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Asset Risk Assessment Overview

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Asset Risk Assessment Overview

1 Introduction

1.1 Purpose

This document describes the risk assessment process used by AusNet Services to identify and assess the highest risks associated with network assets.

These risk assessments are used to inform the development of optimised inspection, maintenance, and replacement programs, forecast future asset replacement capital and operational expenditure, and assist in the prioritisation of work.

1.2 Scope

This document applies to assessing risks associated with all network assets within the three regulated businesses in the development of asset management strategies.

Risks associated with projects are governed by Portfolio Management and Review (PM&R) processes and are not included in the scope of this document.

1.3 Background

1.3.1 Risk Definitions

AS/NZS ISO 31000 Risk Management defines *risk* as the 'effect of uncertainty on objectives'.

ISO Guide 73:2009 Risk Management – Vocabulary defines the *level of risk* (3.6.1.8) as:

Magnitude of a risk or combination of risks, expressed in terms of the combination of consequences and their likelihood.

Consequence is defined as the 'outcome of an event affecting objectives', where an event is defined as an 'occurrence or change of a particular set of circumstances'.

Likelihood is defined as the 'chance of something happening'.

1.3.2 Risk Management Framework

AusNet Services maintains a risk management system that has been designed in accordance with *ISO 31000:2018 Risk Management – Guidelines* to ensure risks are effectively managed to provide greater certainty for our security holders, employees, customers, suppliers and the communities in which we operate.

The Risk Management Framework sets out the overarching philosophy, principles, requirements, and responsibilities for a sound approach of risk oversight, management and ongoing internal control assurance required within AusNet Services.

The Framework addresses the following:

- Governance and responsibilities;
- Risk management principles and methodology;
- How AusNet Services assesses and manages risk; and
- How AusNet Services monitors and reports on risk.

The framework is a blueprint to manage risk consistently across AusNet Services. The asset management system is the primary mechanism by which risk reduction controls are implemented.

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Risks are rated and prioritised under the following categories:

- Health and Safety (Employee and Public);
- Environment and Community;
- Reputation;
- Customers;
- Regulation, Legal and Compliance;
- Management Impact and People; and
- Financial Impact.

By adopting common metrics across the broad range of business risks and investment portfolios, AusNet Services can more effectively manage business risks and optimise network outcomes and objectives.

AusNet Services’ risks are identified, assessed, and managed at all levels in the organisation through network design and operation, incident investigation, asset condition monitoring and performance analysis, workshops, meetings, and one-on-one interviews.

RM 10-01-1 Risk Assessment Process and Criteria provides details on AusNet Services’ risk assessment process and the criteria underpinning analysis.

1.3.3 Risk Management Process

Figure 1 provides an overview of the risk management process.

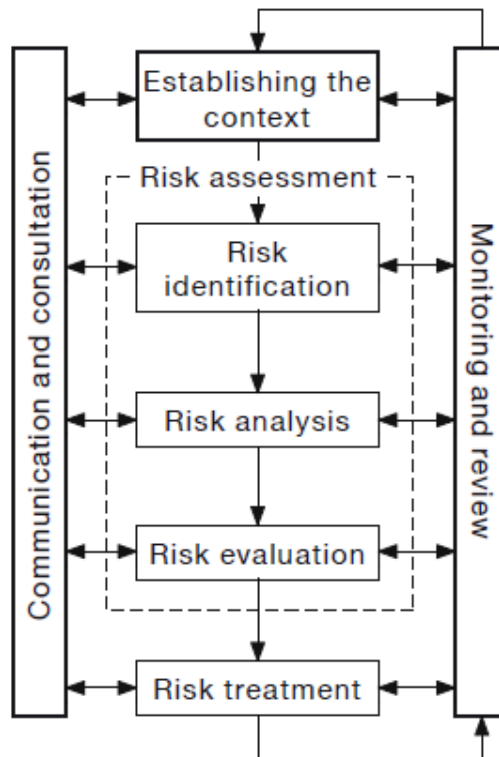


Figure 1: Risk Management Process from AZ/NZS ISO 31000

Asset Risk Assessment Overview

The three stages of the risk assessment process are shown within the dashed box, namely:

1. **Risk identification** – the process of finding, recognising, and describing the risks;
2. **Risk analysis** – the process to comprehend the nature of the risk and determine the level of the risk; and
3. **Risk evaluation** – the process of comparing the results of risk analysis with risk criteria to determine whether the risk is acceptable to the organisation.

1.3.4 Risk Assessment

The purpose of risk assessment is to provide information and analysis to support decisions on how to treat particular risks and how to choose between options where there is uncertainty.

Risks are assessed at the following organisational and functional levels:

- Business Level Risks;
- Operational Level Risks; and
- Asset Related Risks.

Different tools and techniques may be appropriate for different needs and situations.

Business Level Risks

At the business (strategic) level of the organisation risks are typically identified by the executive management team, with input from senior management and endorsement by the Group Risk Committee (GRC) and the Audit and Risk Management Committee (ARMC). They are high level risks that overarch or aggregate the more detailed risks discussed below.

Operational Level Risks

At the operational level risks are typically identified by operational personnel, including managers and field personnel, depending upon the complexity and scope of the risk.

Routine risks, such as those faced by workers performing daily tasks, are assessed as part of the process of undertaking work. Other non-routine risks may be identified and addressed directly through instigation of a review using AusNet Services' Issue and Risk Management System (Enablon) and complex risks may be referred through the Network Safety Management Committee.

Asset Related Risks

Asset related risks are typically identified by engineers in Network Engineering, with input from field personnel. This occurs at the acquisition or design stages, through analysis of asset condition and performance data, and from incident investigations.

It is the assessment of these asset related risk which lie within the scope of this document.

Asset Risk Assessment Overview

2 Overview of Risk Assessment Techniques

2.1 General Considerations

Risk analysis is undertaken in varying degrees of detail, dependent upon the impact of the event, the purpose of the analysis and the availability and quality of asset data and information.

The following points should be particularly noted when undertaking risk assessments:

1. The risk assessment process should be systematic and structured
2. Risk assessment methods should be logically and mathematically correct
3. Risk assessments should be based on best available evidence
4. People with appropriate knowledge and competency should be involved
5. Uncertainty should be explicitly addressed
6. The form and rigour of risk assessment should be appropriate for the decision to be made
7. Human and cultural factors should be considered when assessing risks.

2.2 Risk Identification

The purpose of risk identification is to anticipate what might happen or what situations might exist that might affect the achievement of objectives.

Techniques used by AusNet Services for risk identification include:

- Bow-tie analysis;
- Brainstorming;
- Event tree analysis;
- Failure mode, effects, and criticality analysis (FMECA); and
- Fault tree analysis.

2.3 Risk Analysis

Risk analysis is about developing an understanding of the risk – the causes and sources of risk, their consequences, and the likelihood that those consequences can occur.

Techniques used in analysing risk can be:

- Qualitative;
- Semi-quantitative; or
- Quantitative.

Risks can be assessed to different degrees of depth and detail and using one or many techniques ranging from simple to complex.

The choice of technique is highly dependent on context and the form of assessment and its output should be consistent with the risk criteria developed as part of establishing the context.

2.3.1 Qualitative

Qualitative analysis involves using qualitative and quantitative information to better understand risks.

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Qualitative analysis is often used first to provide a general indication of the level of risk associated with an event or asset class and to reveal the major risk parameters.

Subsequently, more specific semi-quantitative or quantitative analysis is undertaken on the major risk parameters.

Results of qualitative analysis can be used to help identify risk treatment strategies or to compare options which involve several risks of different types or levels that cannot be measured on the same quantitative scale.

Qualitative techniques used by AusNet Services for risk analysis include:

- Bow-tie analysis;
- Consequence/likelihood matrices;
- Event tree analysis; and
- Fault tree analysis.

2.3.2 Semi-quantitative Analysis

The form of qualitative analysis where numerical, ordinal or interval scales are used to rate the consequence and/or likelihood is referred to as semi-quantitative analysis.

AusNet Services uses semi-quantitative risk analysis to assess overall network risk and specific high-level risks, such as reliability, health and safety, environment, physical security, and regulatory compliance.

In the analysis of high-level situations where there are large numbers of contributing factors and influencing control the AusNet Services Risk Management Framework is employed.

Semi-quantitative risk analysis is more objective than qualitative analysis techniques and consumes less time and resources than quantitative analysis. As far as is reasonably practicable, efforts are made to quantify individual contributing factors and influencing controls.

The objective is to produce a more expanded ranking scale than is usually achieved in qualitative analysis.

Semi-quantitative techniques used by AusNet Services for risk analysis include:

- Consequence/likelihood matrices; and
- Failure modes, effects, and criticality analysis (FMECA)

2.3.3 Quantitative Analysis

Quantitative risk analysis is the most objective risk analysis technique.

Quantitative analysis uses representative numerical values to model consequences and/or event probabilities, frequencies, or distribution of values.

From this, numerical values of the probability of outcomes, the extent or level of consequence and their likelihood and/or the level of risk can be derived.

Where accurate and reliable data, covering significant periods is available, AusNet Services uses this fully quantitative approach to assess both network performance and asset failure risks.

Full quantitative analysis may not always be possible or desirable, due to insufficient information about the subject of analysis, lack of data, level of uncertainty or variability that cannot be correctly interpreted mathematically.

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Quantitative techniques used by AusNet Services for risk analysis include:

- Cost-benefit analysis;
- Event tree analysis;
- Failure modes, effects, and criticality analysis (FMECA);
- Fault tree analysis; and
- Monte Carlo simulation.

2.4 Risk Evaluation

Risk evaluation uses the information generated by risk identification and risk analysis to make decisions about which risks need treatment and the priority for treatment implementation.

Ethical, legal, financial, and other considerations, including perceptions of risk, are also inputs into the decision.

It is important to note that the risk analysis informs risk evaluation but does not make the decisions.

2.5 Applicability of Risk Assessment Techniques

Table 1 is an extract from Table A1 *SA/SNZ HB 89:2013 Risk Management – Guidelines on risk assessment techniques*, which provides an assessment of the applicability of each technique to the specific elements of the AS/NZS ISO 31000 risk assessment process.

