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Dr Peter Boxall, AO Chairman Independent Pricing and Regulatory Tribunal PO Box K35 Haymarket Post Shop NSW 1240

Lodged online.

Dear Dr Boxall,

## Transmission reliability standard compliance

Ausgrid welcomes the opportunity to provide a submission in response to IPART's consultation on the transmission reliability standard compliance process in NSW. Ausgrid has reviewed the proposed compliance process and agrees in general with the suggested process. The only exception to this is those areas where the proposed process ignores risks that a network owner may otherwise consider. Examples of this are:

- Semi-forced equipment outages not classified as "breakdowns"
- Failures of aged equipment occurring more frequently compared to new equipment

These two items are addressed in more detail in the context of the specific issues IPART has put forward for comment.

<u>Issue 7</u>: Do you agree that when assessing compliance with the annual expected unserved energy allowance we would only consider the probability and impact of asset unavailability due to breakdown failures?

Ausgrid does not agree. For the purposes of calculating unserved energy it is important to consider if an outage is forced, semi-forced or planned. Semiforced outages are required at times to address corrective issues and their ability to be planned is constrained by the semi-forced nature of the outage. A semi-forced outage might occur for a number of different reasons including occasions when equipment failure is imminent. Under this scenario, the network operator would be forced to take the equipment out of service in order to avoid catastrophic equipment failure and to carry out the necessary repairs. This would not necessarily be classified as a breakdown. <u>Issue 8</u>: Do you agree that in assessing compliance IPART should use the asset failure rates shown in Table 3.1?

Ausgrid does not agree. The failure rates considered should not be exclusively life-cycle average failure rates. This is for a number of reasons including:

- Assets (e.g. Cables) typically experience age related wear out mechanisms leading to various failure modes which increase in frequency as the asset ages and degrades.
- Using the provided failure rates would result in the outcome whereby replacing a 100 year old cable with a new cable will result in the same risk profile (same average life-cycle failure rate).
- The "condition" of the asset/cable is a major factor/consideration to any corrective/replacement actions.
- Differing technology types within the same asset group can have different mechanical wear out and risk profiles.
- A number of asset groups have been excluded from table 3.1. For example, switchboards and circuit breakers. These assets also exhibit wear out characteristics.

It has been suggested that the imperative is to include only those risks in the compliance process that were considered by IPART in setting the allowance for Expected Unserved Energy (EUE). Contrary to this it is Ausgrid's position that any risks that contribute to unserved energy should be allowed in the compliance calculation of unserved energy. Ignoring risks outside of those considered in setting the allowance for EUE may underestimate the EUE and not consider the value customers place on avoiding those supply interruptions.

If you would like to discuss this submission further or arrange a meeting with Ausgrid representatives please contact Robbie Thompson on ( ) or myself on

Yours sincerely,

Matthew Webb Head of Asset Investment, Ausgrid