

Victoria outage sent power prices soaring

Duncan Hughes

Electricity prices soared and interstate supply was disrupted after a major Victorian transmission line outage during the afternoon peak period on one of the highest demand days of the year.

It is the second time in the past three years that a major transmission line owned by Singaporean power subsidiary SP Ausnet has been involved in an incident that led to prices peaking at the \$10,000 per megawatt hour price cap.

SP Ausnet's transmission business carries high-voltage electricity from the generators to the distribution companies that supply more than 2 million electricity consumers

KEY POINTS

- An SP Ausnet transmission line fault caused electricity prices to hit the regulated ceiling.
- It's the second such disruption in three years.

in Victoria, NSW and Tasmania.

Between 5pm and 5.30pm on Wednesday as demand pushed to a near winter record 31,000 megawatts, the second of three 10-kilometre, 500 kilovolt (Kv) power lines between brown-coal-fired Loy Yang Power Station and Hazelwood Terminal Station tripped, or shut down.

Because another line was under

maintenance, it left only one of the company's 500 Kv lines in service from the LaTrobe Valley, the south-east Victorian base of the state's brown-coal generators.

Over the next 20 minutes, peak-period demand grew another 900 megawatts (MW) – the highest this winter and about 1000 MW off the record set in 2007 – pushing up prices in the national electricity markets of Victoria, Queensland, NSW and South Australia from about \$50 per MWh to between \$250 and \$300.

By 6pm, the five-minute dispatch prices had hit the regulatory-imposed ceiling of \$10,000 in Victoria and were close behind in Queensland, NSW and South Australia.

Paul McArdle, managing director

of global-rom, which monitors national energy prices, said: "Tasmanian prices were at this stage separated from the mainland prices as the National Electricity Market Company (NEMMCO), which operates the market, constrained the Basslink – a 600 MW link between Tasmania and Victoria – because the transmission capacity from the LaTrobe Valley was not capable of carrying the flow".

By about 10pm flows had been restored and normal transmission resumed. A spokeswoman for SP Ausnet said: "These events are extremely rare. The transmission lines have an inbuilt system for detecting faults that was activated. There were no outages."

The company was investigated by the Australian Energy Regulator after an investigation found that poor communications between the NEMMCO and key power companies had worsened the impact of blackouts during Victorian bushfires of January 2006.

Electricity prices also hit their peak of \$10,000 per megawatt hour and large swathes of Melbourne suffered blackouts in the afternoon peak hours after bushfires caused the main transmission lines between Victoria and NSW to trip.

The regulator, which is reviewing market rules, investigated whether SP Ausnet had failed to adequately alert the market about the threat and provided contradictory information.