

THE CLASSIC QUEENSLANDER LOAD SHED BUNGALOW



Friday 13 Aug: TransGrid failure trips 6 Hunter generation units: Smelters hit, 251,000 Qld homes blacked out

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More than 250,000 Queensland households – as well as major industrial users in all the eastern States - were hit by blackouts on Black Friday, 13 August, after an explosion at a Hunter Valley transmission facility tripped six major NSW generators.

Oh, not again: Retail consumers from the Gold Coast to Cairns were hit. Queensland's

Beattie Government, already mired in controversy over its stewardship of the state's strapped distribution network, needed fresh blackouts like a hole in the head. Naturally, it sought to duck the blame. Premier Peter Beattie said that national grid safeguards need to be reviewed. "I don't think that any state should lose power just because one state goes down like NSW," he said.

Confidential NEMMCO report issued: NEMMCO told *Electricity Week* that it had provided a report to jurisdictions on 16 August resulting from a request from the Queensland Energy Minister. The report has not been made public as yet, but was due by the end of this week, it said.

Ministers to talk: According to *The Australian* (16/08/04, p. 4), Friday's blackouts will be discussed at a meeting of energy ministers of the four NEM States, SA, Vic, NSW and Qld, scheduled for Friday, 27 August.

Qld understood to be only state to schedule automatic household load shedding

At next week's Ministerial talk fest, Queensland's Minister for Energy, Stephen Robertson, no doubt will

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week in brief

Victorian churn rate over half million:

Transfer of small retail electricity customers in Victoria passed the half million mark on Thursday, 29 July. The 1511 transfers registered that day took the cumulative total to 500,988.

NSW transfers running at half Vic:

Transfers of small retail electricity customers dropped sharply in July, to the lowest level this year except for February. NSW transfers of small electricity customers have exceeded 250,000 – only half the level of churn activity recorded in Vic.

Gusty westerlies fuel fires in Qld:

Blazes flared in the Sunshine Coast hinterland, on the Darling Downs and near Gladstone on Friday, August 13, giving Qld electricity distributors a foretaste of what threatens to be a dangerous summer.

Winds of August: On the same day further south, strong winds brought down an ACT powerline and set grass alight near the Canberra Zoo. Fire also broke out on Brown Mountain, south-east of Cooma.

Western Power abandons bundling:

The new boss of Western Power, Tony Iannello, has abandoned bundling of utility and telecommunications services. Western Power will exit the bundling business, taking a \$23 million bath.

New minimum aircon standards: New mandatory minimum efficiency standards for air conditioners will come into force in 2007. Nearly 80 per cent of devices now on the market do not meet the new standards.

TXU pushes combined gas/electricity:

Adelaide-based TXU has launched a strong promotion of its combined gas and electricity fixed monthly bill. It says the Dual Fuel service not only combines charges for the two utilities, it averages out costs to give customers fixed charges.

Prime's Powerco ambitions: Prime Infrastructure Group, Queensland's Dalrymple Bay coal terminal operator, was reported to be prepared to launch a \$1.6 billion full takeover bid for listed New Zealand power and gas distributor Powerco Ltd after snaring a controlling 53.6 per cent stake.

"Consumers should pay levy": Energy industry heavies including InterGen, ExxonMobil and AGL have reported, written to the Ministerial Council on Energy saying they must be able to pass on the costs of an industry levy to fund the running of a single national regulator and market-planning body.

Vic transfers west squeezed: Lightning activity in the Para-Taillem Bend area of the Vic-SA interconnection just before noon on Black Friday, 13 August resulted in transfers from Vic to SA being limited to 250MW for 95 minutes.

SA augmentation submissions: The Essential Services Commission of South Australia (ESCOSA) has called for submissions on its final consultation draft on the augmentation charging regime. It proposes that the new charging structure will take effect from 1 July 2005.

Black Friday generator trips: More than 250,000 Queensland households - to say nothing of major industrial users in all eastern states - were hit by blackouts on

Black Friday, 13 August, after an explosion at a Hunter Valley transmission facility tripped five major NSW generators (*see further reports this issue*).

Qld Nationals play the power crisis:

Sensing electoral advantage, the Queensland Nationals have been taken out full page advertisements slamming the State Government over its electricity distribution woes.

Beattie Govt to reduce take: The Qld Government will reportedly reduce its take of power corporation profits. In a major shakeup to dividends policy, Premier Peter Beattie said he expected GOCs to spend more on maintenance and therefore have smaller profits and pay smaller dividends.

Qld distributors back Beattie: The chief executives of Energex and Ergon Energy have fallen in behind Premier Peter Beattie in arguing that the distribution problems unearthed in the Sommerville report are not related to the \$960 million the government has extracted from them in dividends since 1998.

