

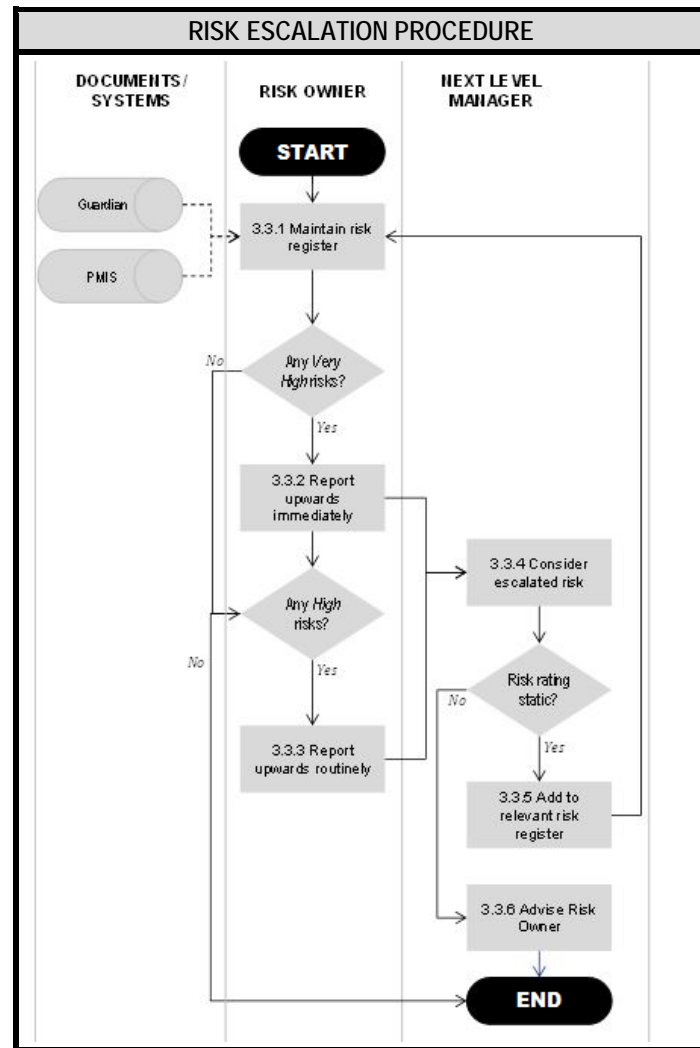
Appendix 1.14: Risk management framework

**Regulatory proposal for the ACT electricity distribution network 2019-24
January 2018**

Disclaimer: On 1 January 2018, the part of ActewAGL that looks after the electricity network changed its name to Evoenergy. This change has been brought about from a decision by the Australian Energy Regulator. Unless otherwise stated, ActewAGL Distribution branded documents provided with this regulatory proposal are Evoenergy documents.

ActewAGL Risk Management Framework

ENERGY NETWORKS Risk Assessment Tables - (for use below executive level)



