NEW APPROACH TO ELECTRICITY TRANSMISSION RELIABILITY STANDARDS
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The Independent Pricing and Regulatory Tribunal (IPART) has recommended draft reliability standards for TransGrid to better balance the cost of network improvements with the impact on customer prices.

Releasing the Draft Report on Electricity Transmission Reliability Standards for comment today, IPART Chairman Peter Boxall said the draft recommendations explicitly provide for non-network ways to provide reliable electricity supply in place of the current approach which focuses on transmission network investments.

Dr Boxall said the recommendations will not result in significant changes to reliability or consumer prices in the short-term, but would change transmission network planning to introduce the concept of customer value into TransGrid’s decision-making processes for the future.

“Setting reliability at the right level means balancing the costs of electricity outages and the costs of a highly reliable electricity transmission network, which is paid for by customers through their electricity bills” Dr Boxall said.

“The current approach is heavily skewed towards infrastructure network investments to maintain very high levels of reliability, regardless of the cost or customers’ willingness to pay for it.

“The draft recommendations we’re proposing would deliver an investment process that better reflects the value customers place on reliability over the long term, while continuing to deliver reliability in line with customers’ expectations and bringing some cost savings at the same time.”

IPART’s proposals include retaining the current level of redundancy for each bulk supply point in the network while introducing flexibility around how the specified level of redundancy is met by including an allowance for TransGrid to plan for a positive value of unserved energy.

The draft report also recommends further work to understand the value customers place on reliability before the next review of reliability standards.

The draft report is available on the IPART website www.ipart.nsw.gov.au. Submissions will be received until 27 June 2016 before a final report is provided to the NSW Government in August 2016.

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