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Table 1: Applicability of tools and techniques used for risk assessment¹

Tool/ technique	Risk Identification	Control Analysis	Risk Analysis			Risk evaluation
			Consequence	Likelihood	Level of Risk	
Bow tie analysis	A	SA	A	A	A	A
Brainstorming	SA	A	N/A	N/A	N/A	N/A
Consequence/ likelihood matrix	SA	A	SA	SA	SA	A
Cost-benefit analysis	N/A	A	A	N/A	A	SA
Event tree analysis	A	SA	SA	A	A	A
FMEA/ FMECA	SA	A	SA	SA	SA	A
Fault tree analysis	A	A	N/A	SA	A	A
Monte Carlo simulation	N/A	A	A	SA	SA	SA

Notes:

- SA = Strongly applicable – common usage of tool
- A = Applicable – can be used in this context
- N/A = Not applicable

¹ Extract from Table A1 in SA/SNZ HB 89:2013 Risk Management – Guidelines on risk assessment techniques

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3 Description of Risk Assessment Techniques

3.1 Bow-tie Analysis

Bow-tie analysis is a simple way of describing and analysing the pathways of risk from causes to consequences. It displays an event showing a range of possible causes and consequences.

It is used when the situation does not warrant the complexity of a full fault tree or event tree analysis, or when the focus is on ensuring that there is a barrier or control in place for each failure pathway.

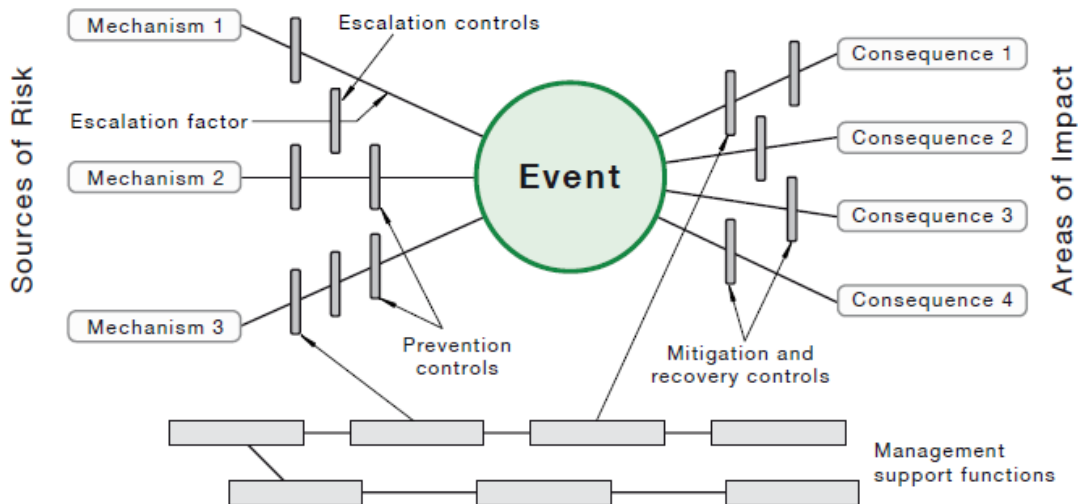


Figure 2: Example of a Bow Tie Diagram (from SA/SNZ HB 89:2013)

A template for conducting bow-tie analysis is given in Appendix C.

3.2 Brainstorming

Brainstorming involves stimulating and encouraging free-flowing conversation amongst a group of knowledgeable people to identify risk, sources of risk, potential failure modes, criteria for decisions and/or options for treatment.

Brainstorming can be used in conjunction with other risk assessment techniques or at any stage of the risk management process to encourage imaginative thinking.

3.3 Consequence/Likelihood Matrix

The consequence/likelihood matrix is a means of combining qualitative or semi-qualitative ratings of consequence and likelihood to produce a level of risk or risk rating.

It is commonly used as a screening tool when many risks have been identified to determine which need further or more detailed analysis, which risks need treatment first, or which risks need to be referred to a higher level of management.

It may be used in situations where there is insufficient data for detailed analysis, or the situation does not warrant the time and effort for a more quantitative analysis.

RM 10-01-1 Risk Assessment Process and Criteria provides guidance on AusNet Services' risk assessment process and the criteria underpinning analysis using a consequence/likelihood matrix.

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Table 2 is the corporate risk level matrix, reproduced from RM 10-01. It can be seen that there is a skew so that risks with the highest levels of consequence, even if the likelihood is low, are rated as extreme or very high – this is typical of organisations with a risk attitude that is strongly adverse to high consequence events.

Table 2: AusNet Services Risk Level Matrix

		Consequence				
		1	2	3	4	5
Likelihood	Almost Certain	C	C	B	A	A
	Likely	D	C	B	B	A
	Possible	E	D	C	B	A
	Unlikely	E	D	D	C	B
	Rare	E	E	D	C	C

AusNet Services has developed the asset replacement risk matrix given in Table 3 to guide asset replacement decisions.

Table 3: Asset Replacement Risk Matrix

		Condition (Likelihood)				
		C1	C2	C3	C4	C5
Asset Criticality (Consequence)	>10 times replacement cost					
	<=10 times replacement cost					
	<=3 times replacement cost					
	<=1 times replacement cost					
	<=0.3 times replacement cost					

This matrix was developed using assets where there was sufficient data to perform cost-benefit or Monte Carlo analysis and mapping the results to a matrix. The resulting matrix is then used for assets where there is limited asset data.

Further details on the derivation of the asset replacement risk matrix and its application are provided in Appendix D.

3.4 Cost-Benefit Analysis (CBA)

Cost-benefit analysis (CBA) can be used during risk evaluation where total expected costs are weighed against the total expected benefits in order to choose the best option.

Quantitative CBA aggregates the monetary value of all costs and all benefits to all stakeholders that are included in the scope and it adjusts for different time periods in which the costs and benefits accrue.

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The net present value (NPV) which is produced becomes an input into decisions about risk.

Further details of AusNet Services’ economic assessment process can be found in *AMS 10-24 Asset Renewal Planning Guideline and AMS 20-16 Distribution Network Planning Standards and Guidelines*.

3.5 Event Tree Analysis

Event tree analysis is produced to model the possible outcomes that could occur from a given initiation event and the status of mitigating factors. It can be applied both qualitatively and quantitatively.

Event tree analysis can be used for modelling, calculating, and ranking different accident scenarios following the initiating event.

An example event tree is given in Figure 3.

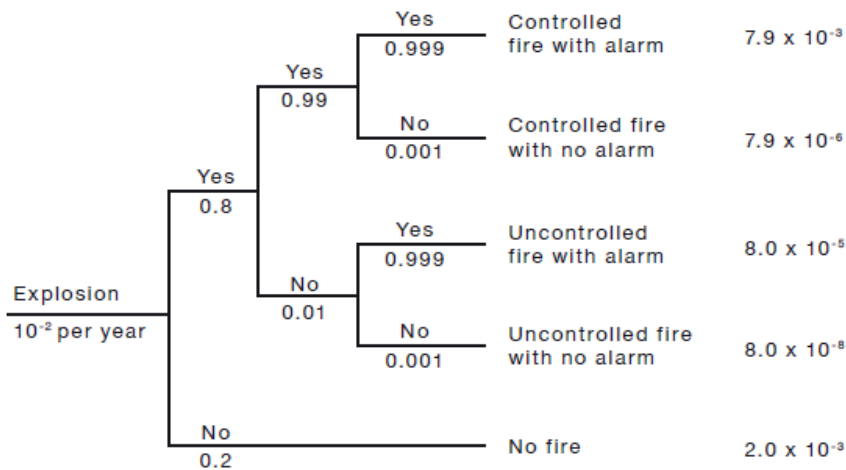


Figure 3: Example of an Event Tree (from SA/SNZ HB 89:2013)

3.6 Failure Mode and Effect Analysis (FMEA) and Failure Modes, Effects and Criticality Analysis (FMECA)

3.6.1 Overview

Failure Mode and Effects Analysis (FMEA) is a technique used to identify the ways in which components, systems, processes, or procedures can fail to fulfil their objectives.

FMEA identifies the following:

- All potential failure modes of the various parts of a system
- The effects these failures may have on the system
- The mechanisms of failure
- How to avoid the failures and/or mitigate the effects of the failures on the system.

Failure Mode, Effects and Criticality Analysis (FMECA) extends FMEA so that each fault mode identified is ranked according to its importance, or criticality.

FMEA and FMECA need information about the elements of the system in sufficient detail for meaningful analysis of the ways in which each element can fail.

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3.6.2 Failure Mode and Effects Analysis (FMEA)

A Failure Mode and Effects Analysis (FMEA) is often the first step of a system reliability study. It involves reviewing as many components, assemblies, and subsystems as possible to identify failure modes, and their causes and effects. For each component, the failure modes, and their resulting effects on the rest of the system are recorded in a specific FMEA worksheet.

It is a systematic method to identify primary and secondary functions of the system and the failure modes that prevent the system from performing its designed purpose.

A FMEA can be a qualitative analysis but may be put on a quantitative basis when mathematical failure rate models are combined with a statistical failure mode ratio database.

The steps to developing a FMEA are:

1. Define the scope and objective of the study
2. Assemble the team
3. Understand the system to be analysed
4. Break down the system into components
5. Define the function of each component

For each component:

1. How can each part fail?
2. What mechanisms might produce these modes of failure?
3. What are the effects if the failure did occur?
4. Is the failure in the safe or unsafe direction?
5. What inherent provisions are provided in the design to compensate for the failure?
6. How is the failure detected?

In FMECA, the study team goes on to classify each of the identified failure modes according to its criticality.

3.6.3 Failure Mode, Effects and Criticality Analysis (FMECA)

Failure Mode, Effects and Criticality Analysis (FMECA) is an extension of FMEA. It aims to rank each potential failure mode according to the combined influence of its severity classification of the consequences and probability of failure based on the best available data, i.e. the criticality of a potential failure mode is combination of the severity of its consequences and its frequency of occurrence.

It is a bottom up analytical method which is used to chart the probability of failure modes against the severity of their consequences.

The result highlights failure modes with relatively high probability and severity of consequences, allowing remedial efforts to be directed where it will produce the greatest value.

AusNet Services uses FMECA rather than FMEA when using these techniques for risk assessment.

3.7 Fault Tree Analysis

Fault tree analysis is a technique for identifying and analysing factors that can contribute to a specified undesired event (called the 'top event').

