



Electricity

# Variation to the Electricity Transmission Code: Davenport MGS exit point

Final Decision

August 2020

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## Glossary of terms

Commission	Essential Services Commission, established under the <i>Essential Services Commission Act 2002</i>
Code	Electricity Transmission Code TC/09.2
ElectraNet	ElectraNet Pty Ltd
Electricity Act	Electricity Act 1996
ESC Act	<i>Essential Services Commission Act 2002</i>
Treasurer	Treasurer for the South Australian Government
Minister	Minister for Energy and Mining
OZ Minerals	OZ Minerals Ltd

# 1 Executive summary

ElectraNet operates the main electricity transmission network in South Australia and holds a licence issued by the Essential Services Commission of SA (**Commission**), pursuant to Part 3 of the *Electricity Act 1996* (**Electricity Act**).

As a condition of its licence, ElectraNet is required to comply with the Electricity Transmission Code (**Code**), an industry code made by the Commission pursuant to section 28 of the *Essential Services Commission Act 2002* (**ESC Act**). The Code's requirements include exit point reliability standards, for which there are five categories (see clauses 2.5 to 2.9 of the Code).

In March 2019, the Commission amended the Code to include a temporary exit point at Mt Gunson South substation to allow ElectraNet to continue to provide transmission services to OZ Minerals' Carrapateena Mine until a permanent exit point could be constructed and energised.<sup>1</sup>

In May 2020, ElectraNet submitted a proposal for two changes to the current exit point reliability standards for the Commission's approval:

- ▶ classification of a new permanent Davenport MGS exit point as a Category 1 exit point, as required under clause 2.12 of the Code,<sup>2</sup> and
- ▶ removal of the temporary exit point at Mt Gunson South from the Code, as required under clause 2.17.

The Code variations directly affect two stakeholders, ElectraNet and OZ Minerals. OZ Minerals is the only customer supplied by the temporary Mt Gunson South exit point and will be the only customer supplied by the permanent Davenport MGS 275kV exit point.

Following consultation with the relevant stakeholders, the Commission has made a final decision consistent with ElectraNet's proposal, to amend the Code to establish the new Category 1 Davenport MGS exit point, and remove the temporary Mt Gunson South exit point.

The new Davenport MGS exit point will be energised between August and October 2020.

In reviewing and considering variations to the Code, the Commission must satisfy its primary statutory objective (as specified in section 6 of the ESC Act): to protect the long-term interests of South Australian consumers with respect to the price, quality and reliability of essential services. This Final Decision provides the reasons for the amendments to the Code, to apply from August 2020.

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<sup>1</sup> See the Commission's Final Decision in relation to the Mt Gunson South temporary exit point, published March 2019 <https://www.escosa.sa.gov.au/ArticleDocuments/11367/20190321-Electricity-TransmissionCodeAmendment-FinalDecision.pdf.aspx?Embed=Y>

<sup>2</sup> ElectraNet has advised that the Davenport MGS 275Kv exit point will provide prescribed transmission services, and the costs of its construction will be met by OZ Minerals as a negotiated service. The Code defines prescribed services as having the same meaning as in Chapter 10 of the National Electricity Rules.

## 2 Legislative and regulatory framework

### 2.1 Authority to make and vary Codes

Section 28(1) of the ESC Act provides the Commission with the power to make industry codes and rules relating to the conduct or operations of a regulated industry or regulated entities.

Section 14D of the Electricity Act declares the electricity supply industry to be a regulated industry for the purposes of the ESC Act.

Section 28(2) of the ESC Act allows the Commission to vary or revoke an industry code or rule, while section 28(3) of the ESC Act requires the Commission to consult with the Minister for Energy and Mining and such representative bodies and participants in the regulated industry as the Commission considers appropriate, before varying a Code.

### 2.2 Code requirements for establishing exit point reliability standards

Clause 2.12.1 of the Code requires that ‘where a new exit point, which will provide prescribed transmission services,<sup>3</sup> is to be owned and operated by a transmission entity, the transmission entity must submit the applicable reliability standards for that exit point to the Commission for approval.’

Clause 2.4.1 of the Code establishes five categories of reliability standards for exit points in ElectraNet’s electricity transmission network. These categories are contained in clauses 2.5 to 2.9.

