

Media release

Embargo until 00:00am 28 August 2026

Scrapping VNI-West will cost consumers, new modelling shows

Independent modelling and AEMO's 2026 ESOO together deliver a clear message: investment in critical transmission infrastructure must continue to maintain reliable, least cost power.

An independent report into VNI-West finds that cancelling the project would raise wholesale electricity costs and leave the grid more exposed during periods of sustained system stress.

In short: it would cost consumers more, not save them money.

The [analysis by energy consultancy Endgame Analytics](#) confirms the National Energy Market's (NEM) improving reliability outlook depends on exactly the kind of transmission investment now under threat.

This echoes sentiment from AEMO published yesterday in its [2026 Electricity Statement of Opportunities \(ESOO\)](#).

"This is a live test of whether Australia is serious about an affordable, reliable grid," said Dominique van den Berg, Chief Executive Officer of Energy Networks Australia.

"You can cancel a transmission line, but you can't cancel the laws of supply and demand, or the need to keep the lights on," she said.

"If VNI-West does not proceed, the system will still require significant investment in generation, storage, firming capacity and network infrastructure to maintain reliability and keep the lights on.

Ms van den Berg said previous modelling in ENA's [The Time is Now](#) report, revealed that Australia needs to make better use of existing network infrastructure while continuing to invest in the new projects to support growing communities and meet energy transition goals.

"We need to use both levers available. Endgames modelling shows that cancelling VNI-West would cost consumers more and leave the grid more exposed on its most challenging days."

The cost of cancellation

Far from delivering a saving, Endgame's modelling finds that cancelling VNI-West would increase Victorian wholesale electricity prices by an average of around \$20 per megawatt hour from 2036.

The impact rises to more than \$40/MWh in the late 2030s, and the price gap persists through to 2050. South Australia and Tasmania experience similarly material price increases.

The system doesn't rebuild what is lost either: instead of new solar and network capacity, it leans harder on gas peaking plant and short-term storage.

"VNI-West's [pricetag of \\$7.6 billion](#) sounds like a saving until you realise that wholesale costs and transmission costs have to be considered together. You can save money on transmission and still end up with higher bills that overshadow this saving and these bills get passed through to households and businesses for the next 25 years," said Oliver Nunn, Managing Director at Endgame Analytics.

Built for the tough days

The modeling's sharpest warning is about resilience.

In a separate stress test, Endgame applies a 2011 weather reference year, combining a harsh summer with sustained low-wind conditions across southern states, to the unoptimized VNI West removal case. Victorian prices without VNI-West spike past \$210 per MWh in six separate years and peak at \$236, more than double the reference case.

It is during these extreme conditions that VNI-West can be most valuable, allowing regions to share supply options when local generation, weather patterns or network conditions are under stress.

"An interconnector isn't insurance you cash in on a quiet Tuesday, it's the thing standing between Victorians and a very expensive, very cold week when the wind isn't blowing anywhere in the south," Mr Nunn said.

"Strip that out and you're removing the margin of safety, the shock absorber for the grid."

Continued infrastructure delivery matters

AEMO's 2026 ESOO confirms the reliability outlook has improved, backed by a record 9.1 GW of new generation and storage connected in 2025-26.

"AEMO and Endgame are pointing at the same thing from two different directions," Ms van den Berg said.

"One shows the reliability we have today only exists because industry kept building. The other shows exactly what it costs consumers when that building stops. Put them side by side and the choice is obvious: if we stop now, we are letting down all Australians in the long run."

Endgame key findings at a glance

- Victorian wholesale prices rise by an average of \$20/MWh from FY2036 without VNI-West, with the difference persisting through 2050.
- South Australia and Tasmania face similarly material wholesale price increases; NSW is only marginally better off.
- The system requires more gas peaking generation and storage.
- Southern states' gas use for electricity generation rises 20-28 PJ a year, up to 50% higher than if VNI-West proceeds.
- In extreme weather, Victorian prices without VNI-West peak at \$236/MWh, more than double the reference case.
- AEMO's 2026 ESOO confirms today's reliability gains rely on continued investment, with the next wave "critical" beyond 2030.

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- ENA is the national industry body representing Australia's electricity transmission and distribution and gas distribution networks. Our members provide more than 16 million electricity and gas connections to almost every home and business across Australia.
- Endgame Analytics is an independent economic and mathematical consultancy specialising in energy market modelling. Endgame Analytics' full report, "Cutting the Cord: What cancelling VNI-West means for the energy market and the future power system," was conducted and funded independently and is available [here](#).
- [AEMO's 2026 Electricity Statement of Opportunities](#) was released Monday 24 August 2026

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