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Causal factors are deductively identified, organised in a logical manner, and represented pictorially in a tree diagram.

A fault tree may be used to identify potential causes and pathways to failure and to calculate the probability of the top event given knowledge of the probabilities of causal events.

An example fault tree is given in Figure 4.

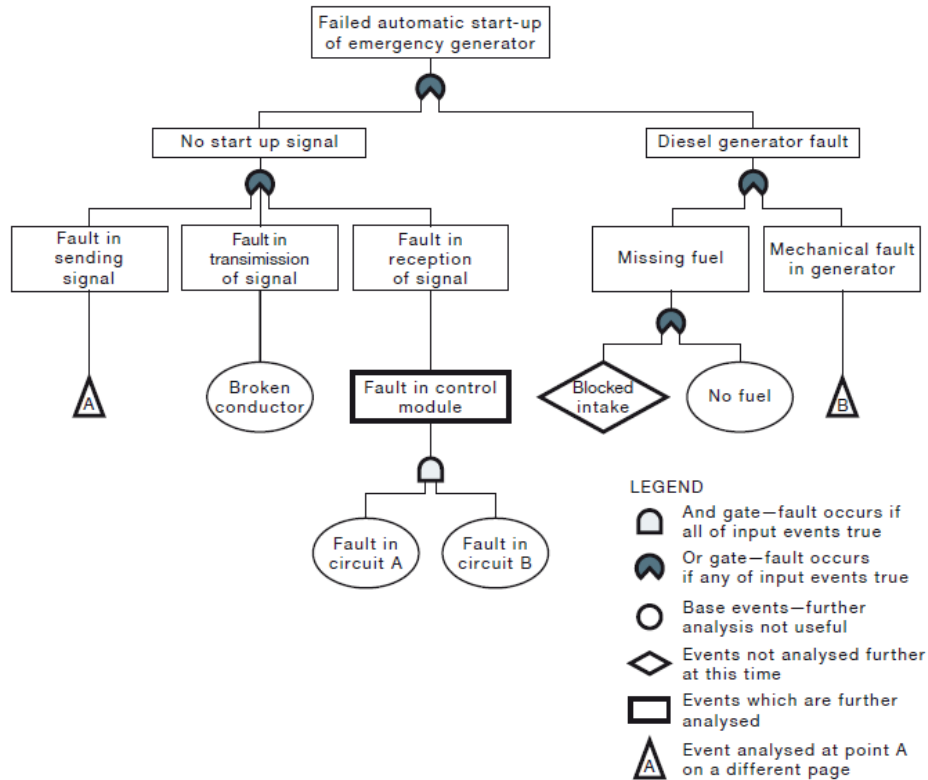


Figure 4: Example of Fault Tree (from SA/SNZ HB 89:2013)

3.8 Monte Carlo Simulation

Many systems are too complex for the effects of uncertainty on them to be modelling using analytical techniques, however they can be evaluated by considering the inputs as random variables and running a number (N) of calculations (called simulations) by sampling the input in order to obtain N possible outcomes of the result.

Monte Carlo simulation is a technique that provides probabilistic solutions to problems expressed mathematically. Selecting values at random from the probability function for an uncertain variable, it repeatedly calculates the equations to determine the range of possible outcomes and their probabilities..

AusNet Services uses Isograph’s Availability Workbench (AWB) to perform Monte Carlo simulations to assess the risk associated with asset replacement and maintenance programs.

Further details on assessing the risks associated with asset replacement and maintenance programs can be found in *AMS 01-07 Reliability Centred Maintenance Application Guide*.

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4 Determining Consequence

AS/NZS ISO 31000 Risk Management defines the level of risk the magnitude of a risk, or combination of risks, expressed in terms of the combination of consequences and their likelihood.

When looking at asset failure risk, there is a possibility that a given consequence, or failure effect, may occur but it is not always certain that it will occur. The probability an asset failure will result in a given consequence is known as ‘likelihood of consequence’.

Figure 5 shows the relationship between the level of risk, the probability of asset failure, the probability the asset failure results in a given consequence and the consequence.

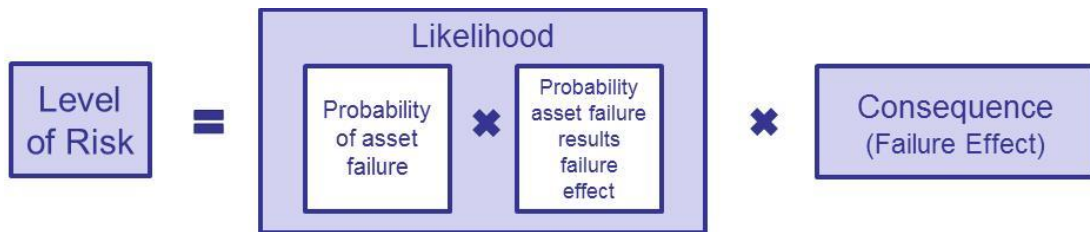


Figure 5: Relationship between level of risk, likelihood, and consequence

Figure 6 illustrates the factors contributing to the likelihood of consequence for a fatality resulting from an explosive asset failure.

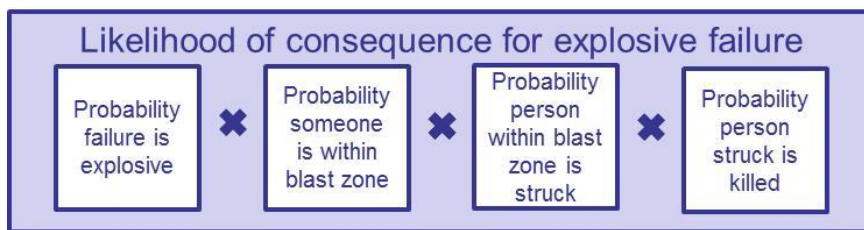


Figure 6: Likelihood of consequence for explosive failure

Rearranging the equation given in Figure 5, the failure effect cost is calculated by multiplying the probability a failure will result in a given failure effect by the estimated cost of that consequence (Figure 7).

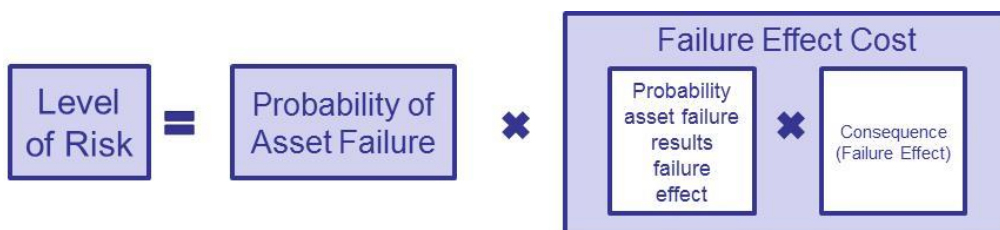


Figure 7: Relationship between probability of asset failure and failure effect cost

The consequences of failure considered in asset risk analysis include:

- Bushfire
- Safety
- Supply
- Environment
- Collateral Damage
- Reactive repair/replacement

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- Obsolescence
- Criticality

These broadly align with the asset management objectives to ensure that the assets are supporting the organisation in achieving its goals.

The notable exception is the objective of complying with legal and contractual obligations. Compliance with legal and contractual obligations is seen as mandatory, and not subject to a risk analysis, aligning with our corporate value 'We do what's right'.

4.1 Bushfire

The failure effect cost for bushfire is the product of:

- Probability of fire ignition
- Probability of unfavourable weather conditions
- Expected house loss
- Bushfire loss value

This data is sourced from the Victorian Bushfire Royal Commission (VBRC) Final Report, government departments, Bureau of Meteorology and CSIRO.

The bushfire loss value is comprised of all the costs identified in the VBRC Final Report, scaled by the number of properties lost. The cost of fatalities is included, but is separated out to allow for the inclusion of disproportionality factors, as per the approach to calculating the failure effect cost for safety (Section 4.2).

Energy Networks Australia is undertaking further work to establish the costs associated with bushfire ignition from electricity assets, and this work may be adopted by AusNet Services in the future.

AMS Continual Improvement Report – A methodology for quantifying bushfire risk costs provides details on how the bushfire failure effect costs are calculated.

4.2 Safety

The failure effect cost for safety is the product of:

- Likelihood of consequence
- Value of statistical life
- Value of Lost Time Injury
- Disproportionality factor

The likelihood of consequence is sourced from the *DNO Common Network Asset Indices Methodology* (Table 215).

The value of statistical life is sourced from the Australian Government's *Best Practice Regulation Guidance Note Value of statistical life*, escalated to current year dollars.

The value of a lost time injury is source from Safe Work Australia's *The Cost of Work-related Injury and Illness for Australian Employers, Workers, and the Community (2012-13)* (November 2015), Table 2.3b Electricity, Gas, Water and Waste Services.

The disproportionality factors provide guidance on the reasonableness of costs associated with safety risk mitigation measures to meet the requirements of the *Electricity Safety Act 1998*. They are a measure of society's expectation of how much should be spent to prevent a fatality. Higher values of disproportionality are justified when the consequences or likelihood

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are higher. They may also be higher when there is a low level of trust that a risk is being adequately managed.

Refer to Appendix D for further information on disproportionality factors.

Refer to Appendix F for safety effects costs calculations.

4.3 Supply

The failure effect cost for supply risk is the product of:

- Value of customer reliability (VCR)
- Expected Unserved Energy (EUE)

The VCR provides a measure, in dollars per kilowatt-hour, of the value different types of customers place on having a reliable electricity supply. AusNet Services applies VCR values based on the Australian Energy Regulator's (AER) Values of Customer Reliability Review² published in December 2019. Alternative VCR values may be applied on a case-by-case basis where AusNet Services demonstrates a plausible reason for doing so. However, changing from the AER values is very rare and only by exception.

The values currently used were set by the AER in 2019 and are indexed annually to the consumer price index.

The VCR values for each class of customer are combined with the customer mix, based on preceding year's annual energy consumption by customer sector, at each connection point.

The Value of Unserved Energy failure effect is calculated by multiplying the expected unserved energy (EUE) (kWh) by the VCR (\$/kWh) applicable to the relevant zone substation or terminal station.

Probabilistic planning requires the estimation of EUE for a given demand projection. Demand forecasts are produced each year for the next 10 years at AusNet Services transmission terminal stations, zone substations and distribution feeders for both summer and winter periods.

