NETWORK MANAGEMENT STRATEGY

DOCUMENT NUMBER: NW-#30065608-V6

DATE: 12 MAY 2011
This page is intentionally blank.
TABLE OF CONTENTS

1. Purpose .................................................................................................... 5
2. Aurora Energy’s Purpose .......................................................................... 5
3. Aurora Energy’s Vision ............................................................................. 5
4. Aurora Energy’s Values ........................................................................... 5
5. Aurora Energy Strategic Plan 2011-2015 ................................................. 6
   5.1 Strategic Focus .................................................................................. 6
   5.2 Statement of Corporate Intent ........................................................... 6
   5.3 Whole of Business Strategic Objectives ............................................ 6
7. Network Management Objective ............................................................... 7
   7.1 Thread Management ......................................................................... 8
   7.2 Risk Management ............................................................................ 9
   7.3 Network Equipment Standards ....................................................... 10
   7.4 Security Standards .......................................................................... 11
   7.5 Network Reliability ......................................................................... 11
   7.6 Power Quality .................................................................................. 12
8. Network Architecture .............................................................................. 13
   8.1 Supply Points ................................................................................... 13
   8.2 Sub-transmission and Zone Substations ......................................... 14
   8.3 System Voltages ............................................................................ 14
   8.4 Distribution Feeders ......................................................................... 14
9. Network investment ................................................................................ 14
   9.1 Customer Initiated Capital Works .................................................... 15
   9.2 Future Capacity ............................................................................... 15
   9.3 Network Demand Management ..................................................... 16
10. Asset Management .............................................................................. 17
   10.1 Vegetation ....................................................................................... 18
11. System Operation ............................................................................... 19
12. Responsibilities ................................................................................... 20
13. References .......................................................................................... 20

<table>
<thead>
<tr>
<th>REV NO.</th>
<th>DATE</th>
<th>REVISION DESCRIPTION</th>
<th>APPROVALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>18 Feb 2011</td>
<td>Original issue. (NW-#300655608-V5A).</td>
<td>Prepared by AD</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Reviewed by MG</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Approved by AB</td>
</tr>
<tr>
<td>1</td>
<td>12 May 2011</td>
<td>Revised to incorporate changes to reliability strategy. (NW-#300655608-V6).</td>
<td>Prepared by AD</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Reviewed by MG</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Approved by AD</td>
</tr>
</tbody>
</table>
This page is intentionally blank.
1. PURPOSE

The purpose of this document is to describe the long term optimised and sustainable direction for the management of Aurora Energy’s network assets to assist in the delivery of the organisational strategic plan.

This document outlines the principle strategies that Aurora’s Distribution Business uses to achieve its purpose to be:

- a customer focussed, innovative, and sustainable business that makes a difference in the Tasmanian community and purpose.

whilst meeting the objective to deliver:

- no increase to customer prices as a result of our efforts.

2. AURORA ENERGY’S PURPOSE

To see the Tasmanian community prosper from our efforts.

3. AURORA ENERGY’S VISION

To be the company most welcome into Tasmanian homes and businesses.

4. AURORA ENERGY’S VALUES

<table>
<thead>
<tr>
<th>Customers</th>
<th>We care for our customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teamwork</td>
<td>We work together, with initiative and enthusiasm</td>
</tr>
<tr>
<td>Safety and Health</td>
<td>We work safely and care for each other’s well being</td>
</tr>
<tr>
<td>Openness and Honesty</td>
<td>We treat everybody with fairness, equity, integrity and respect</td>
</tr>
<tr>
<td>Community</td>
<td>We care for the Tasmanian community by recognising our social and environmental responsibility</td>
</tr>
<tr>
<td>Quality</td>
<td>We meet our challenges through innovation and quality</td>
</tr>
<tr>
<td>Leadership</td>
<td>We are accountable for our actions and lead by example</td>
</tr>
</tbody>
</table>
5. AURORA ENERGY STRATEGIC PLAN 2011-2015

5.1 Strategic Focus

Aurora’s strategic focus is:

*To meet our customer needs at the lowest sustainable cost.*

5.2 Statement of Corporate Intent

Aurora Energy’s Statement of Corporate Intent is:

*To ensure we:*

- *Act in the best interests of Tasmanian consumers, consistent with the Government’s energy, development and social objectives; and*
- *Operate as a viable, integrated business of sufficient scale to be successful in a national environment, delivering commercial returns to our shareholders.*

5.3 Whole of Business Strategic Objectives

The strategic objective for the whole of business is to:

- *Enable the business to deliver sustainable customer price outcomes and appropriate returns to Shareholders.*

6. DISTRIBUTION BUSINESS STRATEGIC PLAN 2011-2015

The Distribution Business Purpose is to be:

*A customer focussed, innovative, and sustainable business that makes a difference in the Tasmanian community*

The Distribution Business Strategic Statement is:

*Through focussing on seamless processes, shared goals and increased efficiencies, we can collaborate as a distribution business and contribute to a more efficient organisation creating improved customer experiences through a lower cost to serve.*

The Distribution Business Objective is:

*No increase to customer prices as a result of our efforts*

All this will be achieve through the Distribution Strategies of:

- *Turn Up Once – Materially enhance the efficiency of our work delivery processes to deliver customer outcomes.*
- *Do the Right Work – Managing the distribution system within the constraints of expenditure and risk to add customer value*
7. NETWORK MANAGEMENT OBJECTIVE

The Distribution Business Objective reflects the vision for a resilient distribution network that delivers low cost, sustainable energy to an engaged and knowledgeable customer base.

The Distribution Strategies outlined in the Distribution Business Strategic Plan are designed to achieve the Distribution Business Objective. Implied in this plan are the business imperatives of maintaining safety, reliability and sustainability.

To achieve these business imperatives in managing and operating the distribution system, the Distribution Business has the following Network Management Objective:

To minimise cost of supply to the customer whilst:

a. Maintaining network performance;

b. Managing business operating risks; and

c. Complying with regulatory, contractual and legal responsibilities.

The following sections describe the key strategic initiatives Aurora has employed to deliver this objective. These strategies have been progressively developed from review of performance over previous years and by observation of experiences of similar distribution businesses. In particular, refinement of results from the previous years’ management plans feed into the strategies for the following years. This process of continuous improvement is a fundamental element of Aurora’s Network Management Strategy.

The purpose of this document is not to reproduce the supporting analysis contained within the broader business documents, but to summarise the principle strategic drivers for the continuous review processes operating on the business’ management plans and other operational procedures and documentation.

The Network Management Strategy is broken into key Thread Management areas. Each Thread is guided by a few key strategic principles, and then a more detailed management plan is developed and reviewed annually to drive the implementation of these principles and delivery of the key measures.
7.1 Thread Management

Network management is broadly divided into the following management functions:

1. Asset Management;
2. System Management; and
3. Other Management.

Thread management is the way Aurora organises these management functions into sub-functions called *Threads*, as shown in Table 1.

**Table 1: Threads**

<table>
<thead>
<tr>
<th>Function</th>
<th>Threads</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset Management</td>
<td>• Connection Assets</td>
</tr>
<tr>
<td></td>
<td>• Ground Mounted Substations</td>
</tr>
<tr>
<td></td>
<td>• HV Regulators</td>
</tr>
<tr>
<td></td>
<td>• Metering</td>
</tr>
<tr>
<td></td>
<td>• Overhead System</td>
</tr>
<tr>
<td></td>
<td>• Protection and Control</td>
</tr>
<tr>
<td></td>
<td>• Public Lighting</td>
</tr>
<tr>
<td></td>
<td>• Structures</td>
</tr>
<tr>
<td></td>
<td>• Underground System</td>
</tr>
<tr>
<td></td>
<td>• Zone Substations</td>
</tr>
<tr>
<td>System Management</td>
<td>• Customer Generated Work</td>
</tr>
<tr>
<td></td>
<td>• Power Quality</td>
</tr>
<tr>
<td></td>
<td>• Reliability</td>
</tr>
<tr>
<td></td>
<td>• System Development</td>
</tr>
<tr>
<td></td>
<td>• System Operations</td>
</tr>
<tr>
<td>Other Management</td>
<td>• Bushfire Management (Note 1)</td>
</tr>
<tr>
<td></td>
<td>• Network IT</td>
</tr>
<tr>
<td></td>
<td>• Vegetation Management</td>
</tr>
</tbody>
</table>

