Networks Information Requirements Review

Workshop 5: TNSP Category Analysis RIN data

Summary

1 September 2022

AUSTRALIAN ENERGY REGULATOR

Networks Information Requirements Review: TNSP Category Analysis RIN Data Workshop (Workshop 5)

Date of Workshop: 1 September 2022

Attendees

Attendees included representatives from: AER, AusNet Services, ElectraNet, Evoenergy, Powerlink, Rosetta Analytics, Transgrid, and TasNetworks.

Workshop structure

The workshop discussion followed the current transmission Category Analysis RIN template. The group discussed the issues on the issues register and the data use cases for each worksheet in the Category Analysis RIN. The issues register (with responses) and the data use cases relating to both topics were provided to workshop participants prior to the workshop via our website. See Workshop materials

Topic 1. Repex

Issue #106 – Asset Age Profile

Issue raised by Powerlink: We suggest the AER consider where this information could be collected in modified form to reduce the scope of information requests, such as through requests for information on asset augmentation, disposals and decommissioning (i.e. "flow" data) rather than "stock" data each year.

AER response: Modifying the collection of this data would have implications for the repex model (used for DNSPs). The data is also used for performance analysis; hence we do not wish to change how asset age profiles are collected.

Workshop discussion

Powerlink notes this information is useful to the AER but informs the AER its request was to provide the data in a differently presented way, not to remove any data requirements.

AER requests Powerlink provide us with a worked example of how they would like to provide this data for our consideration if they would like to pursue this.

Issue #132 – Definitions – Economic Life

Issue raised by Transgrid: We encourage the AER to provide clear definitions to ensure consistency in reporting between NSPs. We note that in relation to: Economic life - to enable more accurate reporting of economic life that reflects the technology type, we propose splitting protection assets into the following three technology types which each have different economic lives (i) microprocessor (ii) electromechnical and (iii) solid state.

AER Response: Modifying the collection of this data would have implications for the repex model (used for DNSPs). The data is also used for performance analysis; hence we do not wish to change how asset age profiles are collected.

Workshop discussion

While the AER does not propose modifications to the existing template structure, there is some flexibility for TNSPs to use the “Other“ field to record data to make aggregations meaningful.

ElectraNet noted the differences between economic life and technical life.

Use cases

There were no issues raised on use cases relating to Repex.

Topic 2: Augex

There were no issues on the Issues Register relating to Augex.

Use cases

The AER raised an issue regarding augmentation projects for lines data.

The published AER use cases did not indicate the AER used this data, however, on review, teams within the AER have identified they use the Augex Lines data. As a result, this data requirement is under review and may still be included in the new instrument. This is As Commissioned data so the AER will need to consider how to collect it in such a way that it is fit for purpose.

ACTION ITEM 1: The AER will review its need for Augex line data. Any requirement will be considered so the data is fit for purpose.

Topic 3: Non-Network

[note: Agenda had Topic 3 listed as Connections. This was not discussed as it is a distribution topic not a Transmission topic]

Issue #133 – Standard Vehicle Access

Issue raised by Transgrid: We encourage the AER to provide clear definitions to ensure consistency in reporting between NSPs. We note that in relation to Standard Vehicle Access - this is currently defined as 'Distribution route Line Length that does not have Standard Vehicle Access. An area with no Standard Vehicle Access would not be accessible by a two wheel drive vehicle'. This is appropriate for DNSPs but not TNSPs as we maintain a four wheel drive vehicle access to all transmission line structures. We encourage the AER to recognise differences between DNSPs and TNSPs in all definitions as appropriate.

AER response: The AER will review and update definitions where needed. Definitions will be included in the data requirements workbooks.

Workshop discussion:

AER will consult with the TNSPs to understand what they have been submitting against this data requirement as Standard Vehicle Access is used in economic benchmarking. The AER recognise there is a difference between transmission and distribution businesses, and we will work with the TNSPs to make sure we develop a meaningful definition for TNSPs.

ACTION ITEM 2: The AER will revisit the definition of Standard Vehicle Access for TNSPs after we consider how the data is being used by the benchmarking team.

Use cases

No issues were raised on use cases relating to Non-Network data.

Topic 4: Vegetation

Issue #104 – Alignment of vegetation and maintenance categories with international classification structures.

Issue raised by Powerlink: We recommend the AER explore opportunities to align its vegetation and maintenance categories with those adopted in other reporting arrangements. This could improve the ability to benchmark these costs with overseas transmission networks and reduce the duplication of effort by network businesses to reclassify information used for other purposes to meet the AER's regulatory information requirements.

AER response: The proposal can be considered by the AER when it next undertakes a detailed review of vegetation and maintenance categories. However, any material changes will impact our ability to rely on historical data assets and the cost of any change will have to be considered. The AER does not have a review of maintenance metrics on its current forward work program.

Workshop discussion

This proposal makes sense to the AER, however, to achieve this, the AER would need to undertake a detailed analysis and review of this data requirement. This is outside the scope of this review but could occur with the wider transition work that is impending.