The demand forecasts are produced for the 'medium' economic growth scenario and include both 50% probability of exceedance (POE) of the maximum demand and 10% POE of the maximum demand.

EUE is typically calculated on an hourly basis by scaling historical demand curves by the demand forecasts and comparing these hourly demand levels with network limitations. Hourly EUE is summated and presented on a per year basis for the forward planning period. The EUE calculation for sub-transmission network planning, including zone substation supply risk is as follows:

$$EUE = [w_{10} \times EAR_{D10} + w_{50} \times EAR_{D50}] \times Pr(f) \times MTTR$$

Where:

EAR_{D10} = Energy At Risk using 10%POE demand forecast

EAR_{D50} = Energy At Risk using 50%POE demand forecast

w_{10} = 0.30 (Weighting applied to 10%POE)

w_{50} = 0.70 (Weighting applied to 50%POE)

² Australian Energy Regulator 2019, *Values of Customer Reliability Final Report on VCR values December 2019*, Australian Energy Regulator, Melbourne.

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Pr(f) = Probability of Failure

MTTR = Mean Time To Repair (i.e. the mean time to restore supply)

In addition to the energy at risk in the event of an asset failure, the supply risk also includes a component for the energy at risk for any forecast load above the system normal supply capability.

4.3.1 Asset Supply Criticality

Transformer supply criticality (consequence of loss) as explained is the value of EUE for customer connected transformers (i.e. B, L, U, X transformers) and market impacts for shared network transformers (i.e. A, F, H, M transformers).

The EUE calculation uses the 2019 Transmission Connection Planning Report (TCPR) to determine station maximum demand, station installed capacity, n-1 energy at risk, to calculate the n-1 and n-2 dollars per hour. This assumes an average station loading of 0.65 of the maximum demand. In order to calculate the n-2 impact the maximum demand was divided by the average transformer rating, the n-1 rating was then compared to the average station loading, and the difference was determined to be the shortfall created by the loss of two transformers – for example two transformer stations and n-2 failure results in a terminal station black. The formulae used is shown below. See Appendix J for Transformer market impact

$$\text{VCR Criticality (\$/h)} = \left(\frac{[\text{N-1 energy risk (MWh)}]}{8760 \text{ (h)}} + \frac{\text{Pr(second transformer failure)} \times [\text{N-2 Shortfall (MW)}]}{\text{AD (MW)}} \right) \times \text{STS Black (\$/h)}$$

Transmission lines transmits power directly from one terminal station to another. When a line outage occurs due a failure one path between two terminal stations is broken. If all lines feeding a terminal station are out than the terminal station will not be transmitting any power to the connected zone substations. The assumption used for the VCR calculation is that a line outage will lead to a terminal station black if all other lines are already out and until that occurs, one line can supply the entire load of the terminal station. The general equation for the hourly VCR criticality for a line element resulting in a terminal station black is:

$$\$/h/\text{floc} = (\text{TS Black \$/h}) \times (\text{Average Total Line Unavailability})^{(\text{Redundant Lines})}$$

Average line unavailability statistics come from AEMO, the terminal station Black \$/h come from the Transmission Connection Planning Report (TCPR) and the number of redundant lines are the number of lines feeding a station minus 1.

The NEM criticality value results from the outage of a line element that constrains the network by preventing an interstate transfer or prevents a generator from participating in the market. The value is calculated by the customer load that would have to be shed in order to maintain a stable network – this is referred to as Indirect VCR – as well as the increased cost of fuel required to feed the load in the absence of a constrained generator – this is referred to as binding. Binding may also occur as a result of the constraint of an interstate connector. Generation binding criticality is the difference between the cost of running a gas fired power station to the lost generation – often renewable generators. Both VCR – direct

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and indirect – and binding values are summated for a line. The line is then mapped to the individual elements including wire segments and towers.

The CB and other station assets, such instrument transformers, supply criticality is determined based on their outage impact to the Transformers and Lines and the compound probability of a CB failure causing a terminal station black. The terminal station black is calculated from the value of the connected lines as determine from

- AEMO market studies that model the load to be shed in order to retain a secure market as well as an increase in fuel costs to run up a gas generator to meet the shortfall,
- AusNet assignment of AEMO values to similar circuits
- Direct calculations of load loss and generator fuel increase resulting from a constraint on the north-west loop.

See Appendix J for market impact costs

4.4 Environment

The failure effect cost for environment is the product of:

- Probability of an uncontrolled release of oil, gas or smoke
- Expected environmental cost of a single release event

Refer to Appendix G for environmental effects costs calculations for station assets.

The expected environmental cost for lines assets is assumed to be negligible.

4.5 Collateral Damage

The failure effect cost for collateral damage is the product of:

- Probability of failure being explosive
- Probability of equipment being damaged if failure is explosive (damage factor)
- Expected collateral damage cost

Refer to Appendix H for collateral damage effects costs calculations for station assets.

Refer to appendix L, the expected collateral damage cost for lines assets. This is related to expected third party damage caused by initial event and easement damage during restoration work.

4.6 Reactive Repair/Replacement

The failure effect cost for reactive repair/replacement is the cost of replacing the asset. It is assumed that all failures result in the requirement to replace the asset.

The unit rates developed for project and business case estimation are used for the reactive replacement costs.

4.7 Obsolescence

Determine obsolescence mitigation solutions for assets identified in the Risk Analysis Report with a risk score equal to or greater than R3. This is achieved by reviewing the impacted equipment market availability and evaluating the current stocks of spares. Obsolescence affects all equipment during intended or extended lifecycles due to normal wear or failures. It

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can be viewed as a process in which value or usage of an asset reduces over time or described as the unavailability of equipment from the original manufacturer.

Obsolescence has become an issue for communication assets because of the rapid growth of the electronics industry. This rapid growth has led to short lifecycles for electronics-based equipment translating into a rapid rate of technology change. A product of this is that manufacturers stay on the leading edge of technology to prevent loss of market share to competitors. This is generally true for high volume electronics equipment, like consumer products. However, for some sectors, including the utility industry, it is difficult to adopt leading edge technology because equipment is intended for use over extended periods, which in many cases exceeds the design life of the electronics components. In industries such as electricity, the costs associated with technology and design change are typically very high.

The three broad areas which are affected by obsolescence are; functional, technological, and logistical.

Functional obsolescence refers to reduced usefulness of the equipment and/or inability to be adapted to meet new functional requirements.

Technological obsolescence occurs with the evolution of technology - as newer technology appears, the older one cease to be used.

Logistical obsolescence is when manufacturers and suppliers stop producing, selling, and supporting a product.

Irrespective of the area affected by obsolescence, the solution to managing obsolescence must balance the probability of obsolescence occurring and expected impact. Solutions designed to mitigate obsolescence includes bulk purchase of spares, equipment substitution, salvaging spares, reverse engineering, and ultimately system design changes when all other options are exhausted.

ASSET IDENTIFICATION

- List of assets with risk score R3, R4 or R5 are extracted from the risk analysis report
- Group the assets by vintage and/or model
- Confirm that obsolescence is the major contributing factor

ASSET MAINTAINABILITY

- Assess the asset group from a maintenance resource perspective excluding spares.
- Evaluate availability of maintenance skills, documentation, tools, and other support equipment.
- If the asset is not maintainable, find alternative equipment otherwise assess market availability

MARKET AVAILABILITY

- Establish if asset is still in production and for how long
- If production of the asset has ceased determine if the item still be purchased and for how long

Market availability of the asset impacts the mean time to repair (MTTR) of a failed asset. If the asset is still available on the market in the next three years, then the MTTR meets the business-as-usual requirements and obsolescence should not be an input to the risk model.

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EXISTING ASSET SOLUTIONS

- If production is expected to terminate in less than three years, AusNet Services should negotiate to extend production or support of the equipment. If economical, an agreement should be put in place and the risk score modified.
- If it is not economic or practical to extend production or support but spares are available on the market, a bulk purchase of spares to last 2 - 3 years should be undertaken before end-of-sale date.
- If purchase of spares is not an option, a plan to salvage parts from decommissioned assets should be put in place.
- If production, support, and spares can be sustained for more than three years, obsolescence should not be included as an input in the risk model.

ALTERNATIVE EQUIPMENT

If an asset is not maintainable or spares are projected to run out in less than three years, then alternative equipment should be identified.

- If alternative equipment is available and has been tested and approved by AusNet Services to perform the function, obsolescence should not be an input to the risk model
- If the alternative equipment is not tested, uses similar technology, and uses existing interfaces, obsolescence is an input to the risk model and the MTTR is equal to the time to design and test new equipment.
- If the alternative equipment is not tested, uses similar or different technology, and will impact existing interfaces, obsolescence is an input to the risk model and the MTTR is equal to the time of a system redesign.

See Appendix I for the process flow chart

4.8 Easements

4.8.1 Overhead Line Road and Rail Crossings

The failure effect cost for road crossings is calculated by considering the impact of a conductor drop, ground wire drop, or tower collapse event at different VicRoads road categories.³ The methodology considers the traffic flow characteristics and type of vehicles that will be using the carriageway.

Using this information, assumptions are made on the number of vehicles that will be involved in an accident, the number of occupants affected, as well as the varying degrees of injuries suffered by the occupants, and on certain road categories such as Freeways, Highways, and Arterial Roads – the number of fatalities.

In addition to these immediate effects, the community impact of lost productivity is added to the number of vehicles that must be repaired and/or written off due to the event.

³ *Bureau of Transport and Communications Economics (1994) The Costs of Road Accidents in Victoria - 1988.* In Victorian Transport Externalities Study (a series of papers prepared by consultants), Publication No. 415, Environment Protection Authority.

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Table 4: Relationship between the VicRoads Rd Category to AusNet Services' Rd Class Code.

AusNet Services Road Class Code	VicRoads Rd. Category	Description
0	Rd 11	Track
1	Rd 4	Collector road
2	Rd 3	Sub-arterial road
3	Rd 2	Arterial road
4	Rd 1	Highway
5	Rd 0	Freeway

For railway crossings, the failure effect cost is calculated based on the service function of the railway. The effect cost for railway lines carrying passengers is assumed to be similar regardless whether the line is in the metropolitan or country area. The effect cost is calculated based on the potential to impose injury to the passengers.

