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Household energy bills to rise by \$600 a year for grid overhaul

By [PAUL GARVEY](#)



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The cost of transforming the electricity grid is set to add at least another \$600 a year to household energy bills, according to new research from Policy Institute Australia, prompting calls for major changes to the way governments approach the development of energy transmission infrastructure.

In a report due to be released on Monday, the institute warns that the tens of billions of dollars planned [to be spent on poles and wires](#) over the coming years to support more renewables projects and battery storage could blow out dramatically if significant reforms aren't made in the way governments plan, approve and roll out infrastructure.

The current slate of proposed transmission projects currently on the table, the institute found, would cost between \$65bn and \$85bn to develop and would add hundreds of dollars a year to the network charge component of [household power bills](#).

Policy Institute Australia chief executive Amy Auster told The Australian the forecast of an extra \$600 a year in network costs for households relied on transmission projects being delivered as outlined under the current integrated system plan.

“But I don't think that's what's going to happen, I don't think feasibly that can happen,” she said.

Ms Auster said several major transmission projects were already running late and over budget.

Among those were the VNI West interconnector between Victoria and NSW, initially estimated to cost \$2.4bn but which is now expected to cost between \$7.6bn and \$11.4bn; the Central-West Orana REZ Expansion, first costed at \$650m in 2020 but most recently priced at \$5.5bn, and; the Marinus Link Stage One interconnector between Victoria and Tasmania, originally priced in 2020 at \$1.8bn but now expected to cost \$4.9bn.

The institute has put forward 10 reform recommendations aimed at improving the rollout of the transmission projects, including a focus on [shifting more responsibility for planning and execution to the states](#).

All major transmission projects should be the subject of formal cost-benefit reviews over the next 1-2 years to confirm they are still viable, while competitive procurement should be required without any automatic preference for incumbent asset owners.

“If governments apply these reforms consistently, the energy transition can be delivered more efficiently and at lower cost. If not, consumers will face higher bills, slower decarbonisation and greater risk to system reliability,” Ms Auster said.

The states already had established assessment and procurement processes in place, and Ms Auster said they should take greater responsibility for transmission projects to improve both accountability and delivery.

“We’re saying that transmission is like any other major infrastructure build,” she said. “We have a well-trodden path under which state governments deliver infrastructure, and this should not be any different.”

She said the way the commonwealth and state governments planned and executed large-scale transmission projects had not evolved to reflect the changing nature of the grid.

“The system functioned well for the energy system that we had, but it doesn’t function well for an energy system that needs to adapt and change and get

investment in it,” she said.

“Especially in the circumstances we’ve got where you have so many different factors at play, including the changing nature of renewables and the very quick technological change on storage.”

The institute’s latest report follows the commonwealth’s announcement earlier this year that it was evaluating the structure of the Australian Energy Market Operator to ensure it remained fit for purpose.

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Paul Garvey is an award-winning journalist with more than two decades' experience in newsrooms around Australia and the world. He is currently the senior reporter in The Australian's WA bureau, covering politics, courts, billionaires and everything in between. He has previously written for The Wall Street Journal in New York, The Australian Financial Review in Melbourne, and for The Australian from Hong Kong before returning to his native Perth. He was the WA Journalist of the Year in 2024 and is a two-time winner of The Beck Prize for political journalism.

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