Note:

1. Bushfire Management is not strictly a *Thread* because it does not have a directly associated program of work, as other Threads undertake bushfire mitigation programs on behalf of the Bushfire Manager. Due to the high risk bushfire poses to the business, bushfire management is assigned an owner within the business and has a specific strategy and management plans.
Threads provide a mechanism for grouping assets for planning and expenditure purposes enabling the management of the distribution business in a holistic way to maximise the value of that function in terms of operational and capital expenditure, risk management, life cycle cost and customer outcomes.

Each Thread is managed by staff from Network and Network Services involved in the planning, design, construction and maintenance of the Thread. This provides an 'end-to-end' communication process across the Distribution Business.

Each Thread has an assigned Thread Leader. The Thread Leaders are responsible for the planning and development of programs and budgets associated with the Thread.

7.2 Risk Management

Aurora Energy manages its business risks in accordance with a Risk Management Framework. The Framework and supporting policy documents are based on risk management standards and are approved by Aurora Energy’s Board.

The purpose of integrating risk management into the business is to increase the likelihood of achieving Aurora Energy’s stated vision, purpose and strategic objectives and provide the basis for risk management within strategic and operational planning and decision making at all levels across all activities.

Risk management drives virtually all network activities and programs including:

1. Reliability assessment;
2. Network augmentation;
3. Asset replacement;
4. Asset operation, and
5. Asset maintenance.

Risks are assessed according to the Australian Risk Management standard (AS/NZS ISO 31000) and are assessed with reference to the Aurora Energy risk management framework and the potential impacts on:

1. Safety;
2. Environment;
3. Reliability;
4. System Security;
5. Financial performance;
6. Legal/compliance; and
7. Corporate reputation.
Aurora has a current initiative to introduce a risk-based approach to optimise work programs to help determine allocations of resources across the various work programs and support activities.

The focus of this approach will be to ensure that work programs address the highest ranked risks first.

The outcomes of this initiative will be:

1. A consistent approach for assessing risk across work programs, allowing for a comparison of risk across these programs;
2. Assessment criteria that are aligned with the business objectives; and
3. Budgets developed to deliver business objectives in a sustainable manner across work programs.

The tool being developed includes a rating system to determine both the risks and the benefits associated with each project or program to allow project ranking and assist with decision making and optimising the program of work.

7.3 Network Equipment Standards

To drive operational efficiencies, selection of the best available assets and standardisation across the network is a key element to driving down Aurora’s operating costs. In addition to achieving purchasing savings through economies of scale, if a structured approach is taken spares management, maintenance practices and operating procedures can all be simplified.

Aurora will maintain a set of network standards to control the nature and type of assets being deployed into the network. These will include design, construction, maintenance standards and associated operational procedures.

Whole of life operating costs will be assessed from the asset management practices to review current and potential future asset selection and maintenance and operating practices.

Similarly the reliability plans will review overall system performance and challenge existing practices for improved performance.

Aurora’s strategic approach to procurement is to tender period contract agreements to the market to drive procurement costs down as much as possible. The strategy is based on the principle that the standardisation of assets increases the volume and the term is selected to make the tender financially attractive to the vendors as possible.

The Asset Manager is charged with the accountability to develop and implement the network standards.

The Tendering and Contracts Manager is charged with the accountability to facilitate the tendering process to the market.
7.4 Security Standards

Aurora has well established security standards based on the n-1 philosophy for zone substation assets and their subtransmission feeders.

At a distribution level Aurora’s strategy is to take a historic reliability-based approach to distribution feeder security levels.