For railways used to transport bulk goods, produce or animal stock, the effect costs considers the damage to the train, the delay and/or waste in the produce being transported.

Table 5: Railway Crossing Class Code

AusNet Services Railway Xing Class Code	Rail Class Code Description
0	No Rail Xing
1	Rail Xing

The effects costs for the various combinations of Rail / Road Crossings are provided in **Appendix K**.

4.8.2 Overhead Line Easement Type/Urban Score

The failure effect costs for a conductor drop, ground wire drop, or tower collapse event at a particular type of easement is calculated by considering how the easement is utilised and what is found within its boundaries.

The impact ponders the safety risks and collateral damage risks to third parties or community members living close to the circuits.

For rural easements, a drop conductor/ground wire, or tower collapse event is expected to incur property disturbance, a small chance of public injury, but no house damage. For urban areas with clear easements, such an event is expected to sustain some level of property disturbance, but no structure/house damage, with a small chance of injury to a member of the public. For urban areas with built-up easements a failure event has a high expectation of incurring property disturbance and structure damage, with medium chance of injury to members of the public.

Table 6 below provides the details for Urban Score, while the effects costs for the various easement types are given in **Appendix L**.

Table 6: Urban score ratings and details

Urban Score	Description
0	Rural area
1	Residential area with clear easement
2	Residential area with built-up easement

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5 Determining Likelihood

5.1 Overview

As the condition of an asset deteriorates the likelihood of asset failure, and hence the risk associated with asset failure, increases.

Often this deterioration is linked to the age of the asset (i.e. the asset deteriorates over time), but asset condition is also influenced by other factors such as the loading on the asset, the environment it is installed in and frequency of operation.

In the absence of any meaningful condition information, asset age can be used as a proxy for condition.

5.2 Asset Condition Scores

AusNet Services uses condition monitoring to gather data for assets using a variety of techniques to create several measures of condition, known as “asset health indices”.

These asset health indices are combined into a single ‘condition score’ on a scale of 1 to 5. The condition score range is consistent across asset types and relates to the expected remaining asset life.

Table 7 provides an overview of the asset condition scores.

Table 7: Condition Score Definition

Condition Score	Rating Scale	Condition
C1	Very Good	The asset is in very good condition with no past history of significant defects or failures.
C2	Good	Deterioration has minimal impact on asset performance. Minimal short-term asset failure risk.
C3	Average	Functionally sound showing some wear with minor failures, but asset still functions safely at adequate level of service.
C4	Poor	Advanced deterioration – plant and components function but require a high level of maintenance to remain operational.
C5	Very Poor	The asset is in very poor condition, is maintenance intensive and is approaching end of life.

Where there is sufficient asset failure history, this can be combined with the condition data, to determine a probability of asset failure.

5.3 Probability of Asset Failure

5.3.1 Weibull Distribution

The two-parameter Weibull distribution is the most widely used distribution for life cycle analysis. The Weibull distribution can be used to model failure data regardless of whether the failure rate is increasing, decreasing or constant. It is flexible and adaptable to a wide range of data and a life cycle distribution can be modelled even if not all of the items have failed.

The instantaneous failure rate, $\lambda(t)$, (sometimes referred to as hazard rate, $h(t)$) of the two parameter Weibull distribution is given in Equation 1.

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$$\lambda(t) = \beta \cdot \frac{t^{\beta-1}}{\eta^\beta}$$

Equation 1: Two parameter Weibull Instantaneous Failure Rate⁴

Where:

t = time

η (eta) = characteristic life or scale parameter

β (beta) = shape parameter

The shape parameter indicates the rate of change of the instantaneous failure rate with time.

Three ranges of the shape parameter are salient:

- For $\beta = 1.0$, the Weibull distribution is identical to the exponential distribution and the instantaneous failure rate, then becomes a constant equal to the reciprocal of the scale parameter, η .
- For $\beta > 1.0$, the instantaneous failure rate is increasing; and
- For $\beta < 1.0$, the instantaneous failure rate is decreasing.

A shape parameter of $\beta=3.44$ is a fair approximation of a normal distribution.

The characteristic life, η , is the time at which 63.2% of the items are expected to have failed. This is true for all Weibull distributions, regardless of the shape parameter.

5.3.2 Estimating Weibull Parameters

Isograph's Availability Workbench software has a Weibull module which can be used to estimate Weibull parameters based on asset failure data.

Failure data consists of historical failures (ZK notifications in SAP and OMU work orders in SAP or Power On Fusion) that have been coded to their corresponding failure mode.

To model a particular failure mode, in addition to the details of actual failures, the following data needs to be included in the data set as 'suspended' failures to accurately predict the natural failure rate of the asset:

- Asset failures where the failure mode was different to the failure mode being modelled;
- Defects detected during asset inspections (ZA notifications in SAP) and rectified prior to failure; and
- All in-service assets.

The correlation co-efficient, ρ (rho), is a measure of how well the estimated parameters fit the data. The closer to 1, the better the data fit. A value of ρ of less than 0.9 is a sign of poor correlation and the data should be reviewed for competing failure modes.

5.3.3 Condition-based probability of failure

As discussed in Section 5.2, the condition of each asset is assessed on a five-point scale (C1, C2, C3, C4 and C5).

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To establish a probability of failure for an individual asset, the asset condition scores need to be mapped on to the failure distribution curve. This is done by assigning a remaining service potential to each of the asset condition scores, as per Table 8.

Table 8: Relationship between Condition Score and Remaining Service Potential

Condition Score	Remaining Service Potential (RSP%) ⁵
C1	95
C2	70
C3	45
C4	25
C5	15

Thus, an asset with a 50-year characteristic life with a condition C1 is assumed to have a condition-based age of 2.5 years (5% of 50), whilst an asset with a 45-year characteristic life with a condition C4 is assumed to have a condition-based age of 33.75 years (75% of 45).

This condition-based age is then used to calculate the probability of failure from the associated Weibull distribution.

See Appendix M for the Weibull rates for the different assets.

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6 Risk Based Asset Management

Broadly speaking, AusNet Services' assets can be divided into:

- High volume, low value assets in public places
- Low volume, high value assets in secure fenced areas, such as terminal and zone substations

6.1 High Volume, Low Value Assets

The low replacement cost for high volume, low value assets in public places means proactive preventative maintenance and refurbishment are rarely economic options for managing this type of asset.

Typically, high volume, low value assets in public places are managed using inspection programs to trigger condition-based replacements.

Public safety, bushfire and supply interruption risks are used to inform the business rules governing asset inspection intervals and replacement criteria of these inspection programs.

FMECA techniques are useful for understanding asset functions and failure modes.

Monte Carlo simulation techniques using purpose-built software, such as Availability Work Bench, are valuable in optimising inspection intervals based on risk.

Further information can be found in *AMS 01-07 Reliability Centred Maintenance Application Guide*.

6.2 Low Volume, High Value Assets

The replacement cost for low volume, high value assets means that proactive preventative maintenance and refurbishment become viable economic options in the management of this type of asset.

Historically, inspection and maintenance intervals for low volume, high value assets have been based on a combination of manufacturer recommendations, industry experience and failure rates.

FMECA and Monte Carlo simulation techniques are increasingly being used to further optimise the maintenance of these assets.

The fundamental principle underpinning the management of low volume, high value assets is the stabilisation of risk. Fleet risk models are used to quantify the risks associated with these assets. These risk models consider the risks associated with safety, environmental damage, collateral damage, supply, and reactive asset replacement combined with probabilities of failure based on asset condition.

Depending on the assets and the information available on them, these risk models may include:

- Consequence/likelihood matrix
- Cost-benefit analysis
- Monte Carlo simulation

The decision to proactively maintain, refurbish or replace an asset is made when the risk benefit (i.e. the reduction in risk) gained by undertaking the activity is greater than the cost of undertaking the activity.

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Appendix A Schedule of Revisions

Issue	Description
1	Original issue.
2	<p>Updated with feedback from organisation.</p> <p>Fix minor typing errors.</p> <p>Clarified AusNet Services uses FMECA rather than FMEA.</p> <p>Section 3.3 added further details on the derivation of the asset replacement risk matrix, including the addition of Appendix C. Consequence scale on asset replacement matrix changed.</p> <p>Section 3.6.3, added emphasis on criticality being combination of consequence and frequency of occurrence.</p> <p>Section 5.1 clarified that deterioration in condition leads in an increase in likelihood of failure and a subsequent increase in risk.</p> <p>Section 5.3 added new subsection on how condition-based probabilities are determined and deleted subsection on small population assets.</p> <p>Section 6.1 clarified proactive preventative maintenance.</p> <p>Section 6.2 included proactive preventative maintenance and refurbishment in addition to replacement.</p> <p>Appendix Schedule of Revisions.</p> <p>Appendix Acronyms added.</p> <p>Appendix added for Weibull Rates</p> <p>Appendix added for Obsolescence Model</p> <p>Appendix added Transformer Market Impact</p> <p>Appendix added Road/Rail crossing effects costs</p> <p>Appendix added Easement Type effects costs</p> <p>Section 4.7 added for Asset Obsolescence</p> <p>Section 4.8 added for Asset Criticality for Transformers and Transmission Lines</p>

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Appendix B Acronyms

AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
ARMC	Audit and Risk Management Committee
AWB	Availability Workbench
CBA	Cost-Benefit Analysis
DF	Disproportionality Factor
EUE	Expected Unserved Energy
FMEA	Failure Mode and Effects Analysis
FMECA	Failure Mode, Effect and Criticality Analysis
GRC	Group Risk Committee
HBRA	Hazardous Bushfire Risk Area
HSE	Health and Safety Executive
IRU	Ignition Risk Unit
LBRA	Low Bushfire Risk Area
NPV	Net Present Value
PCB	Polychlorinated Biphenyl
PM&R	Portfolio Management and Review
POE	Probability of Exceedance
REFCL	Rapid Earth Fault Current Limiter
VBRC	Victorian Bushfire Royal Commission
VCR	Value of Customer Reliability

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Appendix C Bow-tie Risk Assessment Template

Bow-Tie Risk Assessment Tool

The diagram illustrates a bow-tie risk assessment tool. At the center is a circle labeled "Description of Event" with "Hazardous Event" written above it. To the left is a purple triangle labeled "Preventative Controls Pre-event" with a green arrow pointing down to a table. To the right is a purple triangle labeled "Recovery Controls Post event" with a green arrow pointing down to a table. Above the central circle are two pink boxes: "Causes" on the left and "Consequences" on the right, each with a table below it. Below the "Preventative Controls" triangle is a table with two columns: "Controls which exist now for Causes (above)" and "Control Owner". Below the "Recovery Controls" triangle is a table with two columns: "Controls which exist now for Consequences (above)" and "Control Owner". Below these are two tables for "Future controls" with columns for "Future controls", "Task Owner", and "Due Date". At the bottom are six pink boxes: "Risk Control Effectiveness", "Consequence Factor", "Likelihood Factor", "RISK RATING" (with a red border), "Potential Exposure" (with "\$ per year" below it), and "Risk Owner".

