise injuriously affecting the claimant's other land mentioned in subparagraph (i); and
- (b) the claimant's costs attributable to disturbance.

For petroleum purposes, the *Petroleum and Gas (Production and Safety) Act 2004* requires compensation to be paid relevant to:

- the deprivation and/or diminution of the claimant's land;
- accounting, legal or valuation costs necessary to negotiate the acquisition; and
- consequential damage incurred.

At a practical level, both compensation frameworks are comparable, with the main difference arising in relation to timing. The compensation framework under the *Petroleum and Gas (Production and Safety) Act 2004* acknowledges that the landowner is affected by the activities earlier in the acquisition process than is recognised under the *Acquisition of Land Act 1967*. This means claimants may receive their compensation prior to the finalisation of the land acquisition.

Given the differences in the legislation, Powerlink has advised that it is investigating providing support to landowners earlier in the land acquisition and compensation process, with a focus on negotiating acquisition where feasible.

4. *Ensure appropriate codes of conduct are agreed upon and signed prior to entry onto affected landholdings by Powerlink employees and contractors.*

Powerlink was consulted for its response to the claim that inappropriate conduct had been displayed to some landowners.

Powerlink advises it has in place codes of conduct for staff as well as contractors. These codes outline expectations in relation to behaviour, and apply to all Powerlink activities across all projects. Staff and contractors must comply with these codes, which require them to demonstrate courtesy, respect and professionalism at all times in engaging with landowners and the general public.

Powerlink advises it treats any allegation of a breach of either code of conduct very seriously. In situations where allegations of a breach are made, Powerlink will investigate the alleged breach and instigate appropriate disciplinary action where required.

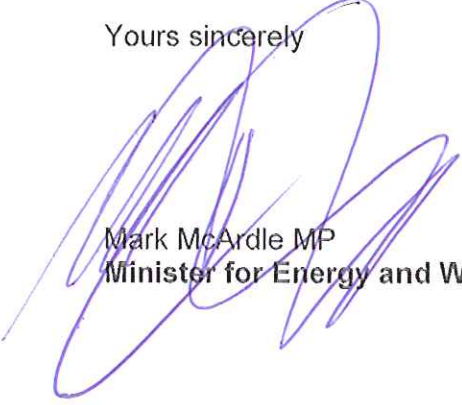
In relation to landowner interactions, Powerlink advises that prior to construction (i.e. during easement investigations and acquisition), it is Powerlink's first preference to seek agreement with landowners to undertake investigations and studies on a landowner's property. This involves contacting landowners in advance to arrange property access and discuss any specific requirements for accessing the property.

An individual landowner's reasonable requirements for entry are then recorded and all relevant Powerlink staff and contractors are made aware of and must comply with all reasonable requests. Property specific 'permission to enter' forms can be formalised if requested by the landowner.

I understand that Powerlink, in response to direct concerns raised in relation to these projects, has activities underway to address landowner concerns, including:

- (a) extending an offer to meet with landowner group/s;
- (b) seeking to meet again with landowners one-on-one with specialist engagement support;
- (c) making changes to enhance two-way interaction and information provided at community sessions; and
- (d) use of a dedicated local relationship manager as a local presence and to assist with coordinating contact with landowners impacted by multiple projects.

Yours sincerely



Mark McArdle MP
Minister for Energy and Water Supply