What's all the fuss about: The chief executive of Energex, Greg Maddock, said his 1.1 million customers in south-eastern Queensland experienced blackouts on average for 180 minutes a year, about the national average,

Much action: Energex crews worked during last week's public holiday replacing outdated transformers in a north Brisbane neighbourhood, according to *The Courier-Mail*.

Outsourcing a false economy? A contractor who used to be paid \$21 an hour as a line worker for Energex, has claimed Energex and Ergon are now

paying contractors \$80 to \$90 an hour to boost field numbers. He estimated half the networks' repairs were now being handled by contractors, many of them former employees.

A bucket of money: Democrats Queensland Senator John Cherry said it was clear that the Beattie Government had repeatedly ignored warning signals about investment in energy supply and couldn't be trusted to fix the problem. "Paul Keating once said 'never stand between the Premiers and a bucket of money' and nothing could be truer of Peter Beattie and Energex," Senator Cherry said.

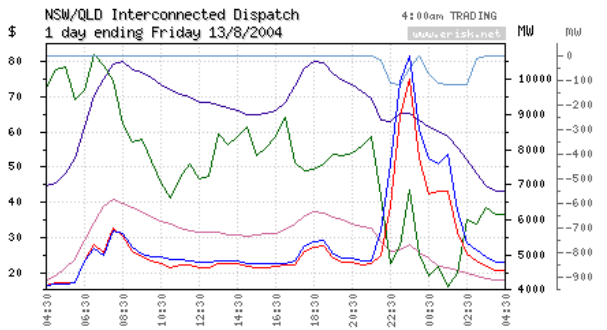
Solar/wind pump: Moore Park, a wheat and sheep farm near Moora about 165km north of Perth, has installed Australia's first SQFlex combi pump using sun power by day and wind power at night.

Enron trial postponed: The 18 August conspiracy trial of four former Merrill Lynch executives and two former mid-level Enron executives was postponed to 20 September to allow more time for trial preparations.

250 Vic households switch to gas: More than 250 Victorians have so far taken advantage of the Bracks Government's rebate to convert their home heating to natural gas.

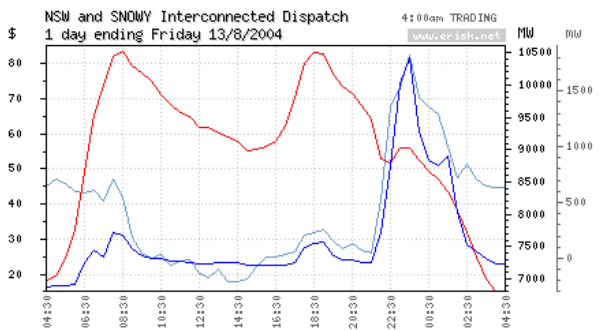
Tilt switches to become the standard: Safety devices that cause room heaters to switch off if they overheated or toppled over are to be written into standards across Australia, according to reports.

Find out more at the subscriber section of www.erisk.net



	Avg.	High	Low	Peak	Offpik
NSW disp Pool Price (\$)	29.84	81.62	16.40	25.02	37.87
QLD disp Pool Price (\$)	27.40	75.05	16.50	23.77	33.43
DL N->Q disp Flow (MW)	-16.96	0.00	-116	-0.44	-44.49
NSW/QLD disp Flow (MW)	-438	10,600	-938	-379	-535
NSW disp Total Demand (MW)	9094	10531	6808	9704	8079
QLD disp Total Demand (MW)	5489	6577	4279	5898	4808

On Friday 13 August, a "freak" NSW transformer explosion that knocked out six generating units in NSW and blacked out 251,000 Queensland homes, caused price spikes in both regions.



	Avg.	High	Low	Peak	Offpik
NSW disp Pool Price (\$)	29.84	81.62	16.40	25.02	37.87
NSW disp Total Demand (MW)	9094	10531	6808	9704	8079
Snowy/NSW disp Flow (MW)	415	1817	-203	90.54	956

TransGrid relied on power from its new acquisition, the Snowy, to rebalance the grid following a "freak" Upper Hunter transformer explosion on Friday 13 August.

Cont. from p. 1

explain to interested interstate colleagues why the Sunshine State alone among affected jurisdictions suffered domestic sector blackouts.

Qld cuts homes before smelters: But TransGrid told *Electricity Week Queensland* that the reason so many homes were blacked out was due to Queensland's load-shedding priorities. Unlike NSW, where industry gets cut off first, in Queensland, if there's a problem, domestic supplies go first, which means homes go black while aluminium smelters continue to operate.