Powerlink is happy with this response and looking forward to an opportunity to advancing this work.

Issue #122 – Route line length

Issue raised by Powerlink: In Consultation Workbook Distribution & Transmission 03 Network Metrics, total Route Line Length is requested in “Length” and Route Line Length split by Urban & CBD and Rural area is requested in “Staffing and Terrain”. We request the metric in “Length” be formula driven (or removed) based on the duplicated data requirements.

AER response: The AER will apply a formula to calculate route line length.

Use cases

No issues were raised on use cases relating to Vegetation data.

Topic 5: Maintenance

Issue #120 – Average Asset Age

Issue raised by AusNet Services: In Consultation Workbook Distribution & Transmission 03 Network Metrics, data requested in Average Age of Asset Group under “Age” can be derived using data provided in Asset Age Profile under “Network Assets – Volumes”. This information does not need to be separately provided.

AER response: AER is investigating potential data duplication across CA2.8.1 and CA2.2.1.

Workshop discussion

The AER asked AusNet Services if they use a formulaic method to populate CA2.8.1 as the information currently with AER in some of the Basis of Preparation provided by TNSPs doesn't clearly articulate the linkages between the tables.

AusNet Services advised AER, they do use a formulaic response and can send the AER a spreadsheet illustrating this.

ACTION ITEM 3: AusNet Services to send AER the spreadsheet showing its formulaic response to calculating Average Asset Age as required in CA2.8.1.

Issue #129 – Asset Inspections – duplication of data requirement

Issue raised by Transgrid: We encourage the AER to remove duplication between aggregated and disaggregated data. We note that the information (aggregated) on network maintenance activities in rows 228 to 248 of the Other outputs tab of the Data category 02 Operational outputs Transmission Consultation Workbook is already captured by aggregating asset inspections data in cells K7 to K199.

AER response: Duplication acknowledged. We will remove the Network Maintenance Activities table from the Other Output tab in Workbook 02: Operational Outputs and continue to collect the Asset Inspections information in the Asset Replacement Activities table.

Workshop discussion

Powerlink asked if any formulas used by the AER to infer data on behalf of the NSPs could be provided to the NSPs so they can use them as a check.

AER advised this will still be some time away as we are not yet making the transition to remove calculations from the workbooks. Instead, data calculated by the AER will be included in the data workbooks so the current data structure can be retained, however, calculated data will not be subject to assurance requirements by the NSPs. In the future, we may progress to removing calculated data from the data requirements.

Issue #131 – Asset Inspection definition

Issue raised by Transgrid: We encourage the AER to provide clear definitions to ensure consistency in reporting between NSPs. We note that in relation to Asset Inspection definition - this is currently defined as 'the act of assessing an asset to determine any defects or necessary maintenance'. This provides for a broad interpretation given that there are various levels of asset inspection for transmission lines, including climbing inspection to collect condition data and an aerial inspection. We currently report asset inspections in our RINs and Basis of Preparation as the quantity of structures inspected during climbing inspections. Other NSPs may report on a different basis. Further clarification would be helpful to promote consistency in reporting.

AER response: Agreed. The AER will continue to review and clarify definitions to improve the consistency of data reported.

Workshop discussion

AER will talk to the NSPs to find out the definitions they are currently using before forming a final definition.

ACTION ITEM 4: AER to undertake a detailed review with TNSP's on Asset Inspection definitions.

Use cases

No further issues were raised on use cases relating to Maintenance data.

Topics 6, 7 & 8: Overheads, Labour & Input Table

There were no issues on the Issues Register relating to Overheads or Input tables.

Use cases

The AER initially did not identify any use cases for Overheads, Labour or Input Tables data. However, AER teams are now reconsidering this data and use cases may change.

If data on Overheads, Labour or Input Tables is required, the AER will not need this data to be provided by capex and opex as currently set out in the data requirement workbooks. Total expenditure reporting on these data items will be sufficient. We will therefore shift these data requirements from workbooks 6 and 7 into workbook 9.

AusNet Services, Powerlink and Transgrid fully support the removal of this data.

AusNet Services is happy to demonstrate to AER teams the burdensome process it goes through to produce this data, including the level of estimation required in this data, if this will help AER with its use case.

Issue #105 – Labour classification structures

Issue raised by Powerlink: The AER requires networks to use unique categories and labour classifications that are not adopted by Powerlink as part of normal business. As the data reported in Table 2.11 of the Category Analysis RIN template excludes a significant share of Powerlink's workforce, this information appears inconsistent with the basis for how other data series are reported in the RIN templates. To improve the internal consistency of data under the new information instrument and reduce the costs networks incur in preparing this data, we would welcome further consultation from the AER on an appropriate labour classification structure.

AER response: AER is reviewing data use case and requirements.

