

VIEWS SOUGHT ON ELECTRICITY TRANSMISSION RELIABILITY STANDARDS

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The Independent Pricing and Regulatory Tribunal (IPART) is seeking feedback on how to best identify the costs and benefits of future reliability standards to be imposed on TransGrid.

IPART Chairman Dr Peter Boxall said the Issues Paper released today, *Electricity transmission reliability standards - An economic assessment*, details IPART's proposed approach to establishing the most efficient reliability standards that balance the need for a continuous supply of electricity with consumers' willingness to pay.

"TransGrid is a natural monopoly which transports electricity from generation plants to the distribution networks via 97 substations over 12,900 kilometres of transmission lines and cable, and more than 400 connection points," Dr Boxall said.

"It is also responsible for approximately 7% of the average NSW electricity bill."

Dr Boxall said there is already capacity to accommodate forecast electricity demand at high levels of reliability in most parts of NSW.

"Because of the long term nature of transmission assets, any change in the reliability standards has the potential to deliver significant savings or add to costs in the longer term, and there may be some smaller adjustments in the short term," Dr Boxall said.

"The reliability of the transmission network is important and supply interruptions may have widespread effects. However, a higher level of reliability comes at an additional cost, and we seek feedback on whether customers might be willing to accept an adjustment to reliability standards if the cost of their electricity supply is correspondingly reduced."

This is the first time IPART has conducted a review of transmission reliability standards. The review's findings will form the basis of recommendations to be made to the NSW Minister for Industry, Resources and Energy by May 2016. Any new standards would apply for the regulatory control period commencing 1 July 2018.

The Issues Paper provides a summary of the proposed economic assessment methodology, and how it may be applied to develop recommendations on the efficient transmission reliability standards. Submissions on the issues paper will be accepted until 22 January 2016. Further consultation will be held after the release of a draft report in March 2016.

The issues paper is available on IPART's website <<http://www.ipart.nsw.gov.au>>.

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In addition to recommending reliability standards for TransGrid, IPART is now also responsible for the licensing of TransGrid including the imposition of conditions, monitoring, auditing and reporting on compliance with licenses and advising on enforcement actions. IPART is currently consulting on provisions relating to the employment guarantees.