Blackout victims were pre-selected: When the five generating units tripped at 2142EST on Friday, about 1,450MW of load was immediately shed under the automatic under-frequency scheme outlined in clause 4.3.2 (f) of the Electricity Code.

What the Code says: That clause stipulates that each Jurisdictional Co-ordinator shall determine the order of load shedding in their state, by providing NEMMCO with:

- a schedule of sensitive loads in that jurisdiction, specifying the priority in terms of security of supply for each specified load; and
- a schedule setting out the order in which loads in the participating jurisdiction, other than sensitive loads, may be shed by NEMMCO for the purposes of undertaking any load shedding under clause 4.8.

Southern states picked industrial users: The southern jurisdictions pre-nominated big industrial users to be bumped. Thus, on Friday

night, NSW lost the Tomago and Kurri aluminium smelters, Vic the Portland aluminium smelter, SA the Pasminco smelter, and Snowy its big water pumps.

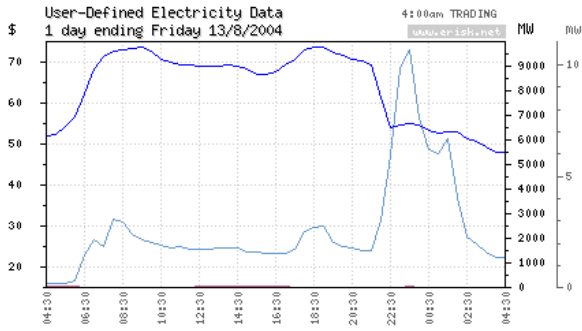
Qld odd one out: Queensland is understood to have listed the Boyne Island aluminium smelter, but also blocks of Ergon and Energex retail customers. *Electricity Week* has been told authoritatively that no other state listed residential consumers for automatic disconnection in the circumstances that occurred last Friday night.

Another shot in the foot: Selection of sensitive loads is, in effect, a political decision. On the face of it, the Queensland Government has shot itself in the foot once more. Qld retail customers might ask what, if any, arrangements exist that give large Qld industrial energy consumers (other than Boyne Island) higher supply priority than households in an electricity emergency.

How the blackouts occurred

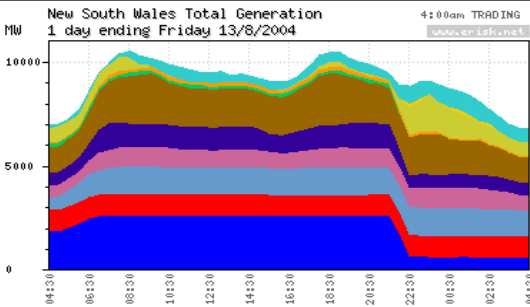
TransGrid, the NSW transmission authority, suffered a massive failure in its Upper Hunter switch yard, close to Macquarie Generation's big Bayswater power station.

Bayswater trips Eraring, Vales Point: At 2142EST, three of Bayswater's 660MW units tripped and this apparently triggered a cascade, tripping in turn one 660MW unit at Eraring further down the valley, and another 660MW unit at Vales Point. None of these generators were operating at full capacity at the time.



	Avg	High	Low	Peak	Offpk
NSW disp Dispatchable Gen (MW)	8234	9805	5537	9234	6566
NSW Dispatchable Load (MW)	0.00	0.00	0.00	0.00	0.00
Snowy disp Pool Price (\$)	29.74	73.31	16.10	26.04	35.91
Snowy disp Total Demand (MW)	47.96	98.73	6.01	49.92	44.69

Snowy pool prices spiked to \$73.31 as NSW's Transgrid boosted Snowy output from its new acquisition to rebalance a grid thrown out of kilter by a "freak" transformer explosion on Friday 13th that suddenly slashed NSW dispatchable generation 2500MW.



- Bayswater
- Wallerawang
- Eraring
- Snowy->NSW
- Hume Hydro
- Burrinjuck
- Broken Hill
- DL Q->N
- EarthPower Biomass
- Liddell
- Vales Point
- Redbank
- Shoalhaven
- Blowering
- Brown Mountain
- Ergon Energy
- QLD->NSW
- Mt Piper
- Munmorah
- Smithfield
- Hunter Valley
- Northern Gas
- Keepit
- Pindari Hydro
- West Nourra

Freak transformer explosion: Transgrid Corporate Manager Joe Zahra told *Electricity Week Queensland* that the current transformer (CT) explosion that blacked out 247,000 Queenslanders was a freak occurrence: "We have monitoring on that station and our own maintenance shows that the unit has been reliable and all maintenance monitoring systems didn't anticipate any failure, so we would hope its a freak event. We've had no problems with it before."

