

Mr Chris Pattas
General Manager, Network Operations and Development Branch
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

SYDNEY
201 Elizabeth Street
PO Box A1000 Sydney South
NSW 1235 Australia
T (02) 9284 3000
F (02) 9284 3456
www.transgrid.com.au

Dear Mr Pattas

Draft Economic Benchmarking Regulatory Information Notice

TransGrid has received the draft Regulatory Information Notice (RIN) dated 18 September 2013 and provides this submission pursuant to section 28J of the National Electricity Law.

TransGrid appreciates that the AER has taken into account its previous comments during preliminary consultation on the RIN, and appreciates the open and consultative approach of the AER.

However, TransGrid shares the concerns raised by the Energy Networks Association (ENA) in its submission on the AER's approach to economic benchmarking, particularly in relation to the use of ten years' backcast data, audit requirements and the statutory declaration.

TransGrid considers that the requirement to provide ten years of backcast data, including estimated data where actual data is not available, inherently conflicts with the AER's stated aim in its explanatory statement to collect a consistent, transparent data set. This conflict may lead to the AER attempting to ascribe a level of accuracy or meaning to data that is not present in the data itself, creating the potential for misleading regulatory outcomes. TransGrid has raised these concerns previously, and notes that the AER has not satisfactorily described how it will avoid such outcomes.

With regard to audit requirements, Section 4.3 of the ENA submission proposes amendments to the audit requirements in Appendix C of the draft RIN. TransGrid supports the proposed amendments.

The statutory declaration in the draft RIN requires an officer to sign statements that he/she will not be able to sign. This is because:

1. The caveats that will be required to estimate and apportion data to complete the RIN would preclude an officer from signing the statement in paragraph 2(b) that the information is true and accurate, and in all material respects can be relied upon by the AER.
2. There is some data requested that it will not be possible to provide, even as an estimate, such as some service component data described below. This would preclude an officer from signing the statement in paragraph 2(c) that where it is not possible to provide the information required an estimate has been provided.

Further, the statutory declaration refers to the *National Electricity (Victoria) Act*, whereas the *National Electricity (New South Wales) Act* is the commensurate legislation in New South Wales.

TransGrid considers it inappropriate for the AER to require the form of statutory declaration in the draft RIN to be completed. TransGrid requests the AER to instead follow either of the options proposed in Section 5 of the ENA submission.

TransGrid's specific comments on the data requested in the draft RIN are as follows.

System Demand – Reactive Power and Weather Adjusted Data

With regard to section 5.3 of the draft RIN, the request for maximum demand in MVA is non-sensible for transmission networks, as it takes into account reactive power (MVA_r). Reactive power, in addition to that consumed by loads, is used in transmission networks to control power flows and voltage levels, and is generated and absorbed throughout the network in doing so. Therefore, an aggregate measure of maximum demand in MVA is not considered to provide meaningful information (as distinct from maximum demand in MW, which is the more appropriate for transmission networks). TransGrid considers that the AER should remove data TOPSD0201 to TOPSD0206 and TOPSD0301 to TOPSD0308 for this reason.

Further, the request for non-coincident weather adjusted maximum demand is equally not considered to provide meaningful information. For example, the output of a power station is likely to reflect factors such as its position in the dispatch order, its contract position at the time and the availability of its associated energy source, which are likely to distort any attempts to apply weather correction. TransGrid considers that the AER should remove data TOPSD0105 and TOPSD0106 for this reason.

Physical Assets

The definitions for the weighted average capacities do not specify the type of rating to be used, such as continuous, contingency or short time ratings. TransGrid proposes continuous ratings be used to allow comparison on a consistent basis.

Service Component

TransGrid is unable to provide historical data on forced outages to meet the AER's definition. TransGrid has historically recorded forced outages under a different definition and historical detail is not available to reconstruct the data under the new definition. Due to historical differences in definitions between TNSPs, this parameter is forward looking only in the STPIS. TransGrid considers that the AER should remove data TQS0110 to TSQ0115 for this reason.

TransGrid is unable to provide historical data on proper operation of equipment. TransGrid has not historically recorded this data statistically as a time series or to meet the definition in the most recent STPIS. Again, this parameter is forward looking only in the STPIS. TransGrid further considers that this parameter is an ineffective indicator of service levels, as it measures highly selective causes of failure and therefore provides only an insubstantial, partial indication of service performance. TransGrid considers that the AER should remove data TQS0119 to TQS0121 for this reason.

TransGrid can only provide historical data on the market impact parameter from 2004, as source data suitable for the market impact parameter is unavailable in market information systems before 2004.

If you have any further questions relating to TransGrid's comments on the draft RIN please feel free to contact Andrew Kingsmill on 0419 617 340.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'W. Barat', followed by the date '17/10/2013' written in a similar cursive style.

Warren Barat

A/Executive General Manager/Network Planning & Performance