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17 February 2005

Sebastian Roberts
Manager - Electricity Group
Australian Competition and Consumer Commission
By email

Dear Sebastian

Transend 2004 Performance Incentive Scheme Result

Please find attached a report titled, 'Transend Performance Jan-Dec 2004 against ACCC Service Standards'. Transend consents for this report to be published on the ACCC's website.

In addition to the report, Transend provides two supporting files. The first is Transend's internal standard to define the terms and measures used in the ACCC Service Standards reporting. This document has not been prepared for release in the public domain. The second file is data for the ACCC auditors, to support Transend's 2004 Performance Incentive Scheme assessment. This file contains confidential information and should not be released in the public domain.

Transend is pleased that the organisation's 2004 service performance will result in a bonus payment under the performance incentive scheme. Transend looks forward to working with the ACCC and the ACCC's auditors to verify this performance.

In considering future service performance reporting, Transend shortly intends to write to the ACCC to discuss the service standards classification of certain events that have already occurred in 2005. In particular, Transend will seek greater clarification of events that are excluded from the performance incentive scheme. It may be appropriate to extend the ACCC's audit of Transend's 2004 performance to also consider these classification issues.

Please contact me if you have any questions about the information provided. Alternatively you may contact Mr Ankur Maheshwari, Manager Network Planning and Compliance, on telephone: 03 6274 3839 or email: ankur.maheshwari@transend.com.au.

Yours sincerely

[by email]

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Transend Performance Jan - Dec 2004 against ACCC Service Standards

Report

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Issue 1.0, February 2005

C O N T A C T

This document is the responsibility of the Network Compliance and Development Group, Transend Networks Pty Ltd, ABN 57 082 586 892.

Please contact Transend's Manager Network Compliance and Development with any queries.

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1 INTRODUCTION

Transend is required to report on its performance against the following four measures under the Australian Competition and Consumer Commission (ACCC) service standards:

- Loss of Supply (LOS) events greater than 0.1 system minutes.
- LOS events greater than 2.0 system minutes.
- Transmission line circuit availability.
- Transformer circuit availability.

The performance has to be monitored over a calendar year period.

The service standards are described in the ACCC document "Decision Tasmanian Transmission Network Revenue Cap 2004-2008/09". These measures, and their associated terms, are defined in the Transend document "TNM-GS-809-0099 ACCC Service Standards Scheme -Terms and Measures".

2 RESULTS FOR CALENDAR YEAR 2004 (JANUARY – DECEMBER)

Transend's performance against the four measures for January – December 2004 period is shown in Table 1. This performance takes into account the specific exclusions as discussed in Section 3. Performance without specific exclusions is shown in Table 2.

More information is provided on the LOS events in Section 2.3.

2.1 OVERALL PERFORMANCE WITH EXCLUSIONS

Table 1 : Performance against ACCC service standards for 2004 (with specific exclusions)

Maximum Revenue at risk	Maximum Penalty Performance	Penalty Trigger	Bonus Trigger	Maximum Bonus Performance	Actual Performance	
					Result	%AR ¹
S1 - Transmission line circuit availability – % availability						
0.25%	98.9%	<99.1%	>99.2%	99.4%	99.34%	0.18%
S2 - Transformer circuit availability – % availability						
0.15%	98.8%	<99.0%	>99.1%	99.5%	99.31%	0.08%
S3 - Loss of Supply Event Frequency Index (a) Number of events where loss of supply exceeds 0.1 system minutes						
0.2%	20 events	>16 events	<13 events	9 events	18 events	-0.10%
S4 - Loss of Supply Event Frequency Index (b) Number of events where loss of supply exceeds 2.0 system minutes						
0.4%	5 events	>3 events	<2 events	0 events	0 events	0.40%
OVERALL PERFORMANCE INCENTIVE SCHEME PERFORMANCE (WITH EXCLUSIONS)						
						0.56%

¹ AR – Allowable Revenue

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2.2 OVERALL PERFORMANCE WITHOUT EXCLUSIONS

Table 2 : Performance against ACCC service standards for 2004 (without specific exclusions)

Maximum Revenue at risk	Maximum Penalty Performance	Penalty Trigger	Bonus Trigger	Maximum Bonus Performance	Actual Performance	
					Result	%AR ²
S1 - Transmission line circuit availability – % availability						
0.25%	98.9%	<99.1%	>99.2%	99.4%	99.31%	0.14%
S2 - Transformer circuit availability – % availability						
0.15%	98.8%	<99.0%	>99.1%	99.5%	99.28%	0.07%
S3 - Loss of Supply Event Frequency Index (a) Number of events where loss of supply exceeds 0.1 system minutes						
0.2%	20 events	>16 events	<13 events	9 events	18 events	-0.10%
S4 - Loss of Supply Event Frequency Index (b) Number of events where loss of supply exceeds 2.0 system minutes						
0.4%	5 events	>3 events	<2 events	0 events	0 events	0.40%
OVERALL PERFORMANCE INCENTIVE SCHEME PERFORMANCE (WITHOUT EXCLUSIONS)						
						0.51%

² AR – Allowable Revenue

2.3 LOS EVENTS GREATER THAN 0.1 SYSTEM MINUTES

The LOS events greater than 0.1 system minutes are shown in Table 3.

