Revised Regulatory Proposal

Supporting Information: Install Lightning Arrestors (REILA)

Aurora response to the AER's Draft Distribution Determination

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1. Introduction

Aurora provided the AER with its *Regulatory Proposal* on 31 May 2011 in accordance with the provisions of Chapter 6 of the *Rules*. Aurora also set out its answers to the Regulatory Information Notice (RIN) issued by the AER on 21 April 2011 in its response (*RIN Response*) of 31 May 2011.

The AER have reviewed Aurora's *Regulatory Proposal* and *RIN Response* and provided Aurora with the AER's *Draft Distribution Determination*, associated consultant's reports and AER models on 29 November 2011 in accordance with the provisions of Chapter 6 of the *Rules*.

Aurora provides its *Revised Regulatory Proposal* to the AER in response to the AER's *Draft Distribution Determination* in accordance with the provisions of Chapter 6 of the *Rules*. This document provides specific supporting information as an appended attachment to Aurora's *Revised Regulatory Proposal*

2. Install Lighting Arrestors (REILA)

2.1. Summary

In Aurora's *Regulatory Proposal*, Aurora proposed a program to retrofit lightning arrestors on HV cable poles connected to high-value assets such as ground mounted distribution substations and submarine cables to protect these assets in the event of a lightning strike on the overhead system.

In its *Aurora Revenue Review*[1] report to the AER, the AER's consultant determined that this program was primarily related to addressing reliability (and operational inflexibility) issues with no explanation as to how this decision was arrived at. As a result of this assessment, the AER has rejected this program.

Aurora contends that the AER's consultant made an error in assessing the primary driver of this program as reliability. The primary driver of this program is to provide protection of high-value assets in the event of a lightning strike, with the additional reliability outcomes.

Aurora considers that the AER has made this decision to reject the program to install surge arrestors on HV cable poles based on the incorrect assumption that the driver of the program was reliability and should include the program in Aurora's program of work for the forthcoming *Regulatory Control Period*.

2.2. Background

Historically Aurora loses one ground mounted substation every second year as a result of a lightning strike to the overhead system to which the substation is directly connected where there is no surge arrestor protection.

Aurora's current design and construction standards require lightning arrestors to be installed on every HV cable pole, however there are approximately 1,100 HV cable poles (or 55 per cent) that were installed prior to this requirement being introduced.

In its *Regulatory Proposal*, Aurora proposed a program to retrofit lightning arrestors on HV cable poles connected to high-value assets such as ground mounted distribution substations and submarine cables to protect these assets in the event of a lightning strike on the overhead system.

To efficiently manage this program, it was proposed to co-ordinate with other programs such as the cast-iron pothead replacement program and the substation replacement program and the volumes were forecast based on the volumes proposed for these other programs.

[1] Report – Principle Technical Advisor, Aurora Electricity Distribution Revenue Review, page 126 & 127

In its *Aurora Revenue Review*[2] report to the AER, the AER's consultant determined that this program was primarily related to addressing reliability (and operational inflexibility) issues with no explanation as to how this decision was arrived at. As a result of this assessment, the AER has rejected this program.

Aurora contends that the AER's consultant made an error in assessing the primary driver of this program as reliability. The driver of this program is to provide a cost-effective solution for protection of high-value assets in the event of a lightning strike.

2.3. Conclusion

Aurora considers that the AER has made this decision to reject the program to install surge arrestors on HV cable poles based on the incorrect assumption that the driver of the program was reliability and should include the program in Aurora's program of work for the forthcoming *Regulatory Control Period*.

[2] Ibid

3. Confidentiality

Aurora does not consider any section of this document to be confidential.