Causes		Preventative Controls Pre-event ↓	Hazardous Event Description of Event	Recovery Controls Post event ↓	Consequences		
Controls which exist now for Causes (above)		Control Owner			Controls which exist now for Consequences (above)		Control Owner
Future controls		Task Owner	Due Date	Future controls		Task Owner	Due Date
Risk Control Effectiveness	Consequence Factor	Likelihood Factor	RISK RATING	Potential Exposure	\$ per year	Risk Owner	

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Appendix D Asset Replacement Risk Matrix

The asset replacement risk matrix has been derived based on the assumption that assets are replaced when the annual risk cost is greater than the annualised asset replacement cost.

To demonstrate the derivation of the matrix, the following values are assumed:

- The asset replacement value is [C-I-C]
- The asset replacement life is 45 years (the characteristic life (η) of a Weibull distribution is taken to be the asset replacement life)
- A discount rate of 6.44%.

For this asset, the annualised replacement cost is [C-I-C].

Table 9 shows the condition-based failure rates for an asset with a 45-year characteristic life, and Weibull Beta of 3.5.

Table 9: Condition-based failure rate for an asset with a characteristic life of 45 years

Condition	Condition-based age	Failure rate
C1	2.3	0.0000
C2	13.5	0.0038
C3	24.8	0.0174
C4	33.8	0.0379
C5	38.3	0.0518

The risk matrix used to determine asset replacements uses the following consequence/criticality bands showing in Table 10.

Table 10: Consequence/criticality bands

Band	Lower bound	Upper bound
1		≤ 0.3 times asset replacement cost
2	> 0.3 times asset replacement cost	≤ 1 times asset replacement cost
3	> 1 times asset replacement cost	≤ 3 times asset replacement cost
4	> 3 times asset replacement cost	≤ 10 times asset replacement cost
5	> 10 times asset replacement cost	

Figure 8 is a risk matrix showing the annual risk value for an asset with a 45-year asset life with a replacement value of [C-I-C]. The shaded values are those with an annual risk value greater than the annualised cost of the asset [C-I-C].

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		[C-I-C]					
		[C-I-C]	[C-I-C]	[C-I-C]	[C-I-C]	[C-I-C]	
		[C-I-C]					
		[C-I-C]	[C-I-C]	[C-I-C]	[C-I-C]	[C-I-C]	
[C-I-C]	[C-I-C]	[C-I-C]	[C-I-C]	[C-I-C]	[C-I-C]	[C-I-C]	[C-I-C]
	[C-I-C]	[C-I-C]	[C-I-C]	[C-I-C]	[C-I-C]	[C-I-C]	[C-I-C]
	[C-I-C]	[C-I-C]	[C-I-C]	[C-I-C]	[C-I-C]	[C-I-C]	[C-I-C]
	[C-I-C]	[C-I-C]	[C-I-C]	[C-I-C]	[C-I-C]	[C-I-C]	[C-I-C]
	[C-I-C]	[C-I-C]	[C-I-C]	[C-I-C]	[C-I-C]	[C-I-C]	[C-I-C]

Figure 8: Asset Replacement Risk Matrix

When using the risk matrix to estimate future replacement volumes, it is assumed that all condition C5 assets plus those with a risk in the shaded area of the asset replacement risk matrix will be replaced.

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Appendix E Disproportionality Factors

E.1 Background

Safety legislation requires investment ‘as far as practicable’ – that is, invest until the costs are disproportionate to the benefits.

Disproportionality factors (DF) are used to provide guidance on a cut off of when to stop spending money to reduce safety risk; when the cost is disproportionate to the risk reduction.

According to the UK government’s Health and Safety Executive (HSE), DFs that may be considered vary from upwards of 1 depending on a number of factors including the magnitude of the consequences and the frequency of realising those consequences, i.e. the greater the risk, the greater the DF. A DF of greater than 10 is unlikely.

HSE submission to the 1987 Sizewell B Inquiry⁶ suggesting that a factor of up to 3 (i.e. costs three times larger than benefits) would apply for risks to workers; for low risks to members of the public a factor of 2, for high risks a factor of 10.

HSE has not formulated an algorithm which can be used to determine when the degree of disproportion can be judged as ‘gross’; the judgement must be made on a case by case basis.

It is generally understood that the greater the risk, the more that should be spent in reducing it, and the greater the bias on the side of safety.

Additionally, the choice of DF may be higher when there is a low level of trust between the duty-holder and the community they operate in. In these circumstances, when trust levels are low, there may be an expectation to spend more to reduce risks.

E.2 Disproportionality Factors used by AusNet Services

The DFs given in Table 11 are applied to fatalities caused by electrical infrastructure, excluding fatalities caused by a bushfire started by electrical infrastructure. These values have been selected as representative following a review of values used across the electricity industry within Australia and by other industries across Australia and internationally.

Table 11: Disproportionality Factors – Fatality caused by Electrical Infrastructure (excluding bushfire start)

Scenario	Disproportionality Factor
Public Trespass	1
Single Fatality (public or worker)	3
Multiple Fatality (public or worker)	6

Table 12 gives the disproportionality factors to be used when assessing the risk of a fatality cause by a bushfire started by electrical infrastructure.

⁶ The Sizewell B Inquiry was public inquiry conducted between January 1983 and March 1985 into a proposal to construct a nuclear power station in the UK.

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Table 12: Disproportionality Factors – Fatalities due to bushfires started by electricity assets

Scenario	Disproportionality Factor
Asset in LBRA	1
Asset in HBRA	3
Asset in REFCL Area	6
Asset in Codified Area ⁷	10

The disproportionality factors for fatalities due to bushfires started by electrical infrastructure have been selected considering the weighting scale for the geographic dimension of the Ignition Risk Unit (IRU) calculation (Table 13) as a guide of the community’s expectation around preventing bushfires and the resulting fatalities.

Table 13: IRU Geographic Multiplier

Category	Description	Weight
Low	LBRA	0.2
High	HBRA	1.0
Severe	Areas covered by REFCL	4.6
Extreme	Codified	19.8

Figure 9 shows the location of each of these IRU geographic categories within Victoria.

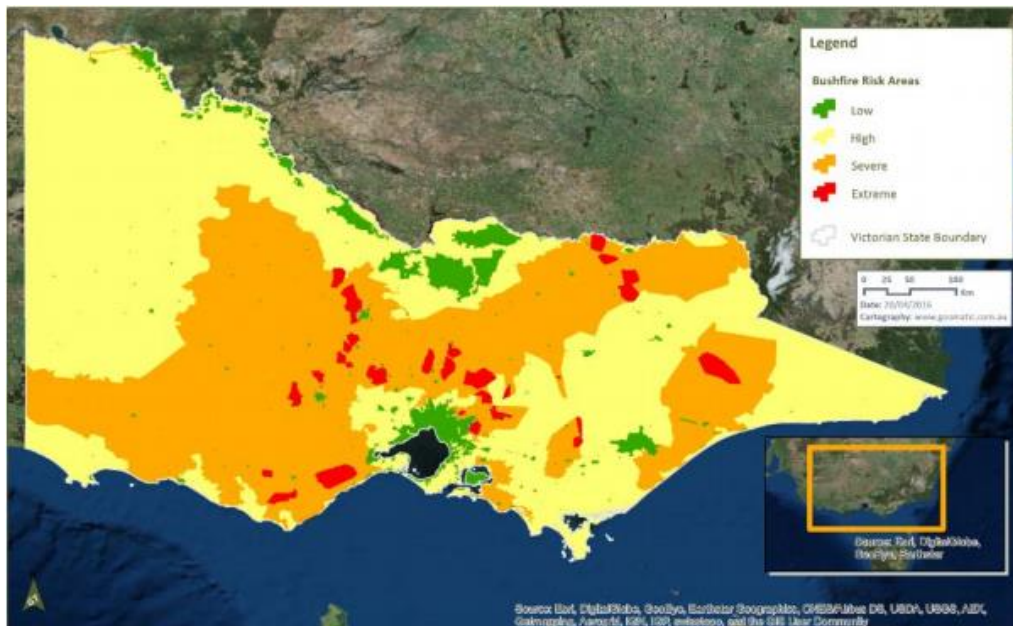


Figure 9: IRU Geographical Multiplier Category Locations

Note that there will be situations where engineering knowledge/judgement will determine that different values of DF should be used, such as for LBRA at a boundary location with HBRA.

⁷ Areas defined as ‘electric line construction areas’ by the Electricity Safety (Bushfire Mitigation) Regulations 2013

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Appendix F Safety Effects Costs

Table 14 gives safety effect costs in 2019 dollars assuming:

- The reference safety probabilities given in the *DNO Common Network Asset Indices Methodology*
- The value of statistical life of [C-I-C] in 2019 dollars, as per the *Best Practice Regulation Guidance Note Value of Statistical Life*
- The value of lost time accident of [C-I-C] per event for Electricity, Gas, Water and Waste Services, as per Safe Work Australia's *The Cost of Work-related Injury and Illness for Australian Employers, Workers, and the Community (2012-13)*, Table 2.3b
- A disproportionality factor of 3, for a single fatality of either a member of the public or a worker

Table 14: Safety Effects Cost

Asset Type	Lost Time Accident ⁸	Death or Serious Injury to Public ⁸	Death or Serious Injury to Staff ⁸	Safety Effects Cost (in 2019 dollars)
Circuit Breaker (<132kV)	[C-I-C]	[C-I-C]	[C-I-C]	[C-I-C]
Circuit Breaker (≥132kV)	[C-I-C]	[C-I-C]	[C-I-C]	[C-I-C]
Transformer (<132kV)	[C-I-C]	[C-I-C]	[C-I-C]	[C-I-C]
Transformer (≥132kV)	[C-I-C]	[C-I-C]	[C-I-C]	[C-I-C]

⁸ From Table 215 of *DNO Common Network Indices Methodology*, Health and Criticality Version 1.1, 30 January 2017

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Appendix G Environmental Effects Costs

For oil-filled assets, the following average environmental clean-up costs per event are assumed:

- PCB-free oil: [C-I-C]
- PCB contaminated oil: [C-I-C]

It is assumed that all explosive failures of oil-filled assets result in an environmental incident.

