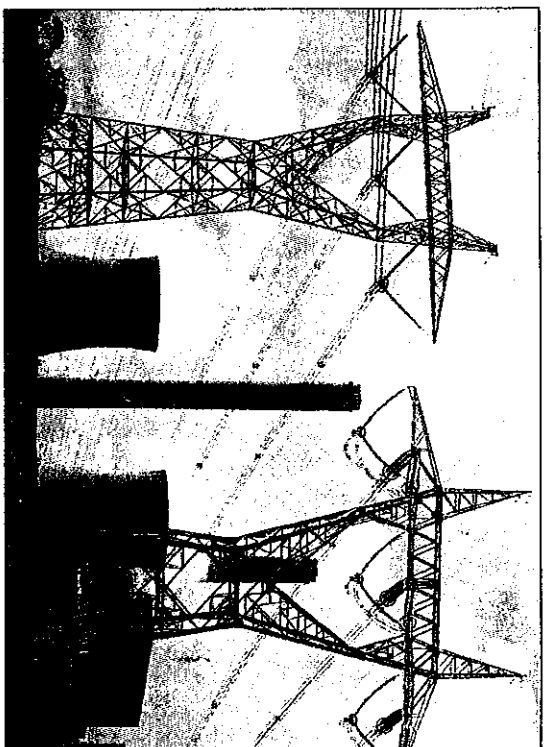


Interest flows in Bass Strait cable goes on sale

Strong competition to buy an electricity link between Tasmania and Victoria is a measure of its success, writes **Tim Mendham**.



PHIL CARROCK

Two-way traffic

- Basslink was designed to supplement Victoria and the National Energy Market's need.
- In the summer months, it draws on energy from Tasmania's hydro and wind-generated sources.
- In winter, it supplies Tasmania from Victoria's brown coal-generated resource.

feasibility. Submissions were called in 1999, with National Grid the winner out of three final tenders.

National Grid is one of the world's largest utilities, owning and operating gas and electricity transmission and distribution networks in the UK and US and electricity generation and distribution networks in the US. Basslink is its sole asset in Australia.

The trans-Bass Strait interconnector was operational in April 2006. It runs from Loy Yang in Gippsland,

Victoria, across Bass Strait to Bell Bay in northern Tasmania. The 290 kilometre undersea cable component of Basslink is the longest of its type in the world. It has the capacity to export up to 630 megawatts of power from Tasmania to Victoria, and regularly import more than 300 MW to Tasmania, with a continuous rating of 480 MW.

Russell says the link was designed to supplement Victoria and the National Energy Market's needs, particularly in the summer months, with energy from Tasmania's hydro

and wind-generated sources. In winter, when Tasmania's hydro resources are limited, it will draw the other way from Victoria's brown coal-generated resource. In reality, the trade has mostly been one way – towards Tasmania, supplementing the state's seriously drought-stricken hydro storage resources. The state has had 10 years of below-average rainfall, with 2006 having the lowest inflows into the system since 1967. As a result Basslink has been

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supplying as much as 70 per cent of Tasmania's electricity demand. Had there been no Basslink, Russell says, the state would have faced serious blackout issues. As it is, it has remained largely unscathed.

Needless to say, Hydro Tasmania has been unrestrained in its praise of Basslink, with CEO Vince

Hawksworth describing it earlier this year as "an invaluable asset". Russell himself describes it as "a vital and indelible part of the Tasmanian system". This praise also indicates that Hydro Tasmania will be a strong bidder for the asset.

Russell says the company had fully intended to be around for the long haul. When the link was officially opened in early May 2006, National Grid issued a statement in which Russell was quoted as saying the company was committed to providing power to mainland Australia and Tasmania, and "we will continue to dedicate ourselves to operating and maintaining Basslink to high safety, health and environmental standards".

Five months later, Basslink was on the market.

Russell says since the opening National Grid has a new group chief executive and a revised strategy that will "concentrate efforts on the UK and US".

"This is the only unregulated

No sooner had global electricity transmission company National Grid built the world's longest electricity interconnector and become a vital and "indelible" part of the Tasmanian electricity system, than the company put it up for sale and is to leave the country.

Tender submissions are open for Basslink, the 360 kilometre electricity link between Victoria and Tasmania. National Grid Australia managing director Bill Russell is loathe to say how many tenders there will be by closure of the submission phase in late-August to mid-September (the date is not fixed), but he allows there will be "more than one" and that "it will be very competitive. We're very pleased".

First promulgated in the 1960s, the link did not draw close to reality until the 1990s when the State Electricity Corporation of Victoria and the Tasmanian Hydro Electric Corporation undertook investigations into the project's

interconnector in the national electricity market. It's had flat-out capacity since it was launched. It's had a 99.33 per cent availability, making it the most efficient link worldwide, and the longest."

It also has an optical fibre link that piggybacks on the electricity cable. This itself is the subject of some discussion between the Tasmanian and federal governments over access. National Grid has a contract with the Tasmanian government, which is in the process of selecting partners to help develop its Connect Tasmania core network. State Treasurer Michael Aird reportedly did not take kindly to federal Communications Minister Helen Coonan's "indication" in June that access to the cable would be granted to the Optus Elders consortium.

Russell did not want to get into that debate, but did confirm that whoever buys Basslink will also inherit the optical cable, not to mention a very grateful Tasmania.