Terse NEMMCO messages; frequency down to 48.9hz

NEMMCO reported the crisis in two brief market notices at 2223EST and 2314EST on Friday, noting that 1450MW of electricity had been shed by automatic under-frequency schemes. The second notice said the minimum frequency observed was 48.9 hertz (hz) and that the power system was in a secure operating state with load restoration resuming at 2156EST. It did not, and still has not, formally advised the market of the generators involved.

Price largely unaffected: Despite the cascading supply side glitch, \$81.82/MWh in NSW for the half hour trading interval to 2330EST was the maximum price of the day. NEMMCO CEO Les Hoskings told *Electricity Week*: "From a technical supply viewpoint, it was handled pretty well. We started recovering within 15 minutes in a safe and secure manner."

Qld's Premier and Energy Minister left in the dark

According to *The Sunday Mail*, power went out for almost two hours in 104,000 homes in Cairns, Mackay, Townsville, Warwick and Toowoomba. About 147,000 homes in the south-eastern corner of the state at Logan and the Gold Coast were also blacked out for about 40 minutes after transmission equipment failure in NSW. Power went out in the homes of Energy Minister Robertson in his Stretton electorate and

Premier Peter Beattie in Brisbane Central. In the southern states, industrial users were reportedly without power for up to 75 minutes.

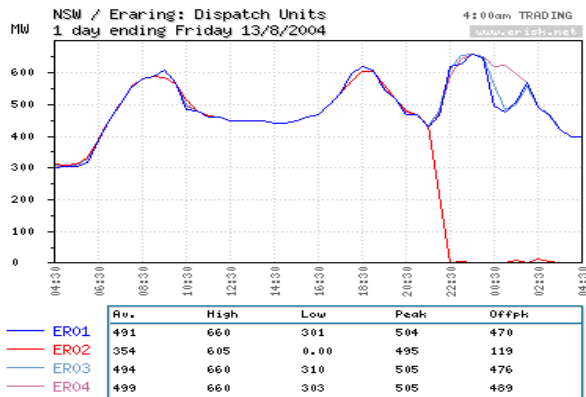
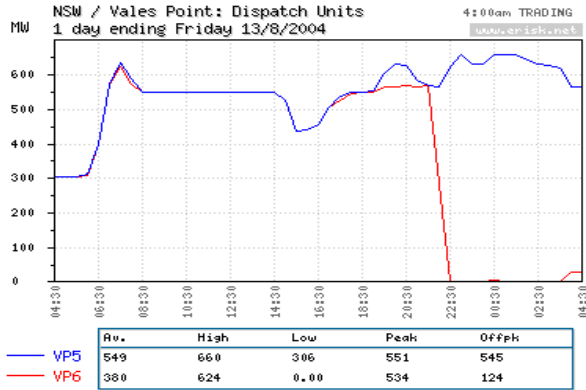
So who imported power? Gordon Jardine claimed Queensland was not importing power at the time of the incident: "*The Sunday Mail* reported me as saying that the impacts in Queensland were a result of Queensland importing power from NSW at the time. This is factually incorrect (we were exporting to NSW)", but a TransGrid spokesperson told *Electricity Week Queensland* that Queensland was importing around 200MW at the time of the incident. Immediately after the event Queensland exported power to NSW to help rebalance the system: "My reading of it is we were exporting about 200MW when the incident happened, following the incident they exported 1200MW to help rebalance the system".

Call for power chiefs to quit: Queensland Opposition leader, Lawrence Springborg, smelling blood, called on Robertson and the state's energy chiefs to "fall on their swords". He said he warned two weeks ago that the generating system had deteriorated to such a level that if there was a major fault, an enormous number of Queenslanders would face blackouts.

