Attachment 5.07

Ausgrid's planning standard from 1 July 2014 (interim)

May 2014

Memorandum

1.1 To Manager – Subtransmission Planning, Manager – Distribution Planning (acting), Manager – Demand Management & Forecasting

1.2 Cc Chief Engineer

1.3 From Manager – Asset & Network Planning

1.4 Date 28 November 2013

1.5 Subject Interim Planning Approach

The NSW Government has informed us of the intention to apply a changed set of Design, Reliability and Performance Licence Conditions from 1 July 2014. In essence, this will mean the removal of Schedule 1 – Design Planning Criteria.

This will require us, in conjunction with Group and the other NSW businesses, to develop a new set of internal processes and systems for determining the triggers and optimal timing of investments for expansion of the network. In the meantime, it is appropriate that we plan the network on a basis that recognises the coming change, but provides for continuity of planning.

Planning for the **distribution system** should continue using our existing processes based on the provisions of the current Licence Conditions as the trigger for investigation of options.

Planning for the **sub-transmission system** should continue using existing processes based on the provisions of the current Licence Conditions as the trigger for investigation of options except for underground sub-transmission lines. The provisions of note 1 to Schedule 1 should be considered amended to read:

1. For a *Sub-transmission line* and a Zone Substation:

    a. under N-1 conditions, the *forecast demand* is not to exceed the *thermal capacity* for more than 1% of the time i.e. a total aggregate time of 88 hours per annum, up to a maximum of 20% above the *thermal capacity* under N-1 conditions.

    b. under N conditions, a further criterion is that the thermal capacity is required to meet at least 115% of forecast demand.

This reflects the approach used in the most recent annual planning review.

For **both distribution and sub-transmission** planning, demand driven projects will be screened based on the value of $/kVA determined by dividing the indicative cost of the most likely solution by the gap between forecast demand and the licence capacity limit. This is a simple screening indicator of the likely cost-benefit ratio of the project under any economic evaluation approach.

We will determine an appropriate threshold value based on a review of recent decisions and the typical spread of values observed.

Any project where this value is lower than the threshold should continue through the planning process on the existing basis.

Any project where this value exceeds the threshold will be subject to a detailed review to determine if the project can reasonably be delayed or avoided without resulting in undue risk of loss of supply, or a lower cost option can be identified that partially resolves the constraint. This can be done in parallel with consideration of DM options, which will also have to be done with a more detailed review process than before.

Please communicate this to all planning staff and implement this procedure as an interim planning standard until a revised standard is developed and authorised.