Table 3: LOS events greater than 0.1 system minutes

DATE	STATION/CIRCUIT	REMARKS	System Min. Lost
5-Mar-04	Chapel St-Kingston-Knights Rd	Work in progress caused an isolated transmission line to come in contact with 110kV Chapel St-Kingston-Knights Rd transmission circuit, leading to loss of load at Kermandie, Electrona and Knights Road substations.	0.86
31-Mar-04	Paloona-Ulverstone	Fault with 110kV bus coupler C752 at Emu Bay substation, leading to loss of load at Ulverstone and Emu Bay substations.	1.11
20-Apr-04	George Town 110/22kV T4	Protection maloperation after a feeder fault. All 22kV feeders tripped at the same time, leading to loss of 22kV load at George Town Substation.	0.39
22-Apr-04	Farrell-Rosebery-Queenstown	Switching error during planned maintenance in Queenstown 22kV switchyard caused loss of load at Queenstown and Newton substations.	0.15
20-May-04	Avoca	A 22kV feeder fault led to the transformer trip due to incorrect protection settings, leading to loss of load at Avoca Substation.	0.46
20-May-04	Boyer	Error during testing of protection associated with 110/6.6kV transformer T13, leading to loss of load at Boyer Substation.	0.19
31-May-04	Avoca	A 22kV feeder fault led to the transformer trip due to incorrect protection settings, leading to loss of load at Avoca Substation.	0.23
5-Jul-04	Farrell-Rosebery-Queenstown	Lightning strike on transmission line near Lake Margaret PS, leading to loss of load at Queenstown and Newton substations.	0.21
5-Jul-04	Farrell-Rosebery-Queenstown	Lightning strike, leading to loss of load at Queenstown and Newton substations.	0.15
25-Jul-04	Palmerston-Avoca	A fire under the transmission line caused a flashover, leading to loss of load at Avoca and St. Marys substations.	0.21

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DATE	STATION/CIRCUIT	REMARKS	System Min. Lost
12-Aug-04	Norwood-Scottsdale-Derby	Fault in a 22kV feeder circuit breaker A252 at Scottsdale, leading to loss of load at Scottsdale and Derby substations.	0.68
9-Sep-04	Palmerston-Arthurs Lake	A trip coil failed on 6.6kV circuit breaker A352 at Arthurs Lake Substation leading to tripping of 110kV circuit breaker A152, and loss of load at Arthurs Lake Substation.	0.38
7-Oct-04	Farrell-Rosebery-Queenstown	Faulty protection relay. Transmission line tripped on Zone 2 protection from Queenstown, leading to loss of load at Queenstown and Newton substations.	0.18
17-Oct-04	Trevallyn 22kV D Bus	22kV D Bus tripped at the same time as a 22kV Feeder, leading to loss of load at Trevallyn Substation. Protection relays found susceptible to interference from fault current.	0.35
27-Oct-04	Trevallyn 22kV A Bus	A tree across 22kV feeder the possible cause, leading to loss of load at Trevallyn Substation. Protection relays found susceptible to interference from fault current.	0.26
9-Nov-04	Trevallyn 22kV B Bus	A fault on a 22kV feeder led to the bus trip due to an incorrect isolation and earthing procedure on an adjacent feeder, leading to loss of load at Trevallyn Substation.	0.20
27-Nov-04	George Town 110/22kV T4	Fault on 22kV feeder caused the 22kV A and B buses to clear, leading to loss of load at George Town Substation. The direction element of protection on feeder was not as sensitive as the system conditions demand.	0.41
27-Dec-04	Sorell 110/22kV T1	22kV Feeder G252 protection slow in operation after a feeder fault and as a result the 22kV Bus cleared leading to loss of load at Sorell Substation.	0.33

3 EXCLUSIONS

The type of events that qualify for exclusion from the performance incentive scheme are detailed in the Transend document "TNM-GS-809-0099 ACCC Service Standards Scheme -Terms and Measures ". Specific exclusions in 2004 that meet the exclusion criteria are discussed in Section 3.1.

3.1 SPECIFIC EXCLUSIONS IN 2004

A wholesale metering project was undertaken in 2004 to meet impending National Electricity Code compliance obligations of the electricity entities within Tasmania. The transmission line circuit and transformer circuit outages undertaken for installing wholesale metering within the transmission system have been excluded from Transend's performance for 2004.

In Transend's Revenue Cap Application for the period 1 January 2004 to 30 June 2009, the outages to install wholesale energy market metering were defined as excluded events (see Transend's Revenue Cap Application, Appendix 4, Page 5, Table A3). The wholesale metering installation project is a pre-requisite for Tasmania to enter National Electricity Market. Transend as a Transmission Network Service Provider (TNSP) has no control over the requirements of the project and/or implementation timing and methodology, as the project was non-negotiable and driven by the requirement for compliant metering.

The performance impact of installing wholesale metering should be excluded on the grounds that:

- the event was extraordinary, uncontrollable and not manageable by Transend;
- it is a one-off event;
- Transend could not have prevented the impact of the event; and
- Transend could not have effectively reduced the impact of the event by adopting better practices.

Transend's performance with and without the 2004 specific exclusions is shown in Table 1 and Table 2 above. However, Transend is of the view that the 2004 specific wholesale metering exclusions should be allowed. Transend therefore considers that its 2004 service performance will result in a performance incentive scheme bonus of 0.56% of allowable revenue.