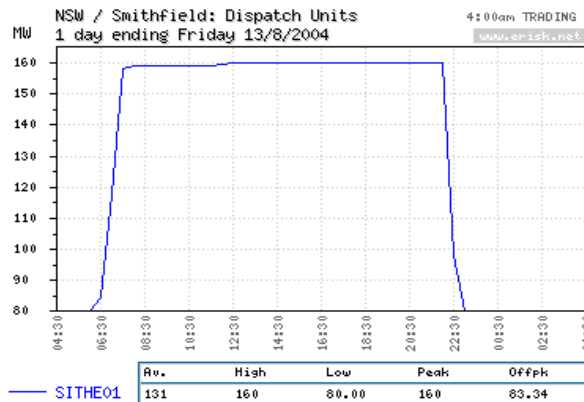
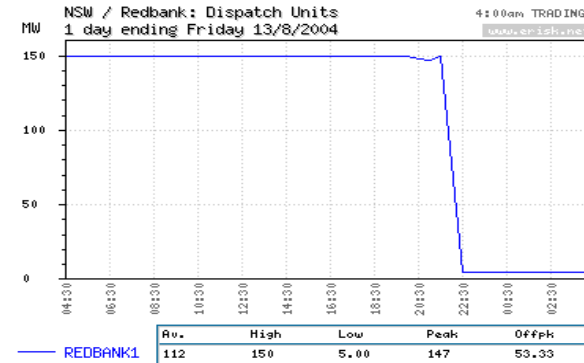
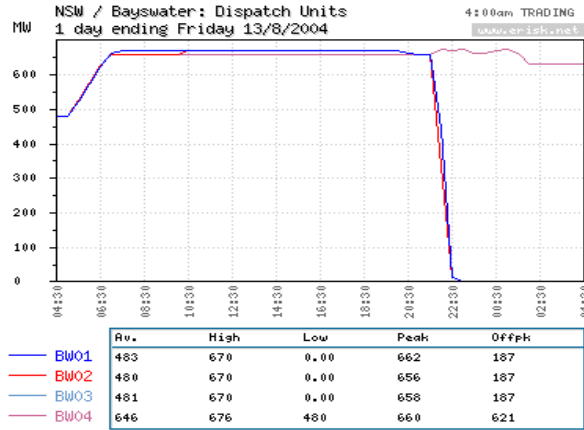
Victorians hit the switch; half million small customers have changed since deregulation

Victoria passed the half million mark in the transfer of small retail electricity customers on Thursday, 29 July,

Friday the 13th generator blackouts



How the blackouts occurred: On Friday 13 August, 6 generating units at 4 different power stations in NSW supplying about one-third of the NSW load at that time, tripped off line causing the power system frequency across the 4 State interconnected power system to plummet below the 50hz standard. The event blacked out 251,000 Queensland homes and affected four states. TransGrid, the NSW transmission authority, suffered a massive failure in its Upper Hunter switch yard, close to Macquarie Generation's big Bayswater power station. Bayswater outage tripped Eraring, Vales Point: At 21:42EST, three of Bayswater's 660MW units tripped and this apparently triggered a cascade, tripping in turn one 660MW unit at Eraring further down the valley, and another 660MW unit at Vales Point. None of these generators were operating at full capacity at the time.



according to the 2004 update of retail transfer data from NEMMCO. Victoria's small retail electricity customers remain far more willing to switch suppliers than their counterparts in NSW, a trend evident since late 2002. Only about a quarter of a million NSW small retail customers have churned since deregulation.

Dual fuel offers: Reasons for the fewer transfers in NSW include a less competitive (read government-owned) retail environment, and the greater per capita use of gas in Victoria allowing for more attractive dual fuel offers.

32,000 difference at end of 2002: At 31 December 2002, NEMMCO statistics showed Victorian transfers of small retail customers totalled 90,114 compared with a NSW total of 58,200, a difference of about 32,000.

Difference more than 130,000 at end 2003: However, the gap has widened with the introduction of full retail contestability (FRC). By the end of 2003, Victoria had recorded 130,487 more transfers of small retail electricity customers than NSW.

NSW falling further behind: During the first six months of calendar 2004, the trend continued. The Victorian total of 168,436 was more than double the NSW total transfers of 79,027. For July, Victoria set a monthly record of 37,753 transfers, over three times more than the 11,638 in NSW, the second lowest monthly total for the year.

Reference: Analysis of retail transfer statistical data for small retail customers in NSW and Victoria for various times between 2002 and July 2004. <http://www.nemmco.com.au>

NSW churn rates down sharply in July; total small electricity customer transfers finally crack quarter million mark

Transfers of small retail electricity customers in NSW dropped sharply in July, the first month of the 2004/05 financial year, according to the latest update of retail transfer data registered by NEMMCO.

Second lowest of year: The NEMMCO statistics show there were 11,638 transfers, the lowest of any month this year except for February. The July total was down 2457 (17.4 per cent) on June. On Wednesday, 7 July, NSW small retail transfers exceeded the 250,000 mark when some 721 transfers were recorded to bring the total of 250,420.

Way behind Victoria: This was 22 days before Victorian small retail transfers exceeded 500,000.

Prime Infrastructure buys 53.65pc of NZ distributor Powerco: Full bid to come

Asset manager Prime Infrastructure has dramatically broadened its portfolio by picking up giant New Zealand power distributor Powerco, a move which reduces its exposure to decisions by a government regulator, according to *The Australian* (10/8/2004, p. 21).