For critical community infrastructure security standards are established on a case by case basis.

This ensures proposed solutions are tested and assessed against the targeted service levels by customer classification. It also allows sufficient freedom to explore non-traditional innovative solutions where they can represent a more cost effective solution.

7.5 Network Reliability

A fundamental requirement of the operation of Aurora’s network is to ensure that a reasonable level of supply reliability is delivered to its customers. The expectation of a reasonable level of supply reliability has been defined in the Tasmanian Electricity Code (TEC) in two parts:

1. System level expectations of service measured by SAIDI and SAIFI; and
2. Localised or community based expectations of SAIDI and SAIFI.

Aurora’s principle strategy is to implement measures that meet the above metrics.

While Aurora operates an extensive program of maintenance and replacement activities across the network, reliability cannot be managed solely at an asset management level, but requires a holistic approach to ensure activities are collectively targeted towards system performance targets.

At a system level, Aurora’s strategy is based on three principles:

1. Prevent outages from occurring;
2. Minimise the number of customers affected; and
3. Restore supply as quickly as possible.

The follow sections provide more details on these principles.

7.5.1 Prevent outages from occurring

The most effective method of maintaining reliability is to address the root cause of network faults that can result in customer outages. By preventing the outages occurring in the first place, other mitigation measures are avoided. The maintenance and replacement activities are aligned to this objective.
7.5.2 Minimise the number of customers affected

Despite measures to reduce the number of faults, outages will occur and impact customers. The next measure to achieving reliability performance targets is to use protection design to minimise the number of customers affected when outages occur. This is achieved by using appropriate electrical protection devices and ensuring accurate protection co-ordination.

7.5.3 Restoring supply as quickly as possible

The third strategy to achieving reliability performance targets is to restore customers that have been affected by an outage as quickly as possible.

This requires System Operations to have sufficient monitoring devices in the network to respond quickly and to target accurately field crews to the correct sites to expedite restoration.

It is also acknowledged that a local level, parts of the network can be subject to varying levels of system outage that is driven by a number of issues. To ensure local clusters of customers are not subjected to sustained substandard network performance localised, or targeted, activities are required to address these customer groups.

7.5.4 Network Reliability Management Plan

Aurora will develop and review annually a Network Reliability Management Plan based on the above three principles to ensure overall network reliability metrics remain at current levels. A least cost approach will be used to determine the ideal treatment.

Aurora will monitor the level of outages incurred at the distribution transformer level across the network for 12 month rolling periods.

The Network Performance Manager is charged with the accountability to develop and implement this plan.

7.6 Power Quality

The National Electricity Rules (NER) Schedules 5.1, 5.1a and 5.3 describe the planning, design and operating criteria that must be applied to transmission and distribution networks. A Network Service Provider must describe the quality of the network services it agrees to provide and ensure that the quality of these services are not less than that required by Schedule 5.1.

Power quality encompasses the following key areas:

1. Supply voltage;
2. Frequency departures;
3. Voltage disturbances;
4. Voltage dips; and
5. Distortion disturbances, including transients, waveform and harmonic distortion, and voltage/current differences between neutral and earth

Aurora will develop, implement and continually review a Power Quality Management Plan to respond to and rectify incidences of suspected non-compliant supply within the timelines outlined in the TEC guidelines.

It is expected that these plans will include a set of procedures to define the business response when notified of a suspected power quality issue and to monitor trends to determine if the number of power quality events is increasing or decreasing.

It should be noted that in many cases, power quality issues arise from one customer’s load impacting adversely on the network to cause detrimental outcomes to the supply to other customers. In these cases Aurora actively compels the offending customer to amend their demand profile so they do not cause disruption to other customers.

While Aurora’s current practices are predominately reactive in nature, it is acknowledged that a more proactive approach to power quality is ideal. Aurora will develop a plan to explore more pro-active monitoring of power quality where it can be deemed cost effective.

Aurora will also monitor opportunities to leverage the capabilities available in new metering technologies to explore improved monitoring of power quality.

The Network Performance Manager is charged with the accountability to develop and implement this plan.