Probabilities of explosive failure for various assets are given in Table 14 in Appendix H.

Thus, the environmental effects cost is calculated as the probability of explosive failure multiplied by the average clean-up cost.

For example, the probability of explosive failure for a $\geq 220\text{kV}$ bulk oil circuit breaker is 0.05. If the circuit breaker is PCB-free the environmental effect cost is [C-I-C]. If the circuit breaker contains PCB-contaminated oil, the environmental effect cost is [C-I-C].

For capacitor banks, the environmental effects costs are calculated based on the following assumptions:

- 5% of cans leak on capacitor bank failure
- Cost per can to clean up is [C-I-C]
- Number of cans ranges from 24 to 540 (average 156)

For example, a 24-can capacitor bank would have an environmental effect cost of [C-I-C].

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Appendix H Collateral Damage Effects Costs

Table 15 to Table 18 gives collateral damage effect costs for various types of equipment assuming a collateral damage cost of [C-I-C] per damage event, including consequential supply outages.

The ‘damage factor’ is a site-specific factor between 0 and 1 that reflects the likelihood that adjacent plant by be damaged depending on the site layout and proximity to other equipment. This is assumed to be 0.5 unless more specific information is available.

Table 15: Current Transformer Collateral Damage Cost

Current Transformer Type	Voltage (kV)	Probability of Explosive Failure	Damage Factor	Collateral Damage Cost
Live Tank – Oil-filled – Porcelain	≥220	[C-I-C]	[C-I-C]	[C-I-C]
	≥66 to <220	[C-I-C]	[C-I-C]	[C-I-C]
	≥22 to <66kV	[C-I-C]	[C-I-C]	[C-I-C]
Dead Tank – Oil-filled – Porcelain	≥220	[C-I-C]	[C-I-C]	[C-I-C]
	≥66 to <220	[C-I-C]	[C-I-C]	[C-I-C]
	≥22 to <66kV	[C-I-C]	[C-I-C]	[C-I-C]
Oil-filled – Polymer	≥220	[C-I-C]	[C-I-C]	[C-I-C]
	≥66 to <220	[C-I-C]	[C-I-C]	[C-I-C]
	≥22 to <66kV	[C-I-C]	[C-I-C]	[C-I-C]
SF6	≥220	[C-I-C]	[C-I-C]	[C-I-C]
	≥66 to <220	[C-I-C]	[C-I-C]	[C-I-C]
	≥22 to <66kV	[C-I-C]	[C-I-C]	[C-I-C]

Table 16: Voltage Transformer Collateral Damage Cost

Voltage Transformer Type	Voltage (kV)	Probability of Explosive Failure	Damage Factor	Collateral Damage Cost
CVT Porcelain	≥220	[C-I-C]	[C-I-C]	[C-I-C]
	≥66 to <220	[C-I-C]	[C-I-C]	[C-I-C]
	≥22 to <66kV	[C-I-C]	[C-I-C]	[C-I-C]
CVT Polymer	≥220	[C-I-C]	[C-I-C]	[C-I-C]
	≥66 to <220	[C-I-C]	[C-I-C]	[C-I-C]
	≥22 to <66kV	[C-I-C]	[C-I-C]	[C-I-C]
MVT	≥220	[C-I-C]	[C-I-C]	[C-I-C]
	≥66 to <220	[C-I-C]	[C-I-C]	[C-I-C]
	≥22 to <66kV	[C-I-C]	[C-I-C]	[C-I-C]

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Table 17: Circuit Breaker Collateral Damage Cost

Circuit Breaker Type	Voltage (kV)	Probability of Explosive Failure	Damage Factor	Collateral Damage Cost
Bulk Oil	≥220	[C-I-C]	[C-I-C]	[C-I-C]
	≥66 to <220	[C-I-C]	[C-I-C]	[C-I-C]
	≥22 to <66kV	[C-I-C]	[C-I-C]	[C-I-C]
Minimum Oil	≥220	[C-I-C]	[C-I-C]	[C-I-C]
	≥66 to <220	[C-I-C]	[C-I-C]	[C-I-C]
	≥22 to <66kV	[C-I-C]	[C-I-C]	[C-I-C]
SF6 – Live Tank	≥220	[C-I-C]	[C-I-C]	[C-I-C]
	≥66 to <220	[C-I-C]	[C-I-C]	[C-I-C]
	≥22 to <66kV	[C-I-C]	[C-I-C]	[C-I-C]
SF6 – Dead Tank	≥220	[C-I-C]	[C-I-C]	[C-I-C]
	≥66 to <220	[C-I-C]	[C-I-C]	[C-I-C]
	≥22 to <66kV	[C-I-C]	[C-I-C]	[C-I-C]

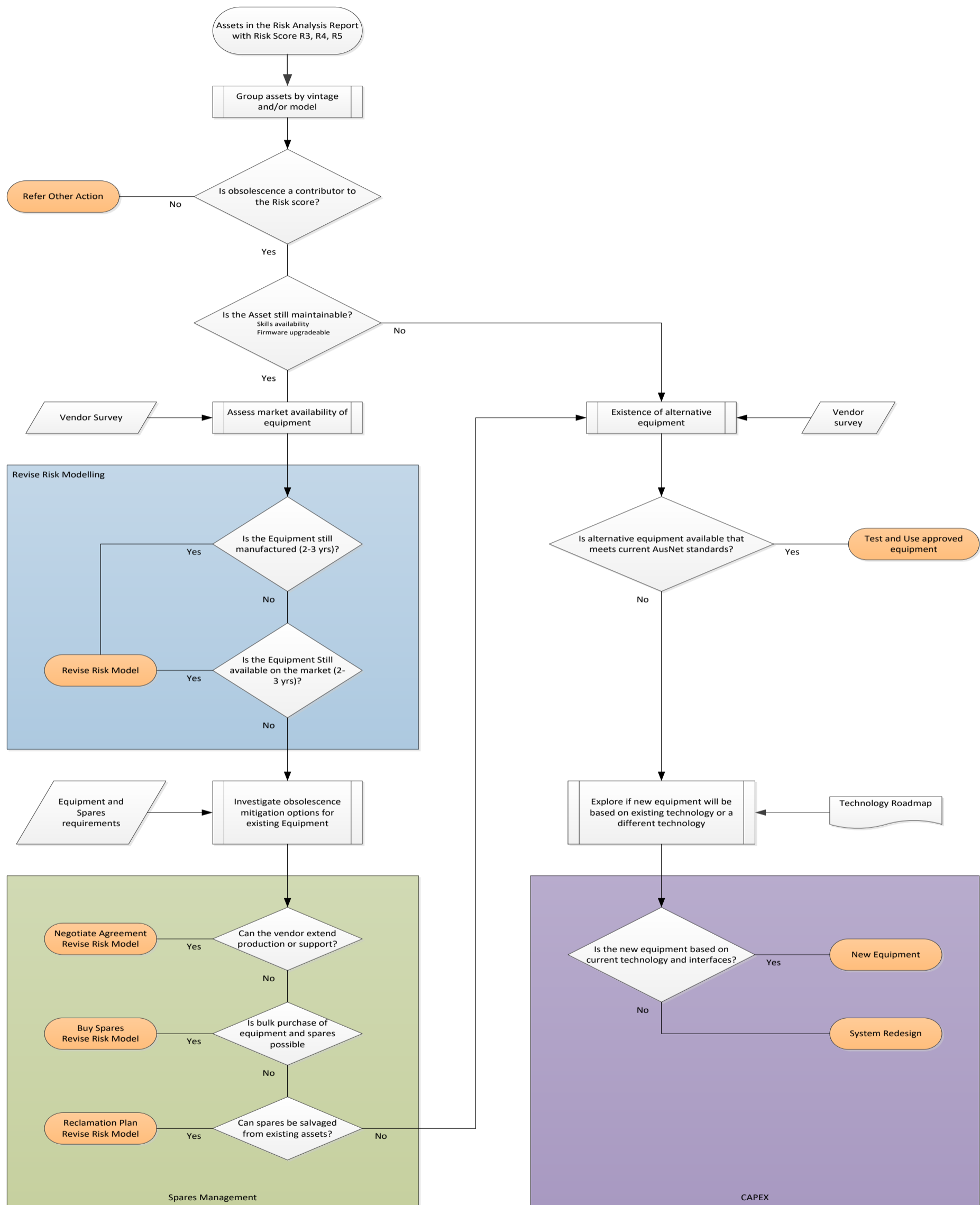
Table 18: Surge Arrester Collateral Damage Cost⁹

Surge Arrester Type	Voltage (kV)	Probability of Explosive Failure	Damage Factor	Collateral Damage Cost
Porcelain ≥30years	≥220	[C-I-C]	[C-I-C]	[C-I-C]
	≥66 to <220	[C-I-C]	[C-I-C]	[C-I-C]
	≥22 to <66kV	[C-I-C]	[C-I-C]	[C-I-C]
Porcelain <30 years	≥220	[C-I-C]	[C-I-C]	[C-I-C]
	≥66 to <220	[C-I-C]	[C-I-C]	[C-I-C]
	≥22 to <66kV	[C-I-C]	[C-I-C]	[C-I-C]
Polymer	≥220	[C-I-C]	[C-I-C]	[C-I-C]
	≥66 to <220	[C-I-C]	[C-I-C]	[C-I-C]
	≥22 to <66kV	[C-I-C]	[C-I-C]	[C-I-C]

⁹ Email from SME (N Boteju) 15/04/2016

Appendix I Obsolescence Mitigation Process Chart

Obsolescence Mitigation Process



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Appendix J Transformer Market Impact

