

20 December 2018

David Chan
Director, Australian Energy Regulator
Casselden Place
Level 17, 2 Lonsdale St
Melbourne VIC 3000

Locked Bag 14051
Melbourne City Mail Centre
Victoria 8001 Australia
T: 1300 360 795
www.ausnetservices.com.au

Via email: david.chan@aer.gov.au

Dear David

Re: ESV Validation of AusNet Services' 2017-18 Fire Report

Thank you for the opportunity to provide a response to the Energy Safe Victoria's (ESV) validation report submitted to the Australian Energy Regulator. A response to each of ESV's key findings (summarised in Table 7 of their report) is provided in the attachment.

As part of the validation process, ESV identified a discrepancy in AusNet Services fire start report that had a material impact on the calculation of the total IRU amount. This required AusNet Services to issue an amended fire start report. Upon review of incident 20180319SPN_08, AusNet Services determined that the location area had been incorrectly determined. The location area in the fire start report was amended to HBRA only, resulting in the reduction of IRUs. The initial IRU amount of 268.60 was revised down to 227.60 IRUs.

In its validation report, the ESV identified one further issue, which impacts on the calculation of the total IRU amount. The ESV consider the IRU should be further amended from 227.60 IRUs to 226.62 IRUs. AusNet Services considers that it has erred on the side of conservatism in the rating it has applied and we are satisfied our approach is reasonable. Incident 20180628SPN_01 occurred in a LBRA area that is also an electric line clearance area (ELCA). AusNet Services has chosen to report the location area based on the ELCA rating and in doing so we have applied the highest geographic multiplier, rather than the lower multiple applied to LBRA areas. Either interpretation appears to be consistent with the Order In Council. We agree with the ESV that it would be useful for the AER to provide further guidance on how this part of the Order in Council should be interpreted for the purposes of reporting going forward.

There are a number of other issues identified by the ESV, however these did not impact on the calculation of the IRU and we do not consider them to be material issues. Should you have any further enquiries concerning this information please do not hesitate to contact Mr Phillip Bryant, Manager Network Safety on (03) 9695 6219.

Sincerely,



Charlotte Eddy
Manager Economic Regulation
AusNet Services

Attachment – AusNet Services’ Response to ESV’s ‘Table 3 Summary of Findings’

Statistic	Relevant report section	ESV key findings	AST Comment
Clause 6(3)(d)	Request from AER	The fire start report addressed the AusNet Services distribution system separately from other systems managed by the service provider.	Agreed.
Clause 6(3)(e)(i)	Comparative analysis – non IRU factors	<p>There were 90 differences between the assessment of the fire type made by AusNet Services and that made by ESV. Of these, 86 related to the application of interchangeable similar classifications with either classification being appropriate. and A further four were due to differences in the classification of events. These differences were not material to have no impact on the calculation of the total IRU amount.</p>	<p>The 86 issues all related to the same issue, where there are two definitions that appear to be interchangeable:</p> <p>5(a) Started in or originated from a distribution system; or</p> <p>5(f) Otherwise started by a distribution system</p> <p>The ESV appears to agree that they these definitions are interchangeable as stated in its validation report (p.15).</p> <p>AusNet Services continues to report under category 5(f) consistent with historical practice.</p> <p>The ESV appears to have a preference for reporting under category 5(a) and this has resulted in them identifying 86 differences related to this definition. The ESV report gives the impression of a significant deficiency in our reporting and we request the ESV consider whether it can revise the wording to make it clear that this is not a significant issue.</p> <p>Further, to minimise the number of inconsistencies identified in the future, we request the AER advise whether:</p> <ol style="list-style-type: none"> 1. These definitions are

			interchangeable; or 2. Whether the AER considers one of the definitions preferable.
Clause 6(3)(e)(ii)	Comparative analysis – IRU specific factors	<p>There were no material differences in the date and time of incidents in the AusNet Services fire report.</p> <p>There were eleven differences that were potentially material to the calculation of the total IRU amount. Further investigation reduced this four incidents — three required amendment by AusNet Services and one is still under discussion. In the latter case, the concern is not the location of the incident but the appropriate location rating that should be applied in calculating the IRU amount. AusNet Services has erred on the side of conservatism in the rating has applied. This is the reason for the proposed change in total IRU amount below.</p>	<p>Agreed that there were no differences in date and time data.</p> <ul style="list-style-type: none"> - The first two geolocation differences were caused by the known difference between OSIRIS GIS system and AusNet Services Systems. AusNet Services AST GIS system uses GPS to pinpoint the asset’s coordinates. A street address is assigned based on the GPS coordinates and there is some discretion when the street location is entered. - The other two were amended to the more accurate geolocations - The remaining issue is a difference interpreting the ELCA boundaries. Incident 20180628SPN_01 occurred in a LBRA area that is also an electric line clearance area (ELCA). AusNet Services has chosen to report the location area based on the ELCA rating and in doing so we have applied the highest geographic multiplier, rather than the lower multiple applied to LBRA areas. The resultant IRU impact is 1 IRU difference.
Clause 6(3)(e)(iii)	Comparative analysis – non IRU factors	There was one difference between the fire start report and OSIRIS in relation to pole	<p>Agreed</p> <p>We request that the ESV</p>

		<p>identification number. There were five differences between the fire start report and OSIRIS in relation to polyphase electric line identification number. These differences were not material to have no impact on the calculation of the total IRU amount.</p>	<p>consider minor edits to their report to ensure clarity for readers.</p>
Clause 6(3)(e)(iv)	Comparative analysis – non IRU factors	<p>There were no differences between the fire start report and OSIRIS in relation to voltage of the line involved in the fire</p>	<p>Agreed</p>
Clause 6(3)(e)(v)	Verification of IRU amount	<p>The total IRU amount provided in the fire start report (<i>FY18 Ffactor RIN AusNet Services Resubmission 20181126.xlsx</i>) needs to be amended from 227.60 to 226.62.</p>	<p>AusNet Services is not amending its fire start report at this time.</p> <p>We consider that our caution is warranted. However, we will alter our approach if the AER provides advice that our interpretation is incorrect.</p> <p>We are happy to provide further information to the AER to assist them in understanding this issue. As some additional context for the differences in the ELCA boundaries:</p> <ul style="list-style-type: none"> • The 2016 OIC and other BFM regulations prescribed and named LEGL./16-199 – 231 series. • In Sep 2017 DELWP PBSP published a “F factor incentive scheme – Data Access Guide” confirming the geo-map loaded on EM-COP are modified: <ul style="list-style-type: none"> - EM-COP’s geographic risk category sourced from “corresponding to 33 ELCA’s , published and lodged in the Central

			<p>Plan Office and numbered between LEGL./16-199 and LEGL./16-231”</p> <p>- At the same time “excluding areas designated as Low (LBRA)”</p> <p>The variation between 2016 vs. 2017 GIS ELCA layers has been clearly illustrated in the screenshots on ESV validation report (p.13). AusNet Services is using the 2016 OIC and other BFM regulations prescribed and named LEGL./16-199 – 231 series.</p>
Clause 6(3)(e)(f)	Completeness assessment	AusNet Services had reported all fires to ESV as the relevant entity.	Agreed.