

## Electricity Supply Industry Planning Council

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Ian Woodward  
Chairman, Reliability Panel  
Australian Energy Market Commission  
Level 5,  
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SYDNEY NSW 2000  
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Dear Ian,

### **RE: TRANSMISSION RELIABILITY STANDARDS REVIEW**

Thank you for the opportunity to contribute to the Reliability Panel's consideration of the issues in relation to national transmission reliability standards.

The Planning Council understands that the market issue that this paper seeks to address is as much about transparency as it is about consistency.

Currently, reliability standards for transmission in the NEM are difficult to access and, for many market participants, difficult to understand. The purpose of any national framework should therefore concentrate on ensuring that generators, investors and customers can readily identify and understand the reliability standards that apply at various points in the network both within and across states.

This does not mean, and nor would the Planning Council support, the prospect of the same standard applying across the NEM. Defining a uniform N-1 standard for example would, according to the cost-benefit analysis carried out in South Australia, be far from an economic approach.

Indeed, given that each State pays for the level of reliability that its customers receive, the Planning Council sees no reason why each jurisdiction should not continue to be free to determine the level of reliability that is appropriate for its constituents.

However, once the jurisdiction had decided how it intended to assess the appropriate level of reliability, then both the process and the outcome should be transparent and published in the same way, using consistent terminology in each state.

In conducting its own internal review of reliability, the Planning Council identified that even within South Australia, there was some confusion over exactly what was meant by terms such as N-1. In some cases it was deemed to mean a continuous service in the event of an outage, in others a small outage to allow for switching was acceptable. Similarly there is confusion between the jurisdictions as to whether reliability standards apply only to customer exit points or also to generator entry points. This type of confusion becomes far more overwhelming for a market participant attempting to determine where in the entire NEM network they should locate.

In the first instance therefore, the Planning Council would recommend that the Reliability Panel focus on:

1. Consistent Terminology

Providing a set of reliability categories that are well defined and that must be used in each jurisdiction.

2. Transparent Recording

Each jurisdiction should be required to publish in the same place (perhaps the Annual Planning Report) and in a similar form, the reliability standard that applies at each transmission connection point. The Planning Council envisages that some certainty in terms of time would also be included as part of the details provided as an investor is likely to want to know that the reliability is not only at a certain level, but that it is likely to not fall below that level for a reasonable period of time.

3. Accountability

The TNSPs are funded on the basis of meeting reliability standards and, as such, it would appear reasonable that TNSPs are also accountable for targeting, achieving, and demonstrating that they achieve, the right reliability level.

In South Australia, the Essential Services Commission (ESCOSA) reviews the reliability standards on an economic basis every five years so that the new standards are published prior to the TNSP going through its Revenue Proposal process.

Yours sincerely,

Braden Cowain  
CORPORATE SECRETARY