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Creating a  
safer state with  
electricity and gas

13 October 2016

Sebastian Roberts  
General Manager – Networks Branch  
Australian Energy Regulator  
GPO Box 520  
Melbourne VIC 3001

Dear Mr Roberts

**RE: DRAFT DECISION, AUSNET SERVICES TRANSMISSION DETERMINATION 2017 – 2022**

Energy Safe Victoria (ESV) is the Victorian government statutory authority, responsible for ensuring electricity, gas and pipeline safety for all Victorians.

ESV has sighted Australian Energy Regulator's (AER) draft determination, ESV notes the differences between the assessments of the AER and AusNet Services of the AusNet Services network safety risks [6-44 Attachment 6 – Capital expenditure - Draft decision: AusNet Services transmission determination 2017–22 ].

In its role as the safety regulator, ESV makes the following observations for your consideration:

It is important that cognisance is taken of the risk to the public posed by the failure of an asset, not just to the staff and contractors of the electricity business. The precautionary principle applies when addressing foreseeable events that impact on public safety and so gives more weight to the consequence of an event than the arguable probability of that event materialising.

The draft determination appears to insufficiently consider that if the assets proposed for replacement are approaching or at the end of their design life, they present a greater risk of failure than at mid-life. The risk profile is not linear throughout the asset life cycle.

Finally, it is possible for the catastrophic failure of one asset to cause collateral damage to adjacent assets, so the impact is not always limited to the initial asset. This was the case with the recent explosive failure of an aged current transformer at Richmond terminal station.

If you wish to discuss this further, I can be contacted on 9203 9781 or by email at [ian.burgwin@energysafe.vic.gov.au](mailto:ian.burgwin@energysafe.vic.gov.au).

Yours sincerely

Ian Burgwin  
**GENERAL MANAGER**  
**ELECTRICAL SAFETY AND TECHNICAL REGULATION**