8. NETWORK ARCHITECTURE

Aurora’s network architecture has been developed over many years by meeting the progressive demands of its customers over time and connecting them to the sources of energy supply that exist at that time. Thus the network architecture slowly evolves and tracks changes and behaviour of its customers (and generators). Given that network infrastructure is very capital intensive to establish, fundamental changes in the network are generally cost prohibitive.

To achieve the objective to minimise the cost of supply to customers, Aurora will always attempt to utilise existing infrastructure to its maximum potential before committing to additional infrastructure.

8.1 Supply Points

Given the significant capital investment required to establish a supply point to the network, Aurora’s strategy is to defer such investment wherever possible and to explore all practical alternatives within the network to satisfy requirements.

Aurora participates in regular planning meetings with Transend to optimise the mutual requirements from both a distribution and transmission perspectives.
with the objective of developing the least cost solutions to meet customer expectations.

8.2 Sub-transmission and Zone Substations

Aurora will only invest in sub-transmission infrastructure to restore lost contingency capacity, to meet forecast load growth or restore eroded security levels.

Before investment is committed to, Aurora’s internal capex review processes will test major proposed investments following the Regulatory Investment Test principles to confirm:

1. Restoring the lost capacity or security is actually required to meet the customer service levels
2. Failing to restore the lost capacity or security will generate a materially increased operating risk to the business
3. The investment represents a least cost solution and other alternatives have been adequately explored

8.3 System Voltages

Aurora operates a number of system voltage levels (44kV, 33kV, 22kV, 11kV) in its network to connect embedded generation and customers. While standardised system voltages are ideal and allow more interconnection flexibility to the system operator, Aurora’s principle driver remains to minimise the cost of supply to customers.

Aurora’s strategy is to not change system voltages unless there is a material advantage in doing so and it is the least cost option.

8.4 Distribution Feeders

Aurora has well established design standards relating to its feeder design, both in regards to capacity and configuration. These have evolved over many years of fine-tuning and compare favourably to industry best practice.

The move to an increased use of smart switches on the network (reclosers, sectionalisers and associated communications systems) has proved to produce positive outcomes and therefore use of these system devices will be continued.

Aurora’s strategy is therefore to continue its existing philosophy for distribution infrastructure, as it believes it is well founded and cost effective.

9. NETWORK INVESTMENT

Getting an optimal balance between the business drivers of risk management, customer service and compliance is a challenging task when the business is attempting to minimise the cost of supply to customers.
To achieve an optimal balance across these objectives, Aurora’s strategy is as follows:

1. Establish a set of network criteria that clearly define the threshold for investment consideration in each category.
2. Ensure that each proposed project meets these standards and alternatives are considered as part of the proposal.
3. All future proposed projects are then ranked in order of priority using the company’s Investment Prioritisation Tool (IPT).
4. Projects are confirmed into the Program of Works based on the IPT ranking and the funds available.

In this manner Aurora believes that appropriate review and balancing of the business drivers is achieved to drive efficient and focused investment across the network activities. The IPT approach also allows a structured approach to balance alternate solutions to a particular problem (such as considering network augmentation versus a demand side initiative), which is consistent with business objectives.

9.1 Customer Initiated Capital Works

Under Section 24 of the Electricity Supply Industry (ESI) Act, Aurora, as the holder of a distribution licence, is obliged to provide network access under Chapter 5 of the NER to all electricity entities and contestable customers on reasonable terms and conditions.

Aurora’s strategy with respect to Customer Initiated Capital Works is to maintain practices and processes to ensure compliance with the ESI Act and the NER.

It is also expected that the National Energy Customer Framework (NECF) maybe implemented in Tasmania as early as 1 July 2012. Aurora’s intent is to review and, if necessary, amend its practices to comply with the NECF.

Aurora’s intent is to ensure its practices comply with regulatory requirements and provide a cost effective and efficient delivery mechanism to its customers.

Aurora will also maintain a policy establishing the commercial framework in which a customer connection is established.