Table 19: Transformer Market Impact

Transformation Location	Criticality (\$/h)	MTTR (h)
ATS - B2	[C-I-C]	[C-I-C]
ATS - B3	[C-I-C]	[C-I-C]
ATS - B4	[C-I-C]	[C-I-C]
BATS - B1	[C-I-C]	[C-I-C]
BATS - B2	[C-I-C]	[C-I-C]
BETS - B3	[C-I-C]	[C-I-C]
BETS - B4	[C-I-C]	[C-I-C]
BETS - L2	[C-I-C]	[C-I-C]
BETS - L4	[C-I-C]	[C-I-C]
BLTS - B1	[C-I-C]	[C-I-C]
BLTS - B3	[C-I-C]	[C-I-C]
BLTS - B5	[C-I-C]	[C-I-C]
BLTS - L1	[C-I-C]	[C-I-C]
BLTS - L3	[C-I-C]	[C-I-C]
BLTS - SPARE EX - B4	[C-I-C]	[C-I-C]
BLTS - SPARE U	[C-I-C]	[C-I-C]
BTS - B1	[C-I-C]	[C-I-C]
BTS - B2	[C-I-C]	[C-I-C]
BTS - B3	[C-I-C]	[C-I-C]
BTS - L1	[C-I-C]	[C-I-C]
BTS - L2	[C-I-C]	[C-I-C]
BTS - L3	[C-I-C]	[C-I-C]
CBTS - B1	[C-I-C]	[C-I-C]
CBTS - B2	[C-I-C]	[C-I-C]
CBTS - B3	[C-I-C]	[C-I-C]
ERTS - B1	[C-I-C]	[C-I-C]
ERTS - B2	[C-I-C]	[C-I-C]
ERTS - B3	[C-I-C]	[C-I-C]
ERTS - B4	[C-I-C]	[C-I-C]
FBTS - B1	[C-I-C]	[C-I-C]
FBTS - B3	[C-I-C]	[C-I-C]
FBTS - B4	[C-I-C]	[C-I-C]
GNTS - B2	[C-I-C]	[C-I-C]
GNTS - B3	[C-I-C]	[C-I-C]
GTS - B1	[C-I-C]	[C-I-C]
GTS - B2	[C-I-C]	[C-I-C]
GTS - B3	[C-I-C]	[C-I-C]
GTS - B4	[C-I-C]	[C-I-C]
HOTS - B2	[C-I-C]	[C-I-C]

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HOTS - B3	[C-I-C]	[C-I-C]
HOTS - SVC	[C-I-C]	[C-I-C]
HTS - B1	[C-I-C]	[C-I-C]
HTS - B2	[C-I-C]	[C-I-C]
HTS - B3	[C-I-C]	[C-I-C]
HTS - SPARE METRO	[C-I-C]	[C-I-C]
KGTS - B1	[C-I-C]	[C-I-C]
KGTS - B2	[C-I-C]	[C-I-C]
KGTS - B3	[C-I-C]	[C-I-C]
KGTS - SVC	[C-I-C]	[C-I-C]
KTS - B1	[C-I-C]	[C-I-C]
KTS - B2	[C-I-C]	[C-I-C]
KTS - B3	[C-I-C]	[C-I-C]
KTS - B4	[C-I-C]	[C-I-C]
KTS - B5	[C-I-C]	[C-I-C]
KTS - SPARE COUNTRY	[C-I-C]	[C-I-C]
LYPS - A		[C-I-C]
LYPS - B		[C-I-C]
LYPS - C		[C-I-C]
MBTS - B1 - HOT SPARE	[C-I-C]	[C-I-C]
MBTS - B2	[C-I-C]	[C-I-C]
MTS - B1	[C-I-C]	[C-I-C]
MTS - B3	[C-I-C]	[C-I-C]
MTS - U1	[C-I-C]	[C-I-C]
MTS - U2	[C-I-C]	[C-I-C]
MWTS - B1	[C-I-C]	[C-I-C]
MWTS - B2	[C-I-C]	[C-I-C]
MWTS - B3	[C-I-C]	[C-I-C]
RCTS - B1B	[C-I-C]	[C-I-C]
RCTS - B2B	[C-I-C]	[C-I-C]
RCTS - B3	[C-I-C]	[C-I-C]
RCTS - L1A	[C-I-C]	[C-I-C]
RCTS - L2A	[C-I-C]	[C-I-C]
ROTS - 1 SVC		[C-I-C]
ROTS - 2 SVC		[C-I-C]
RTS - B1	[C-I-C]	[C-I-C]
RTS - B2	[C-I-C]	[C-I-C]
RTS - B4 - HOT SPARE	[C-I-C]	[C-I-C]
RTS - B5	[C-I-C]	[C-I-C]
RTS - L1	[C-I-C]	[C-I-C]
RTS - L2	[C-I-C]	[C-I-C]
RWTS - B1	[C-I-C]	[C-I-C]
RWTS - B2	[C-I-C]	[C-I-C]
RWTS - B3	[C-I-C]	[C-I-C]

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RWTS - B4	[C-I-C]	[C-I-C]
RWTS - L2	[C-I-C]	[C-I-C]
RWTS - L3	[C-I-C]	[C-I-C]
SHTS - B2	[C-I-C]	[C-I-C]
SHTS - B3	[C-I-C]	[C-I-C]
SHTS - B4	[C-I-C]	[C-I-C]
SMTS - B1	[C-I-C]	[C-I-C]
SMTS - B3	[C-I-C]	[C-I-C]
SMTS - SPARE COUNTRY	[C-I-C]	[C-I-C]
SVTS - B1	[C-I-C]	[C-I-C]
SVTS - B2	[C-I-C]	[C-I-C]
SVTS - B3	[C-I-C]	[C-I-C]
SVTS - B4	[C-I-C]	[C-I-C]
TBTS - B1	[C-I-C]	[C-I-C]
TBTS - B2	[C-I-C]	[C-I-C]
TBTS - B3	[C-I-C]	[C-I-C]
TGTS - B1	[C-I-C]	[C-I-C]
TGTS - B2	[C-I-C]	[C-I-C]
TSTS - B1	[C-I-C]	[C-I-C]
TSTS - B2	[C-I-C]	[C-I-C]
TSTS - B3	[C-I-C]	[C-I-C]
TTS - B1	[C-I-C]	[C-I-C]
TTS - B2	[C-I-C]	[C-I-C]
TTS - B3	[C-I-C]	[C-I-C]
TTS - B4	[C-I-C]	[C-I-C]
TTS - B5	[C-I-C]	[C-I-C]
TTS - SPARE METRO	[C-I-C]	[C-I-C]
WETS - B1	[C-I-C]	[C-I-C]
WETS - B2	[C-I-C]	[C-I-C]
WMTS - B2	[C-I-C]	[C-I-C]
WMTS - B3	[C-I-C]	[C-I-C]
WMTS - B4	[C-I-C]	[C-I-C]
WMTS - L1	[C-I-C]	[C-I-C]
WMTS - L3	[C-I-C]	[C-I-C]
YPS - 5 GROUP		[C-I-C]
YPS - AUX D		[C-I-C]
YPS - AUX E		[C-I-C]
YPS - SPARE		[C-I-C]
HYTS - M1	[C-I-C]	[C-I-C]
DDTS - H1	[C-I-C]	[C-I-C]
DDTS - H2	[C-I-C]	[C-I-C]
DDTS - H3	[C-I-C]	[C-I-C]
HWTS - A1	[C-I-C]	[C-I-C]
HWTS - A2	[C-I-C]	[C-I-C]

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HWTS - A3	[C-I-C]	[C-I-C]
HWTS - A3	[C-I-C]	[C-I-C]
HWTS - A4	[C-I-C]	[C-I-C]
HWTS - SPARE A	[C-I-C]	[C-I-C]
HYTS - M2	[C-I-C]	[C-I-C]
KTS - A2	[C-I-C]	[C-I-C]
KTS - A3	[C-I-C]	[C-I-C]
KTS - A4	[C-I-C]	[C-I-C]
KTS - SPARE A	[C-I-C]	[C-I-C]
MLTS - A1	[C-I-C]	[C-I-C]
SMTS - F2	[C-I-C]	[C-I-C]
SMTS - H1	[C-I-C]	[C-I-C]
SMTS - H2 - HOT SPARE	[C-I-C]	[C-I-C]
SMTS - H3	[C-I-C]	[C-I-C]
SMTS - SPARE F	[C-I-C]	[C-I-C]
SPARE A	[C-I-C]	[C-I-C]
WOTS - X1	[C-I-C]	[C-I-C]
WOTS - X2	[C-I-C]	[C-I-C]

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Appendix K Road/Rail Crossing Effects Costs
Table 20: Road/Rail Crossing Effects Costs

AusNet Services Rd/Rail Class Code	Description of Combined VicRoads & Rail Crossing Class Code	Effects Costs (in 2017 dollars)
0	No Rd (or Rd 11) AND No Rail Crossing	[C-I-C]
1	Rd 4 AND Rail 0	[C-I-C]
2	Rd 3 AND Rail 0	[C-I-C]
3	Rd 2 AND Rail 0; or Rd (2,3 OR 4) AND Rail 1	[C-I-C]
4	Rd 1 AND Rail (0 OR 1)	[C-I-C]
5	Rd 0 AND Rail (0 OR 1)	[C-I-C]

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Appendix L Easement Type Effects Costs

Table 21: Easement Type Effects Costs

Consequence description	Urban score	Tower collapse	Conductor drop	Insulator (not jumper insulator) drop	GW drop
Total Safety \$Risk	0	[C-I-C]	[C-I-C]	[C-I-C]	[C-I-C]
	1	[C-I-C]	[C-I-C]	[C-I-C]	[C-I-C]
	2	[C-I-C]	[C-I-C]	[C-I-C]	[C-I-C]
Total Collateral Damage \$Risk	0	[C-I-C]	[C-I-C]	[C-I-C]	[C-I-C]
	1	[C-I-C]	[C-I-C]	[C-I-C]	[C-I-C]
	2	[C-I-C]	[C-I-C]	[C-I-C]	[C-I-C]

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Appendix M Weibull Rates**Table 22: Weibull Rates by Asset**

Asset	Weibull Rate - Eta	Beta
Insulators	46 years	6.6
Structures	71 years	6.5
Conductor	70 years	7
Circuit Breakers	45 years	3.5
Instrument transformers	45 years	3.5
Surge Arresters	45 years	3.5
Transformer	50 years	3.5