



13 April 2018

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Dear Mr Harmstorf

Request for Feedback – Energy Network Performance Measures Review

I am writing to you in response to your request for feedback on the Issues Paper for the review of safety management system reporting requirements released on 21 March 2018.

Ausgrid welcomes the invitation to provide input to the review of the safety management system reporting requirements. This process is an excellent opportunity to develop a clear and concise outline of reporting requirements which could significantly benefit the industry and all stakeholders through better transparency and benchmarking of asset and safety performance.

Ausgrid's response to the Issues Paper is contained within Attachment A enclosed with this letter.

I believe this process is a valuable element of a transparent, efficient and fair compliance regime, and we look forward to providing further assistance as required.

If you have questions about Ausgrid's response please contact [REDACTED]

Yours sincerely

[REDACTED]

RICHARD GROSS
Chief Executive Officer

Encl.

Attachment A – Ausgrid Feedback on the Energy network performance measures review

Question 1 Do you agree with the proposed assessment criteria for the review?

Ausgrid agrees that a set of assessment criteria that embodies alignment with the Electricity Supply (Safety and Network Management) Regulation 2014 (**ESSNM regulation**), net benefit and are “SMART” will inform the selection of clear, consistent and transparent performance criteria that will achieve the intended outcomes of a safety management system set by the ESSNM regulation in a sustainable manner.

Question 2 How does each ENO (Energy Network Operator) assess the performance of their electricity network safety management system against the objectives of the ESSNM regulation?

Ausgrid currently submits the required reports listed in Table 2.1 of the review of safety management system performance measures issues paper. These reports allow Ausgrid to measure and assess its performance against its ENSMS and the objectives of the ESSNM regulation.

The Formal Safety Assessments (FSAs) that were prepared in accordance with the objectives of the ESSNM regulation and AS5577-2013 - Electricity Network Safety Management Systems also provide an overall evaluation of Ausgrid’s risk management and contain measures that ultimately support the key objectives of the ESSNM regulation.

In addition, Ausgrid applies Asset Management, Risk Management and Safety Management processes to support its decision making and carries out internal reporting of performance outcomes.

Finally, independent assurance of the performance of Ausgrid’s ENSMS is provided through audits required under the ESSNM regulation.

Question 3 How should the ENOs bring performance measurement results to the attention of their customers and the public?

Ausgrid believes that the current approach of publishing the report on its web site is adequate to bring performance measurement results to the attention of its customers and the public.

Question 4 What information should not be in the public domain? Why?

Certain information when in the public domain may be used for other purposes which are not contemplated by the IPART Electricity Networks Reporting Manual – Safety Management Systems Reporting (October 2017 version). Ausgrid submits, in these circumstances, publication of the information would not be in the public interest as such disclosure could reasonably be expected to:

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Question 5 When consulting with external stakeholders while preparing the electricity network safety management system performance report and formal safety assessments, what have ENOs discovered about the information and measures of performance the public is most interested in?

During the FSA process, Ausgrid engaged with Rural Fire Service (RFS), as a key stakeholder, on the approach to precautionary measures and risk management prevention specifically in relation to bushfire risk in and around their network. The engagement facilitated open channels of communication through structured workshop formats and provided a forum for cross consultation and consolidating feedback from a range of stakeholders (including through earlier RFS consultation).

A key theme of the feedback from the RFS involved working together to improve information sharing processes including data, risk management and procedural improvements. The feedback also suggested further benefit could be obtained from improvements in defining and sharing objectives and actions for future consultation.

Question 6 Is there value in combining the electricity network safety management systems reporting and bushfire preparedness reporting into one performance report?

Ausgrid believes combining ENSMS reporting and bushfire preparedness reporting will provide a benefit to the intended outcomes of an ENSMS. The alignment of the two reports from a timing perspective will allow for a consistent and accurate assessment to be made of the relevant performance measures and facilitate consistent and accurate assessment and trending analysis.

Question 7 Do the current reporting timelines need to be modified to improve IPART's visibility of bushfire preparedness activities?

Ausgrid believes the current timelines (report due to IPART by 31 October covering the 12-month period to 30 September of the reporting year) are suitable to provide IPART appropriate visibility of Ausgrid's bushfire preparedness. The bushfire danger period is based on an annual seasonal cycle therefore annual reporting cycles are considered appropriate.

Question 8 Is more frequent reporting (eg, quarterly) of key information required to ensure the objectives in the electricity network safety management system are being appropriately achieved throughout the year?