The Commercial Manager is charged with the accountability to develop and implement the connection policy.

9.2 Future Capacity

As with any electrical distribution business, customer demand can change steadily over time or in large steps as major business connect to or disconnect from the network. Often the lead times for a network business to respond to such changes are longer than required for the customer to create the demand. Thus a proactive approach to capacity management on the network is
required to ensure the customer base is not adversely impacted by network lead times.

This is the principle driver for any Network to maintain a small level of excess, or contingency, capacity across its network infrastructure.

This is managed within the bounds of standardisation of sizes and ratings electricity assets covering cables, conductors and transformers.

To minimise the cost of supply to customers, care must be taken to ensure that the excess capacity established has a high probability of utilisation within the next five to ten years.

To deliver on the objective of minimising the cost of supply to customers, Aurora will also explore all options to meet the needs of the customer. While investment in future assets may be required, reconfiguration of existing infrastructure may also free up existing capacity more cost effectively and consideration of these options are integral to Aurora’s solution development processes.

Aurora’s approach will be to perform network capacity modelling and growth forecasting activities annually to identify areas of the network unable to support future growth forecasts. Aurora will then will assess, develop and implement least cost solutions to meet the capacity shortfalls in a timely manner.

Aurora also recognises that energy management is not a key area of expertise for many of its customers and the objective of least cost to the customer can sometimes be met by working with the customer to review their requirements. As technologies have developed, working with the customer to tune their requirements (demand side management) to yield higher asset utilisation of network assets has become more and more commercially viable. Accordingly this is an area that Aurora is increasing its focus.

The Network Development Manager is charged with the accountability to develop and implement this plan.

9.3 Network Demand Management

As noted in Section 9.2, working with customers to manage the network demand rather than continual investment in network capacity is increasingly becoming a viable alternative in delivering the goal of minimising the cost of supply to customers.

A network is expected to deliver energy to its customers all year round. Network investment must be based on the event where the cumulative requirements of multiple customers combine to create the highest point demand the network must supply, known as coincident maximum demand.

When the coincident maximum demand is significantly higher than the average demand assets tend to be poorly utilised and the cost of supply to the customer can potentially be higher than optimal.
If the demand profile can be made a smooth as practical, then the asset utilisation can be maximised.

Opportunities exist to work with a customer (or group of customers) to smooth their demand.

Aurora believes that one of the key areas constraining the deployment of such strategies is achieving customer buy-in. Thus Aurora’s strategy is to develop a proof of concept installation to promote and demonstrate the various technologies to customers and how they would impact their businesses. Supporting contractual frameworks and tariff structures will be developed in conjunction with this project.

As part of this project Aurora will also review and evaluate other technologies and their potential to integrate them into future network strategies.

10. ASSET MANAGEMENT

While all assets are installed into the network in a safe and reliable manner at the time of commissioning, external factors and general deterioration of the asset condition over time can lead to the introduction of operational, environmental, safety and other operating risks. Accordingly there is a need for Aurora to monitor and address these operating risks on an ongoing basis.

Aurora formalises this practice in an annual review of its Asset Management Plan, which contains a long-term consolidated view of all system maintenance and replacement requirements throughout the network. For each asset class, business risks are identified and quantified using the company’s risk management framework.

To deliver on the objective of least cost to the customer, Aurora’s strategy in the area of asset management is focused on continuous improvement and refinement of existing and long established practices.

With most asset categories, there are a number of activities associated with their management and the challenge is to continually review and determine whether the current combination of activities is delivering the least cost overall. A comprehensive analysis of all the opex and capex activities available to each asset class will be performed to enable selection of the least cost option, while achieving required outcomes of performance and compliance.

In developing programs the following options are considered with the lowest whole of life cost option selected:

1. Reactive Maintenance;
2. Preventative Maintenance;
3. Refurbishment;
4. Reactive Asset Replacement;
5. Planned Asset Replacement; and

The emergence of new technologies is monitored and trials conducted, as appropriate, to evaluate the benefits of new technologies. These benefits may include improved monitoring of asset performance or condition to optimise maintenance and replacement activities or the integration of non-network solutions to improve customer outcomes.