53.65pc Powerco stake: Under the deal announced on 9 August, Prime, backed by investment bank Babcock & Brown, will pick up 53.65 per cent of Powerco. This valued the biggest distributor of gas and second-biggest distributor of electricity in New Zealand at \$1.65 billion.

Required to launch full takeover bid: Under NZ takeover law, the company is now obliged to launch a bid for the full company.

Bottom line boost: Prime chief executive Chris Chapman said that if the profits made by Powerco had been included in Prime's accounts for the 12 months to the end of March, the company's earnings before interest, tax, depreciation and amortisation would have increased from \$110 million to \$260 million.

Pulls out of pipeline bid: Prime had been reported as being prepared to pay about \$1.7 billion for the Dampier Bunbury pipeline system, but managing director Chris Chapman said a bid was no longer being considered because of the Powerco deal.

Powerco acquisition will cut Dalrymple Bay exposure

Powerco's electricity distribution business would account for 39 per cent of Prime Infrastructure's assets after the deal was completed, and its gas distribution another 9 per cent, noted *The Australian Financial Review* (10/8/2004, p. 16).

Good price: Prime appeared to have negotiated a good price for Powerco, said Jamie Nicol, of Brisbane-based portfolio manager Dalton Nicol Reid. "It's cheaper than a lot of [energy industry] deals done in NZ."

Qld regulatory risk reduced: The Dalrymple Bay coal port would fall from 73 per cent to 32 per cent of Prime assets. Queensland's regulator was due to rule within the next few weeks on the price that the port could charge the coal miners that use it. "They've had some pricing risk with the Dalrymple Bay Coal Terminal. [The Powerco deal] diversifies away from that," Nicol told the *AFR*.

Minimum standards for domestic air-con units from 2007 will improve efficiency

The spread of small domestic air-conditioning is a widely recognised contributor to the problem of increasing peak demand. Less discussed, according to *New Scientist* (7/8/2004, p. 45), is how much of this extra load is unnecessary demand imposed on the electricity system by inefficient units.

Underpowered: *New Scientist* argues that most units installed today are relatively inefficient. They tend to be installed in buildings which were poorly designed. And they are often underpowered for the space they were expected to cover, and therefore ran at full capacity for extended periods.

New minimum standards from 2007: The good news, it adds, is that new mandatory minimum standards come into force in 2007. Nearly 80 per cent of devices now on the market do not meet the new standards, and manufacturers will have to improve their products' performance or go out of business.

TXU pushes combined fixed monthly gas and electricity bill

SA's TXU booked space in last week's *The Advertiser* (10/8/2004) to promote its combined gas and electricity fixed monthly bill. The Dual Fuel offer not only combines charges for the two utilities, it averages out costs to give customers fixed charges.

Basic arithmetic: "It's simple. After talking to you about your energy needs, TXU estimate your gas and electricity use for the next year and then average the cost into 12 even payments," claims the advertisement.

Western Power unties the knot on bundled services

7 **W**estern Power's new managing director Tony Iannello has called curtains to the government-owned utility's flirtation with the 1990s love-child - bundling of services. *The Australian* (14/8/2004, p. 6) said Western Power would exit the field taking a \$23 million bath, which analysts said was not large considering the scope of

the rest of the business. Bigger organisations including AGL had also failed to successfully combine utility and telecoms.

Cost of new national regulator must be passed on to users, argue InterGen, Exxon & AGL

Energy sector heavies InterGen, ExxonMobil and AGL have written to the Ministerial Council on Energy saying they must be able to pass on the \$1100m costs of an industry levy to fund the running of a single national regulator and market-planning body, *The Australian Financial Review* (9/8/2004, p. 3) reported.

Simply a new tax, says ESAA: The creation of a super-regulator to streamline 13 overlapping bodies was designed to simplify the market and reduce the costs of regulation. But the industry fears the advantages will be slight. "At the end of the day, this is simply a new tax," Energy Supply Association of Australia CEO Brad Page said.

Beattie Government goes on dividend diet; vows to stop pigging out at GOC trough

The Beattie Government would reduce its take of power corporation profits in a major shakeup of dividends policy, *The Courier-Mail* (12/8/2004, p. 6) reported.

More for maintenance: Beattie said he would expect government-owned corporations (GOCs) to spend more on maintenance and therefore have smaller profits. As a result, the government would take less from those profits.

The benefit of hindsight: The recently released Somerville report found the state's electricity network had deteriorated to a level where it could not meet current demand let alone future growth. When asked if the government should have reduced its dividend take earlier, Beattie said: "Had we had this report two years ago then the answer to that question is yes, we would have".