Source: Risk escalation and reporting – IMS Procedure PR4612

		RATING				
		Negligible	Minor	Moderate	Major	Severe
CONSEQUENCE	Health/safety incident	No injury to employees or public. No LTI. Incident duration of less than 1 shift	First Aid treatment, Injuries or ailments not requiring medical treatment. LTI > 1 day < 1 week	Medium term largely reversible disability to one or more persons. Medical treatment to one or more persons. LTI > 1 week < 6 months.	Extensive injuries-irreversible disability-impairment to one or more persons. Reversible disability to one or more persons. LTI > 6 months.	Single or multiple fatalities, or significant irreversible disabilities/effects to 10's of people
	Damage to the environment	Event that management can readily manage. No adverse local media/social media coverage	Minor event. Management effort required to minimise local impact. Minor stakeholder dissatisfaction. Minimal adverse local / social media coverage over one or two days	Major event leading to local on and offsite impact on ecology or damage or threat of cultural significance Medium term recovery. High potential for complaints from interested parties	Prolonged off site environmental impact, impact on ecosystem, destruction of area of high cultural significance. High profile community concerns - requiring significant remediation measures	Catastrophic long term environmental harm off site and/or irreversible impact to culturally significant site. Community outrage - potential large scale class action
	Damage to reputation or competitive position	Event that management can readily manage. No adverse local media/social media coverage	Minor event. Management effort is still required to minimise local impact. Minor stakeholder dissatisfaction. Minimal adverse local/social media coverage, 1 – 2 days	Major event requiring ongoing management. Moderate dissatisfaction - multiple stakeholders. Adverse local/national media coverage across multiple media/social channels. Adverse public response expressed over multiple days	Significant event requiring ongoing management. Major dissatisfaction - multiple stakeholders. Adverse local/national media coverage across multiple mass/social media channels. Adverse public response expressed over multiple days	Critical event. Organisational implications, e.g., Executive restructures or losses. Severe dissatisfaction across all stakeholders. Sustained adverse international/national/local media coverage multiple mass/social media channels
	Legal/ compliance breach	Routine regulatory reporting and audits. Minor legal issues such as a breach of law with insignificant consequence • Automatic default to Low and Low • NB: Any purely informative clauses – definitions/no obligation imposed etc always Rare and Insignificant. Regulatory Audit outcome is Observation only.	Specific regulatory audit with critical findings and recommended actions. Breach of Law with investigation or report to authority with prosecution and/or minor fine < \$999. Regulatory Audit outcome of Minor Non Conformance for example, -Not complying with a documented requirement and does not significantly impact the product/service quality	Breach of law with any one of:- • Individual fine:\$1,000 - \$19,999 or pps below 40 (1 point = \$550). • moderate reporting regimes imposed and/or audit requirements imposed • NECF T3/T2 obligation Regulatory Audit outcome of Minor Non Conformance for example, -Not complying with the documented requirements systematically	Breach of law with any one of:- • Individual fine: \$20,000 - \$499,000 or pps between 400 and 999. • major reporting regimes/audit imposed and/or license to operate reviewed by regulator • NECF T1 obligation (Connections) /Tech Codes Regulatory Audit outcome of Major Non Conformance e.g., Missing a Requirement that directly influences the product/service quality	Breach of law with any one of:- • any level of criminal or civil prosecution • individual fine of over \$500,000 or more than 1000 pps • license to operate suspended . Regulatory Audit outcome of Major Non Conformance e.g. Omission that directly influences product/service quality systematically. -Total System Failure
	Financial losses, fraud, damages or costs AU\$ EBIT	1% of Budget and/or <\$5k	2.5% of Budget and/or < \$50k	> 5% of Budget and/or < \$500k	> 10% of Budget and/or < \$5M	>25% of Budget and/or >\$5M
	Disruption to operations and emergency planning	Single feeder loss of supply > 1 system minute/SAIDI. CAIDI restoration time < 15mins. 1 residential customer, 1 small commercial customer	Single feeder loss of supply >3 system minutes (SAIDI) CAIDI restoration time > 15min < 60 mins. >1 - <20 residential customer, Small land development (less than 10 lots, single small commercial)	Single feeder loss of supply >10 system minutes (SAIDI). CAIDI restoration time > 60 mins < 120 mins. >20 residential < 1/2 suburb, (large lot subdivision, suburban shops, government depot/facilities). Bushfire (several feeders compromised). Loadshedding	Single feeder loss of supply >30 system minutes (SAIDI) CAIDI restoration time > 120 mins < 240mins Residential suburb large commercial. Government, large commercial development (Westfield, Multi story Commercial/Government Offices). Bushfire Zone	Single feeder loss of supply >100 system minutes (SAIDI) System blackout loss of supply to CBD. CAIDI restoration time > 240 mins. Multiple suburbs, Hospitals, Parliamentary Triangle, Airport, HV Contract Customers. Bushfire. Multiple zones substations impaired. Blackstart
	Staffing & Competence	Short term low resource level (<1 week)	Short term low resource level (1 < 3 month). An ongoing low resource level reduces service quality. Minor error due to ineffective training/implementation of training	Medium term reduction in resource level (3 - 12 months). Late delivery of key objectives/service due to a lack of resource. Moderate error due to ineffective familiarisation, awareness or training.	Long term reduction in staff level (>12 months). Uncertain delivery of key objectives/ services due staff. Major error due to ineffective familiarisation, awareness or training	Long term reduction in staff level (>12 months). Uncertain delivery of key objectives/services due staff. Major error due to ineffective familiarisation, awareness of training
	Disruption to program or project	Project = NPV/\$ and would result in consequences that could be dealt with by routine project management	Project = NPV/\$ and would threaten the efficiency or effectiveness of some aspect of the program or project, but would be dealt with internally; and/or would have a minor impact on project's objectives	Project = NPV/\$, would not threaten the program or project, but program or project could be subject to significant review, changed ways of operation; and/or would moderately impact on the program or project's operational objectives. Tier 3 project classification.	Project = NPV/\$ and would threaten the survival or continued effective function of the program/project; and/or would have a major impact on the project's objectives. Tier 2 project classification	Project = NPV/\$ and would threaten the survival of not only the program/project, but also related programs; and/or would have a severe impact on program's viability. Tier 1 project classification

Probability	Historical	Resource Driven
>1 in 10 (>90%)	Expected to occur in most circumstances. Has occurred in ActewAGL. Could occur in days - weeks	Asset failed or failure imminent. Reactive resource required. Immediate financial loss for delay
1 in 10 – 100 (70 - 90%)	Will probably occur. Has occurred in ActewAGL's history. Could occur in "weeks to months"	No adverse consequences if completed within 1-9 days
1 in 100-1,000 (30 - 70%)	Might occur at some time in the future. Has occurred in ActewAGL in the past. Could occur in 'months to years'	No adverse consequence if completed between 10 - 90 days.
1 in 1,000 – 10,000 (10 - 30%)	Could occur but doubtful. Could occur in "years to decades"	No adverse consequence if completed between 10 - 180 days.
1 in 10,000 – 100,000 (<10%)	May occur but only in exceptional circumstances. Only occur as a "100+ year event"	No adverse consequence if completed after 180 days

		RATING				
LIKELIHOOD	Almost Certain	Low (5)	Medium (11)	High (18)	Very High (23)	Very High (25)
	Likely	Low (4)	Medium (10)	High (17)	High (20)	Very High (24)
	Possible	Low (3)	Medium (9)	Medium (13)	High (19)	High (22)
	Unlikely	Low (2)	Low (7)	Medium (12)	Medium (15)	High (21)
	Rare	Low (1)	Low (6)	Low (8)	Medium (14)	Medium (16)