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11 March 2008

Mr. Ian Woodward
Chairman, Reliability Panel
Australian Energy Market Commission
Level 5,
201 Elizabeth Street
SYDNEY NSW 2000

Submissions@aemc.gov.au

Transmission Reliability Standards Review.

Dear Mr. Woodward,

EnergyAustralia appreciates the opportunity to provide comment on the AEMC Reliability Panel's (the Panel) issues paper on the Transmission Reliability Standards Review.

EnergyAustralia's comments are from the perspectives of:

- a distributor that delivers electricity to over 1.5 million customers, and both hears and manages the community response to poor reliability;
- a customer of other transmission network service providers, with a direct interest in the standard of reliability of its supply; and
- a transmission network service provider in its own right, with a vested interest in development of a nationally consistent reliability standards framework, which might be applied to EnergyAustralia.

From this standpoint, EnergyAustralia supports harmonising the national framework for transmission reliability. However, care should be taken to address the differences that exist across States. EnergyAustralia's ongoing concern with the current definition of "transmission" in the Rules is that the new framework developed by the Panel might be inadvertently or inappropriately be applied to it. EnergyAustralia's contention (which has been accepted for the purposes of economic regulation) is that it has distribution network which performs incidental transmission functions and thus it should not be regarded as a TNSP for this purpose.

Moreover, the current network reliability framework that EnergyAustralia operates within is mandated in the form of license¹ conditions. This framework includes reliability standards, design and planning criteria and reporting requirements, which are reviewed every two years. These license conditions apply across EnergyAustralia's entire network and thus the application of a national transmission reliability framework is likely to duplicate and/or overlap the existing framework.

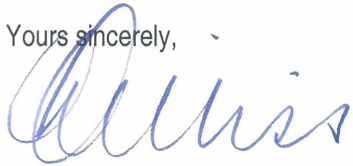
In relation to the framework that should apply to transmission assets, EnergyAustralia supports ETNOF's common sense recommendations that:

- The Panel is the appropriate body to develop the national framework;
- A Jurisdictional authority should set the standards for each Jurisdiction; and
- The framework should be a deterministic model, with economic considerations.

¹ Dept. Water & Energy (NSW), *Licence Conditions, Design, Reliability & Performance for Distribution Network Service Providers*, 1 December 2007

If you would like to discuss this matter please do not hesitate to call me on (02) 4951 9411 or Mr Harry Colebourn on (02) 9269 4171.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Lillis', written in a cursive style.

GEOFF LILLISS
Executive General Manager – Network