CITIPOWER

Powercor
AUSTRALIA

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Dear Chris

PUBLICATION OF THE ECONOMIC BENCHMARKING RIN

CitiPower Pty and Powercor Australia Ltd (**the Businesses**) welcome the Australian Energy Regulator's (**AER**) publication, on 15 May 2014, of the Economic Benchmarking Regulatory Information Notice (**RIN**) data and Basis of Preparation (**BoP**) documents submitted by Network Service Providers to the AER on 30 April 2014.

The Businesses appreciate the extended timeframe the AER has subsequently allowed for providing submissions on this data. During this time, the Businesses have been able to further analyse the line capacity (MVA) by voltage class data reported by the thirteen Distribution Network Service Providers (**DNSPs**).

The Businesses would like to highlight to the AER the significant variation in line capacity data provided by the DNSPs. Table 1 below provides the minimum and maximum reported line capacity by voltage class across the thirteen DNSPs. This level of variation is concerning as the line capacity variable can have a material effect on the benchmarking outcomes. It is also not immediately obvious to the Businesses why such a level of variation would exist. The Businesses are therefore concerned that the variation may be representative of the level of estimation that has been undertaken by each DNSP rather than underlying differences in line carrying capacity.

The Businesses have reviewed the thirteen DNSPs BoP documents relating to this data item. From this review it appears that while some DNSPs already captured sufficient data within their systems to enable a reasonably accurate estimate to be made for the 2014 RIN submission, the majority of DNSPs did not have access to such information. Therefore to meet the RIN requirements, DNSPs developed a best estimate. Some DNSPs applied a sampling based approach to estimation and some DNSPs roughly estimated, and therefore took into account, constraints imposed by thermal or voltage drop.

As noted in the BoP documentation, the Businesses estimated the MVA capacity by reference to the MVA capacity estimates provided by the AER's economic advisors, Economic Insights, during the economic benchmarking workshop process which occurred during 2013.[1] The Businesses then assessed the reference capacity values against internal engineering knowledge of the typical augmentation capacity and then taking account of planning policy, for example consideration of transfers to adjacent feeders. The Businesses have insufficient data currently available to undertake a sampling process across all voltage classes and consequently were unable to apply such an approach for the current RIN submission. The Businesses however consider that with more time available, an alternative methodology may be able to be developed in time for the next RIN submission in 2015.

MVA capacity by voltage class	Minimum value (MVA)	Maximum value (MVA)
Overhead low voltage distribution	0.05	0.27
Overhead 11 kV	0.88	6.86
Overhead SWER	0.07	1.06
Overhead 22 kV	1.58	13.60
Overhead 33 kV	4.67	29.69
Overhead 66 kV	15.67	97.38
Overhead 132 kV	39.29	335.00
Underground low voltage distribution	0.10	0.29
Underground 11 kV	2.73	8.32
Underground 22 kV	5.36	13.69
Underground 33 kV	12.43	32.24
Underground 66 kV	42.55	135.94
Underground 132 kV	107.33	270.00

Table 1: Summary of MVA capacity by voltage class reported in 2014 Economic Benchmarking RINs submitted by 13 Distribution Network Service Providers

Given the level of variation in the line capacity data, the Businesses recommend that the AER sensitivity test the impact on the benchmarking results by applying standard capacity values across different DNSPs. The Businesses suspect that this may have a material impact on the benchmarking results.

The Businesses would be pleased to discuss any aspect of this submission with the AER. Please contact Megan Willcox on 03 9236 7048 or mwillcox@powercor.com.au.

Regards

Brent Cleeve
GENERAL MANAGER REGULATION

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[1] Economic Insights, '*Measurement of Inputs for Economic Benchmarking of Electricity Network Service Providers*', report to the Australian Energy Regulator, 22April 2013, pages 15-16.