



12 February 2021

The Manager, Commercial, Energy Division  
Department of Energy and Public Works  
PO Box 15456  
City East Qld 4002

By email: [energyregulation@dnrme.qld.gov.au](mailto:energyregulation@dnrme.qld.gov.au)

Attention: The Manager, Commercial, Energy Division

Dear Madam/Sir,

## **CuString Pty Ltd – Application for a transmission authority**

Thank you for the opportunity to make a submission on the application for a transmission authority from CuString Pty Ltd (**CuString**) dated January 2021 (**Application**). As a leading Australian energy infrastructure business which owns and/or operates around \$22 billion of energy infrastructure assets including significant operations at Mt Isa, APA is an interested person in relation to the Application.

APA is concerned that the application for a transmission authority is being requested in the context of very little information being provided on fundamental aspects of the Copperstring project. This makes it difficult for affected stakeholders to provide meaningful submissions on applications for relevant approvals. APA submits that the Director-General of the Department of Energy and Public Works (**Regulator**) requires CuString to publish additional information before approving this application.

### **1. Criteria under section 189 of the Act**

Section 189(2)(a) of the *Electricity Act 1994* (Qld) (**the Act**) states the Regulator may issue the authority only if satisfied that the applicant is operating, *or will operate*, the transmission grid stated in the application. A transmission authority is a significant step in a project and confers a number of obligations and rights (e.g., to request compulsory acquisition and rights of entry). The Act therefore requires the relevant transmission project must have reached a sufficient stage of development such that it is not a hypothetical project.

Further, section 189(b) of the Act requires the Regulator to be satisfied of the transmission grid will have the technical capabilities to ensure quality and safety of supply. Copperstring will involve the linking of the Mount Isa grid to the National Grid and has material implications for the technical standards and operations of generators, networks and users in the Mt Isa grid.

APA acknowledges the work that CuString has undertaken and published in developing its project but is of the view that some critical information still needs to be provided as discussed in section 3 below.

## 2. **Objects under section 3 of the Act**

Under section 189(5) of the Act, in deciding whether to issue an authority, the Regulator must also consider the objects of the Act and relevant government policies about environmental and energy issues and the likely environmental effects of building and operating the transmission grid. The objects of the Act include (among others):

- setting a framework for all electricity industry participants that promotes efficient, economical and environmentally sound electricity supply and use; and
- ensuring that the interests of customers are protected; and

In granting a transmission authority, the Regulator must therefore also consider the broader implications for the industry, consumers and the environment. This supports more information being provided in relation to the project as discussed in section 3.

## 3. **Additional information**

APA submits that the following information would assist the Regulator and stakeholders in assessing this application:

- **Regulatory model** – There is a degree of interaction between the Act and the National Electricity Regime in regulating transmission that is part of the National Grid. The connection of a sizeable isolated grid to the NEM will have significant implications for Mt Isa customers, including completely changing the current model of physical sales of electricity to a gross energy only market, the imposition of new Rules registrations and obligations for Mt Isa participants and new technical standards. There are significant costs and transition involved. APA is not aware of any guidance on how this will occur.
- **Economic model** – APA understands that CuString is proposing to provide a regulated transmission service which would mean that Queensland customers bear the costs. Ordinarily, any regulated transmission investment of this size would need to pass the Regulatory Investment Test under the National Electricity Rules to ensure it is a project that maximises the net market benefits to address the identified need. This test is designed to protect customers from inefficient investment. Consistent with the objective of protecting customers, CuString should confirm whether it will be submitting the project to the Regulatory Investment Test or, if not, what process will be followed to ensure customers are bearing only prudent and efficient costs.<sup>1</sup>
- **Emissions impact** – CuString's Environmental Impact Statement notes that emissions from electricity will initially rise and then fall with a net decrease over time. This decrease in emissions from electricity generation will be less than the increase due to higher mining load resulting in an overall net increase in emissions as a result of the project.<sup>2</sup> This does not appear consistent with the State's policy for emissions reduction and further information is required of the steps and costs to mitigate this impact.

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<sup>1</sup> APA has reviewed the ACIL Allen report "Copperstring Economic Technical Report" dated 14 December 2020 (**ACIL Allen Report**) provided with CuString's Environmental Impact Statement but this a high level analysis which is not comparable to the assessment required under the Regulatory Investment Test.

<sup>2</sup> ACIL Allen Report at section 7.2.3.

APA would be happy to discuss these issues with the Regulator further. In the meantime, if you have any questions or require further information regarding this submission, please contact Matthew Forrest on 0419 499 669 or at [matthew.forrest@apa.com.au](mailto:matthew.forrest@apa.com.au).

Yours sincerely,

**Julian Peck**

Group Executive, Strategy and Commercial

APA Group