Qld Govt extracts higher dividends than other states

A new Productivity Commission report, *Financial Performance of Government Trading Enterprises* shows that in 2002-03, on a per capita basis, the Queensland Government received more than twice the amount of dividends from its GOCs than NSW, and 2.5 times that of the WA Government.

Ergon, Energex now back Beattie's dividend story

The chief executives of Queensland's two power distributors, Energex and Ergon Energy, have fallen in behind Peter Beattie in arguing that the state's distribution problems are not related to the \$960 million

the Government has extracted from them in dividends since 1998, according to *The Australian* (13/8/2004, p. 4).

“Consistent with practice elsewhere”: Energex chief Greg Maddock said: “The dividends come out after capital and operational expenses.” Ergon Energy boss Tony Bellas said: “We are comfortable with the level of dividends we pay. This is consistent with practice in many commercial organisations.”

Energex was hurting in 1999: But the former chair of Energex, Colin Popple, in a May 1999 letter urged the government to reconsider asking for more dividends, *The Courier-Mail* (6/8/2004, p. 1) noted.

Community increasingly dependant: Sections of the letter show that Energex was concerned about meeting increasing community demands as people became more dependent on electricity in a technological age. The letter said Energex needed a strong cash flow and robust balance sheet to meet these modern challenges. How true.

8 Energex racks up overtime; 40-year old transformers finally being replaced in Qld

Energex crews worked during the recent public holiday replacing outdated transformers in a north Brisbane neighbourhood, according to *The Courier-Mail* (12/8/2004, p. 6).

1959 transformer finally replaced: A 200kV transformer, made by English Electric in 1959, was replaced with a 315kV transformer to handle the power loads of the Hendra neighbourhood, hit by blackouts last summer.

Ten in two: It was the 10th transformer replaced by crews in the past two weeks. The crews have been working extra time to address concerns raised in the Somerville report into the power grid.

Mackenroth “ignored Treasury advice,” appointed non-performing and Labor-friendly directors to energy boards

Queensland Treasurer Terry Mackenroth ignored his department's advice in appointing some directors to the government's energy companies, *The Courier-Mail* (12/8/2004, p. 1) claimed.

Treasury reforms thwarted: It said leaked documents explicitly detailed how attempts by the Treasury Department to reinvigorate the government's electricity companies with leading business figures were thwarted.

Qld Treasury sought to replace 15 directors from GOC boards

The documents published in *The Courier-Mail* (12/8/2004, p. 1) detailed an internal exchange between Under

Treasurer Gerard Bradley and Treasurer Terry Mackenroth in 2001. Treasury had sought to replace 15 directors of the nine electricity companies when the terms of 30 directors were due to expire.

200 elite names: The CVs of more than 200 applicants held in the Office of Government-Owned Corporations' potential directors register, were given to Mackenroth.

Treasury's hit list: The list included recommendations from the State Government's Office of Women and the Office of Multicultural Affairs. Treasury's advice included which directors' terms were due to expire, who should be reappointed, and who should not, as well as a list of potential replacements and their professional skills.

Four weren't even recommended: Four directors ultimately appointed by Mackenroth were not even included in Treasury's list. These included:

- Mackenroth's friend Wayne Myers, now also the chair of the Major Sports Facilities Authority;
- Mark Williamson, a former director of Brisbane Marketing and Cowboys Rugby League Football Ltd;
- Kenneth Howard, 29 when appointed, and without board experience; and
- Christina Sutherland, understood to be a Labor member.

Outsourced Energex, Ergon contractors on \$90 per hour

Energex and Ergon are boosting field staff numbers with contractors who, according to one contract worker, charge the government the equivalent of \$80-\$90 an hour, according to *The Courier-Mail* (12/8/2004, p. 6).

Half repairs done by contractors: One contractor who used to earn \$21 an hour as a line worker for Energex estimated half of all repairs were now being done by contractors, many of them former Energex and Ergon employees who took redundancy packages between \$30,000-\$50,000 when maintenance wasn't a priority.

Beattie can't be trusted to fix power grid: Democrats call for AER to be given powers to investigate supply adequacy

9 The Democrats have called for the powers of the new Australian Energy Regulator to be expanded to investigate adequacy of energy supplies. Democrats Queensland Senator John Cherry said it was clear the Beattie Government had repeatedly ignored warning signals about investment in energy supply and couldn't be trusted to fix the problem.

Democrats quoting Keating: "Paul Keating once said 'never stand between the Premiers and a bucket of money' and nothing could be truer of Peter Beattie and Energex," Senator Cherry said.