The current IPART Incident Reporting Manual facilitates timely and appropriate reporting of key performance information to allow an assessment of the achievement of the objectives of the ESSNM regulation.

Question 9 Should IPART adopt a dual assurance approach to measuring the performance of the electricity network safety management system and bushfire risk management?

Ausgrid believes dual assurance is beneficial in demonstrating performance of a robust ENSMS as it allows for leading and lagging factors to be included in the overall reporting framework.

This approach aligns with the general risk management framework approach adopted by Ausgrid (see also 6 above).

Question 10 Do you agree with the tiered approach proposed for performance measures?

Ausgrid agrees in principle that the tiered approach provides a logical method for reporting leading and lagging performance in accordance with the requirements of the ENSMS.

Question 11 How would the Tier 1 and Tier 2 measures relate to the regulatory objectives?

The Tier 1 and Tier 2 measures should be aligned to the major incident and incident reporting requirements in the IPART Incident Reporting Matrix to achieve alignment with the regulatory objectives. The Incident Reporting Matrix is clearly linked to performance outcomes of the regulatory objectives and require reporting on issues relating to managing the safety of people (workers and public), protection of property, safety risks arising from the protection of the environment such as bushfires and safety risks related to the loss of supply. Environmental reporting is also governed through a concurrent reporting framework managed by the NSW EPA.

Question 12 What are the Tier 1 and Tier 2 performance measures that could be used to assess the overall and comparative performance of each ENO?

See 11 above. Given these performance measures are already in place and well defined for all ENO's, comparative performance can be achieved and would require minimal transition for ENOs or IPART.

Question 13 Should Tier 1 and Tier 2 performance measures be normalised and what factors should be used to normalise?

As discussed in the workshop held on 29 March 2018, Ausgrid believes that normalisation should only apply to the Tier 3 and Tier 4 performance measures. Normalisation of Tier 3 and Tier 4 performance measures need to be specific to the measure. The normalising factor also needs to consider context of the ENO such that the normalisation does not affect the interpretation of the information. Ausgrid's preference is to provide the raw information to allow appropriate normalisation if desired. For example, Ausgrid's preference is to provide measures of number of failures for an asset group and total asset group population rather than a failure rate.

Tier 1 and Tier 2 should be low in quantity and due to their criticality, normalisation should not apply.

Note 1: Ausgrid has requested that the grouping of assets for reporting aligned to the definitions of Asset Groups found in the AER Category Analysis data templates for distribution network service providers.

Question 14 How should factors outside of the control of the ENO be captured when reporting Tier 1 and Tier 2 performance measures?

Where the cause of an incident is found to be due to third party or nature induced, these incidents should be reported separately and clearly identified as such or excluded if they are not relevant.

Question 15 For the critical controls in place, what are the Tier 3 and Tier 4 performance measures that IPART could use to assess the performance of the electricity network safety management system?

The FSAs that were prepared in accordance with the objectives of the ESSNM regulation and AS5577 provide Ausgrid with the Tier 3 and Tier 4 performance measures that include information on asset failures, asset defects, planned asset inspections, overdue asset inspections, worker safety and customer safety.

Question 16 What process should IPART adopt within the reporting manual to allow ENOs to evolve Tier 3 and Tier 4 performance measures over time?

Ausgrid believes that the provisions under *Division 2 Measurement, auditing and review of performance* of the ESSNM regulation will allow for the continuous improvement of the Tier 3 and Tier 4 performance measures and lead to ongoing continual improvement of its ENSMS.

Question 17 How should IPART assess the accuracy and quality of the data reported by the networks?

Ausgrid believes that the provisions under *Division 2 Measurement, auditing and review of performance* of the ESSNM regulation allows IPART ability to assess the accuracy and quality of the data, primarily through auditing and review of the performance report.

Question 18 Should a Bushfire Mitigation Index be developed and reported to IPART for monitoring preparedness for the bushfire danger period?

The use of a metric such as the Bushfire Mitigation Index is appropriate for aggregating a number of contributing metrics to communicate a status in a simplified way. However, Ausgrid believes that providing raw information may be more appropriate and could provide both a Bushfire Mitigation Index and the underlying raw information.

Question 19 Should the Bushfire Mitigation Index calculation method be consistent across all ENOs?

See 18 above. Should the process resolve to adopt a Bushfire Mitigation Index, the calculation must be designed to take into account the individual circumstances of the ENO network and still allow for consistent evaluation.