A key area of opportunity for the reduction of replacement costs is to refine timing of the decision to replace an existing asset. In an ideal world, Aurora would like to replace each asset the day before it fails in service. This goal has led a key strategic driver in the area of asset management to move to condition-based replacement rather than age-based. This has already been implemented in a number of asset categories and the focus is to continue down this path where it can be demonstrated to be cost effective.

The consolidation of activities will also be targeted to deliver the “turn up once” Distribution Business Strategy to reduce overall operating costs.

It is expected that the plans developed to support the above strategies will deliver:

1. No increase in customer service impacts (SAIDI/SAIFI) from asset failure
2. No serious injury or loss of life arising from the operation of the Network
3. No prosecutions for breaches of legislative compliance

The Asset Manager is charged with the accountability to develop and implement this plan.

10.1 Vegetation

Control of vegetation growth into network overhead assets is a significant issue for any electrical distributor. Failure to adequately manage growth introduces compliance issues for Aurora, operating risks from health and safety issues, damage to assets from falling trees, customer service issues and the potential exposure to fire ignition.

To manage these issues Aurora develops and reviews annually a Vegetation Management Plan to target compliance with Chapter 8A of the TEC guidelines. Aurora’s risk management framework has also identified significant risks relating to operation of the network in areas of extreme fire risk and accordingly Aurora develops and maintains specific risk treatment plans relating to bushfire mitigation.

The prime objectives of Aurora’s vegetation strategy are to achieve the following objectives:

1. No increase in customer service impacts (SAIDI/SAIFI) from vegetation
2. No instances of bushfire initiation caused by Aurora
3. No prosecutions for breaches of legislative compliance
Aurora’s strategic approach is to develop and manage a plan to direct vegetation control activities internally, but to outsource the physical works to the market by tender to drive efficiencies and gain access to specialist arborist skills.

The management plans include analysis of historical outages relating to vegetation and take into consideration localised operating risks and customer service implications.

The Bushfire Mitigation Manager is charged with the accountability to develop and implement this plan.

11. SYSTEM OPERATION

System Operations effectively delivers three functions to the business:

1. System Management – the overall management (monitoring and control) of the performance of the Network;

2. System Access – the safe and efficient provision of access to the power system for asset management activities such as construction and maintenance; and

3. Fault Management – the efficient and effective management of power system faults or emergency situations that involve the power system.

These activities are expected to deliver the following outcomes:

1. No increase in customer service impacts (SAIDI/SAIFI) from current levels

2. No serious injury or loss of life arising from the operation of the Network

3. No prosecutions for breaches of legislative compliance

Deterioration of customer service levels is considered a significant risk to Aurora. In particular, the company’s ability to facilitate fast and effective response to major storm events is a paramount requirement to meet customer expectations and to mitigate operating risks (particularly safety) while the network is compromised.

Accordingly, Aurora’s strategic position is that direct control of emergency response staff to ensure adequate business focus and control of restoration (customer service) and access (safety) activities is maintained and outsourcing these functions will not be considered.

The control room is recognised as a key element of Aurora’s business. The loss of the control room would have immediate and significant implications on Aurora’s ability to operate the network and discharge its obligations to customers. Accordingly, Aurora’s approach to managing this business risk is to have in place contingency plans and a back up control room.

The System Operator will also ensure its operating practices support the ‘Turn Up Once’ Distribution Business Strategy to reduce overall operating costs.
12. RESPONSIBILITIES

Maintenance and implementation of this management strategy is the responsibility of the Group Manager – Asset Performance and Information, the Group Manager – Network Development and Group Manager – Operational Technology and Real Time.

Approval of this management plan is the responsibility of the General Manager – Network.

13. REFERENCES

2. Distribution Business Strategic Plan 2010-2015
3. Aurora Energy Risk Framework (HM-RL-002)
4. Aurora Energy Compliance Policy
5. AuroraSafe
6. AuroraHealth
7. AuroraGreen