So what's all the fuss about? Energex CEO says Qld blackouts national average

The chief executive of Energex, Greg Maddock, told *The Australian Financial Review* (11/8/2004, p. 4) that his 1.1 million customers in south-eastern Queensland experienced blackouts on average for 180 minutes a year, about the national average. In western Victoria, by comparison, power was lost for about 250 minutes per year.

10 years for full system upgrade: Maddock also warned it might take 10 years to fully upgrade the system to cope with increasing demand. But he defended the present capacity of Energex's distribution system, saying it could cope with peak demand this summer and in future years.

ESCOSA seeks submissions for augmentation charging regime; in place for FY 05/06

The Essential Services Commission of South Australia (ESCOSA) has set a deadline of September 3 for written

submissions on its final consultation draft on the augmentation charging regime. It proposes the new charging structure will take effect from 1 July 2005.

Previous determination: In its determination issued in December 2003, ESCOSA dealt with a number of issues, including:

- procedures to be followed by ETSA Utilities in handling connection inquiries;
- the manner in which developments such as industrial estates and charging of customers for network augmentation as a result of a new or upgraded connection.

General commitment: However, this determination did not make any specific recommendations for Code changes on augmentation charges. It expressed a general commitment to the continued application of augmentation charges as an expression of cost-reflective pricing and outlined a framework to develop new augmentation charging arrangements.

Reference: Final consultation draft by ESCOSA on "Review of Chapter 3 of the Electricity Distribution Code (Augmentation)". 9 August 2004. Phone: (08) 8463 4444. <http://www.escosa.sa.gov.au>

Ergon, Tully Sugar Mill sign 11-year green power deal

Under a deal signed on Thursday, 12 August, between Ergon Energy and Tully Sugar Limited, the mill will convert

205,000 tonnes of sugar cane residue (bagasse) each year to generate 40,000MWh of clean, green electricity. State Energy Minister Stephen Robertson said power was sufficient to supply electricity to more than 4000 homes.

40,000 tonnes of emissions saved: It would also save 40,000 tonnes of greenhouse gas emissions over 11 years. The Tully Sugar Mill deal follows Ergon Energy's announcement the previous week that it will build a \$23 million cogeneration power plant at the Isis Central Sugar Mill near Childers.

Reference: Queensland Minister for Energy, Stephen Robertson. 10 August 2004. **Contacts:** Paul Lynch (Minister's Office) (07) 3896 3689.

Dederang transformer Option 4 constraint equations to be implemented 25 August

The Dederang transformer constraint meets the requirements of the interim constraint policy and therefore should be converted to an Option 4 formulation, according to NEMMCO.

Available for optimisation: An Option 4 formulation has both generator and interconnector terms on the left hand side of the constraint equation, and is therefore available for optimisation during the dispatch solution, said NEMMCO's 25 June draft report notifying the market of the outcome of the assessment.

Website: www.nemmco.com.au

Enron trading manager faked congestion, drove up prices

Former Enron trading manager John Forney pleaded guilty to creating trading schemes to drive up power prices during California's energy crisis in 2000 and 2001, reported *The Australian Financial Review* (7/8/2004, p. 9). Forney admitted that he and others at Enron created fake congestion on transmission lines to collect fees and mislead state power authorities about energy supplies.

250 Vics take up heater rebate

More than 250 Victorians have taken up the Bracks Government's rebate to convert their home heating to natural gas, the Minister for Energy Industries and Resources, Theo Theophanous, said last week.

\$2.5m in energy bill savings: Theophanous said the Gas Heater Rebate would save consumers money on their energy bills by encouraging the conversion from wood or electrical heating to natural gas. "In regional areas, more than 25 households a week are applying to take advantage of the government's offer." More than 62 per cent of consumers receiving the rebate were concession-card holders.

For more information on the rebate call the Gas Heater Rebate hotline on 1300 366 195 or visit <http://www.seav.vic.gov.au>

Electrical Safety Committee backs tilt switches and cut-offs in new domestic heaters

Safety devices which caused room heaters to switch off if they overheated or toppled over will be written into national standards, reported *The Daily Telegraph* (10/8/2004, p. 13).

Standards committee backs switches: Simple tilt switches and thermal cut-outs, which cost just a few dollars, were being considered by the Electrical Equipment Safety Committee, the newspaper said. The committee's umbrella body, Standards Australia, said their experts backed the proposal.

Most heaters don't have cut-outs: Last year, 4339 NSW homes were hit by fire resulting in the loss of at least 20 lives and serious injury to 573. Tests carried out by the Consumers Association revealed most fan heaters and bar heaters did not have a tilt switch and some did not have a thermal cutout.