



4 July 2016

Dr Peter Boxall, AO
Chairman
Independent Pricing and Regulatory Tribunal
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Lodged online.

Dear Dr Boxall,

Electricity transmission reliability standards

Ausgrid welcomes the opportunity to provide a submission in response to IPART's draft recommendations on electricity transmission reliability standards in NSW. Ausgrid has reviewed the draft recommendation and agrees with the general direction of its findings. There are three areas where the final report and recommendation would benefit from increased clarification:

1. The application of the flexibility provisions embodied in clause 5 of the draft recommended standards.
2. A description and example of the application of the standard.
3. Clarification of the standards intended operation for asset replacement projects.

Flexibility provisions

Flexibility in the standard to implement solutions which provide a greater net-benefit than what would otherwise arise from a strict application of the prescribed level of redundancy is a positive step towards achieving a cost effective electricity supply with acceptable reliability. The provision as written only applies to the level of redundancy component of the draft standards (clause 3) and not the expected unserved energy requirement (clause 4). Ausgrid's view is that this is not a workable arrangement and that flexibility should apply to the provisions of both clauses 3 and 4. This is likely to result in preferable customer outcomes as cost benefit methodologies become more sophisticated.

Application of the Standard

The draft report states that "*TransGrid and IPART will need to work together to develop the requirements around the compliance process including what assumptions must be made when undertaking the modelling*". Ausgrid would like to understand more clearly the assumptions that IPART and TransGrid are

intending to make in assessing compliance and, when these assumptions are applied, how much load will be at risk at each Bulk Supply Point under a single credible contingency.

Asset Replacement Projects

The draft reliability standard is intended to have some interaction with the assessment of asset replacement projects and, in some instances, delay those projects. Ausgrid would like to understand (perhaps by provision of examples) how IPART expects the draft standard is to apply to asset replacement projects and if any of the proposed expected unserved energy allowances would delay asset replacement projects that are currently planned by TransGrid.

If you would like to discuss this submission further or arrange a meeting with Ausgrid representatives please contact Robbie Thompson on (02) 9269 4659.

Yours sincerely,

Matthew Webb
(Acting) Chief Engineer, Ausgrid