

ELECTRICITY TRANSMISSION RELIABILITY STANDARDS

29 September 2016

The Independent Pricing and Regulatory Tribunal (IPART) has recommended reliability standards for TransGrid to better balance the cost of network improvements with the impact on customer prices.

We made final recommendations on the new standards to the Minister on 31 August 2016.

Dr Boxall said the recommendations we have proposed 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."

The recommended standards include a level of redundancy and an annual unserved energy allowance at each bulk supply point across TransGrid's network. They do not prescribe how TransGrid must invest but instead, explicitly provide for TransGrid to determine the combination of network and non-network solutions required to provide reliability.

However, in our final report we recommended that we undertake additional consultation on the value of the expected unserved energy allowance to be included in the standards for Inner Sydney.

For the Inner Sydney area, our draft recommendation is that the amount of the unserved energy allowance should be 0.6 minutes per year, at average demand. This would apply across the five Inner Sydney bulk supply points (Beaconsfield West, Haymarket, Rookwood Rd, Sydney North and Sydney South). We expect that our recommendations would allow a small increase in the expected value of unserved energy in the Inner Sydney area but given the total unserved energy allowance is small, at around half a minute a year, we consider that our recommendations would not result in a significant change to the level of reliability experienced by customers.

We have also decided to consult further on the unserved energy allowance for five other supply points – Broken Hill, Molong, Mudgee, Mungah and Wellington Town – as our updated analysis indicates potential changes in reliability for these areas.

Our recommended unserved energy allowance for these 5 supply points range from 5 minutes to 191 minutes per year, at average demand, compared the current levels at these points of up to 100 minutes per year. The differences in the expected unserved energy allowance between the different bulk supply points reflect in the main the value different customers place on reliability, the cost of providing it and customers' willingness to pay for it.

The supplementary draft report is available on the IPART website www.ipart.nsw.gov.au. Submissions will be received until 28 October 2016 before a supplementary final report is provided to the NSW Government in December 2016.

Media contact: Julie Sheather (02) 9290 8403 or 0409 514 643