Issue #119 – Labour data

Issue raised by AusNet Services: We request removal of disaggregated labour data (Average Staffing Level: Numbers by role type and Labour Costs by role type) included in Consultation Workbook Distribution & Transmission 03 Network Metrics, Consultation Workbook Distribution & Transmission 10 Prices, Consultation Workbook Distribution &

Transmission 07 Capital Expenditure and Consultation Workbook Distribution & Transmission 06 Operating Expenditure for the following reasons:

- Staffing levels are directly impacted by each network service provider's (NSPs) operating model, including the level of outsourced services, the use of field delivery partners and the organisational/group ownership structure. Therefore, this information is not comparable between businesses. The data also tends to be inconsistent over longer time horizons as businesses change and evolve.
- There is a high level of estimation required to prepare the data. This impacts the reliability and usefulness of the information reported. Previous evaluations have shown that it is cost-prohibitive to make the IT system changes required to directly capture this data and therefore estimation approaches will continue into the future.
- We are not aware of how/where this information is used for decision-making or analysis.

AER response: AER is reviewing data use case and requirements.

Where expenditure data is not required to be split into opex and capex, the AER will incorporate it into workbook 9 - Revenue and financial information and remove it from workbooks 6 and 7.

Topic 9: Demand

There were no issues on the Issues Register relating to Demand.

Use cases

No issues were raised on use cases relating to Demand data.

Topic 10: New Data

Issue #99 – New categories - Augex/Repex essential system services

Issue raised by Powerlink: The provision of system strength and other essential system services is becoming a key feature of the services provided by transmission networks now and into the future. We recommend this information is captured as separate categories under the capital expenditure workbook.

AER response: The AER will work with the TNSPs to define and integrate these requirements into the data requirements.

Workshop discussion

The AER suggested this new data could be collected as a subset of the existing collection rather than a new "item." This would allow the current time series to continue while allowing a further disaggregation to occur in a relatively benign way. The difficultly will be defining exactly what the TNSPs will report.

ElectraNet suggested the TNSPs take more time to consider the requirement before asking AER to integrate it into the RIO. ElectraNet suggested the TNSPs could take lead in

developing the requirement over the next year or two as the concept of ESS becomes clearer. This may mean providing information to the AER through a more informal information request while requirements are finessed before the requirement is added to the RIO.

Powerlink supports ElectraNet's suggestion.

ACTION ITEM 5: TNSPs to consider data requirements on Essential System Services.

Issue #100 – New requirement - System level minimum demand

Issue raised by Powerlink: In addition to maximum demand, we consider minimum demand at a system level should be collected as part of network information requirements. Decreases in minimum demand have implications for how transmission network service providers (TNSPs) can operate their networks and may mean updated standards and/or new system services are required to maintain the security and reliability of the power system. Regular reporting of this information will assist longer-term planning and improve stakeholder awareness of the different challenges businesses face in operating their networks.

AER response: The AER will work with the TNSPs to define and integrate these requirements into the data requirements.

Workshop discussion

As with issue #99, Powerlink supports the suggestion by ElectraNet that the TNSPs take time to consider the data requirement for minimum demand at a system level prior to the integration of this requirements into the RIO. This may mean providing information to the AER through a more informal information request while requirements are finessed before the requirement is added to the RIO.

ACTION ITEM 6: TNSPs to consider data requirements on System Level Minimum Demand.

Topic 11: Other

Issue #124 – Removal of capex by project data

Issue raised by AusNet Services: In the interest of streamlining the volume of information requested and aligning requirements across the different networks, we request the following data be removed 'Capex by Project' information in Consultation Workbook Transmission 07 Capital Expenditure. This disaggregated project data is also presented in Capex Models submitted to the AER as part of the Revenue Reset process.

AER response: AER will review. We require some augmentation project information on an annual basis but will assess if the current capex by project data meets our needs.

Workshop discussion

AusNet flagged the fact that capex by project data is currently not collected under the regulatory accounts. This template was removed in 2015.

ACTION ITEM 7: AER to follow up on data use case for capex by project data since not collected since 2015.

Issue #125 – Removal of Related Party Transactions

Issue raised by AusNet Services: In the interest of streamlining the volume of information requested and aligning requirements across the different networks, we request the following data be removed 'Related Party Transactions' in Consultation Workbook Transmission 09 Revenue and Financial Statements. There is duplication in the data requested - related party transactions relating to Capital and Operating expenditure are required to be also reported within the respective workbooks. Balance Sheet balances associated with related parties do not impact decision making and are not required to be disclosed as part of Electricity or Gas Distribution reporting.

AER response: Related party transaction information is used by the AER to understand how the regulated networks operate across the whole sector. However, the duplicated information should not be collected twice, and we will review the information requirements.

Workshop discussion

If AER is to remove data requirement CA2.12, the Related Party Information is likely to be retained in the regulatory accounts.

AusNet Services advised the AER the transmission Related Party Information requires 'Related Party Balance' but this is not required for distribution.

The AER will investigate our use case for this information.

ACTION ITEM 8: AER will investigate the data use case for Related Party Balance information that is required for transmission businesses but not distribution businesses.

TNSP Revenue reporting and compliance

TNSP revenue reporting and compliance was discussed in Workshop 3. The AER asked the TNSPs for an update on TNSP revenue compliance.

ElectraNet will be taking lead on this piece of work.