

Public submission

MITCHELL HUME

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Mr Peter Duncan AM
Chair
Independent Forestry Panel
Office of the Independent Planning Commission
Level 15.02, 135 King St
Sydney NSW 2000

Dear Peter

Essential Energy submission to the Independent Forestry Panel

Thank you for the opportunity to provide feedback to the Independent Forestry Panel to inform the NSW Government's development of the Forestry Industry Action Plan.

Essential Energy operates and maintains one of Australia's largest electricity networks covering 95% of NSW and parts of Southern Queensland, and services around 890,000 customer premises. Essential Energy manages over 183,000km of power lines and 1.4 million poles across our network footprint.

Essential Energy demand for timber products

In recent years, Essential Energy has used a blend of timber and composite (fibreglass) power poles across the network. Around 9,000-10,000 new poles are purchased each year, with this number expected to increase in coming years due to an ageing pole population.

Most of Essential Energy's timber poles were purchased from Coffs Harbour Hardwoods and Koppers Wood Products in Grafton. These suppliers source untreated logs from the Forestry Corporation of NSW (FCNSW) and from private properties.

Essential Energy's peak usage of timber poles was approximately 14,000 poles annually during the 2009-2014 regulatory period. However, since 2014, Essential Energy has experienced timber pole supply constraints. Essential Energy was advised by FCNSW that these constraints were primarily due to FCNSW contracts prioritising sawlogs over hardwood timber poles, and that production was unable to keep up with increasing demand for hardwood. Since 2019, bushfires, flooding and other wet weather events further contributed to continuing supply constraints.

These ongoing supply constraints have resulted in a steady decrease in the number of timber poles Essential Energy has sourced from FCNSW through timber pole suppliers. In recent years, Essential Energy has been only able to procure about 3,000 timber poles annually from FCNSW sources through our pole suppliers. The remainder of the organisation's demand has been met by composite poles and timber poles sourced by the pole suppliers from private sources.

FCNSW's available supply mix only caters for 10% of the key sizes (in length and strength) of poles used on the Essential Energy network.

Transition to composite poles

Essential Energy outlined its plans to transition to composite poles over the 2024-29 period in its regulatory submission to the Australian Energy Regulator (AER). The AER approved this transition plan after a thorough review process.

Apart from significant supply constraints with timber poles, our decision to use composite poles is heavily linked to the fact that our network is exposed to harsh site environments, bushfires and extreme weather events. Composite poles are made from glass fibre and resin which makes them fire resistant. Their use across our network will therefore reduce the impact of natural disasters on our customers and the communities we serve.

Impacts to customers during these events can include loss of vital communications links, prolonged power outages and the cost of replacing power poles that are destroyed. In the 2019/2020 bushfire season alone, 3,200 poles were destroyed by fire across the Essential Energy network and the cost to rebuild the network was in excess of \$70M.

Other factors supporting the increased use of composite poles include increased resistance to lightning strikes, immunity to decay from wet weather, natural degradation and termite damage. Composite poles are also lightweight, making them easier to transport and install and delivery occupational health and safety benefits for our staff. Furthermore, composite poles have much lower inspection and maintenance requirements, with no need for ongoing chemical treatments that are required on timber poles for protection against termites and rot.

The transition to composite poles will occur in two ways; the proactive replacement of 2,200 timber poles per year over 2024-29 for increased network resilience in high bushfire risk areas; and end-of-life or new pole installations of approximately 9,000 per year. Over time, this transition will reduce our demand for timber poles to a negligible volume.

The impact of the decision by Essential Energy to use composite poles is less than \$2 per year per customer over the 2024-2029 regulatory period and results in lower total costs over the full lifetime of the poles. Customers overwhelmingly supported this investment to improve resilience and reduce the impact of natural disasters. The AER approved the expenditure and the associated impact on pricing on the basis that it is efficient, and noted the widespread customer support for the use of composite poles.

Essential Energy sources composite poles from Poletech Pty Ltd with plants at Mt Thorley and Beresfield, NSW as well as from Wagners, located in Toowoomba, QLD.

Feedback from timber pole suppliers

In recent years Essential Energy staff have engaged with our contracted timber pole suppliers and FCNSW regarding timber pole supply generally, and to explain our proposed transition plans. Our contracted timber pole suppliers have not registered any concerns with this approach.

Given the demand for timber poles far exceeds supply, the limited volumes that Essential Energy received from FCNSW sources can be supplied by the pole suppliers to their other customers within NSW and interstate. The pole suppliers did not report any impacts or concerns on their profitability, local jobs or business sustainability.

Thank you for the opportunity to provide feedback to the Independent Forestry Panel consultation process. If you would like to discuss our submission further, please contact ***** , Government and Stakeholder Engagement Manager, at ***** or on *****.

Yours sincerely,