### 2.3 Category 1 exit points

The Category 1 reliability standard is described in clause 2.5 of the Code. It requires a transmission entity to:

- ▶ provide a single line and transformer to meet 100 percent of agreed maximum demand, and
- ▶ in the event of an interruption:
  - use its best endeavours to restore line capacity within two days of the commencement of the interruption
  - use its best endeavours to restore transformer capacity as soon as practicable, and
  - in any event, restore transformer capacity within eight days of the commencement of the interruption.

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<sup>3</sup> ‘Prescribed transmission services’ has the same meaning as defined in Chapter 10 of the National Electricity Rules: <https://www.aemc.gov.au/sites/default/files/2020-06/NER%20-%20v142%20-%20Chapter%2010.pdf>

## 3 Reasons for decision

### 3.1 The permanent Davenport MGS exit point

In accordance with clause 2.12 of the Code, ElectraNet submitted a proposal for a new permanent exit point at Davenport MGS be classified as a Category 1 exit point.

ElectraNet advised that the Davenport MGS exit point will only service OZ Minerals' Carrapateena and Prominent Hill Mine sites. It further advised that the Davenport MGS exit point will provide prescribed transmission services,<sup>4</sup> and the augmentation costs for the dedicated connection assets will be met by OZ Minerals, consistent with the requirements of the National Electricity Rules.<sup>5</sup>

Targeted consultation was undertaken in July 2020 with OZ Minerals, as the only customer at this exit point, and the Minister for Energy and Mining, as the relevant industry Minister.<sup>6</sup> No issues were raised in the submissions. OZ Minerals has confirmed that a Category 1 reliability standard is acceptable and consistent with the connection agreement between it and ElectraNet. The Minister did not raise any objections to ElectraNet's proposal.

The Commission's final decision is to accept ElectraNet's proposal to classify the permanent Davenport MGS exit point as a Category 1 exit point for the following reasons:

- ▶ The proposed reliability standard for the new permanent exit point at Davenport MGS directly impacts one customer (OZ Minerals) and that customer has confirmed that the proposed standard is acceptable and consistent with its current connection agreement with ElectraNet for the Mt Gunson South exit point. OZ Minerals will meet the costs of augmentation for the dedicated connection assets.
- ▶ There are no indirect impacts from ElectraNet's proposals on the reliability of supply experienced by other customers.<sup>7</sup> Although short planned outages may be experienced by customers in Mt Gunson, Woomera, Neuroodla and Leigh Creek during the reconfiguration of lines required to energise the new 275kV line, such an outage is typical when establishing a new connection on a long, radial transmission line and is independent of the reliability standard that may be applied to the exit point. Further, the Code obliges ElectraNet to: minimise the number and duration of any interruption (clause 3.3.1) and coordinate planned outages with affected transmission customers, distributors or generators (clauses 3.2.1 and 3.2.2).
- ▶ The proposed reliability standard reflects the reliability standard that currently applies to other exit points with similar characteristics.

### 3.2 The temporary exit point at Mt Gunson South

In March 2019, the Commission amended the Code to include a temporary exit point at Mt Gunson South substation. The amendment to the Code was made after a request from ElectraNet, and following consultation with OZ Minerals, as the only customer of the exit point, and the industry Minister, as required under the ESC Act.

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<sup>4</sup> The Code defines prescribed services as having the same meaning as in Chapter 10 of the National Electricity Rules.

<sup>5</sup> National Electricity Rules clause 5.2A.8.

<sup>6</sup> As required by section 28(3) of the *Essential Services Commission Act 2002*.

<sup>7</sup> Obligations on OZ Minerals to ensure that its operations do not negatively impact on reliability and power system security are contained in its connection agreement with ElectraNet.

The temporary exit point was established to service OZ Minerals' Carrapateena Mine, and was classified as a Category 1 exit point under clause 2.4.1 of the Code, for the purposes of setting planning and reliability standards under the Code. At the time, ElectraNet noted its intention that the Mt Gunson South exit point would be temporary until a permanent exit point, with greater capacity, was established in the vicinity of Port Augusta.<sup>8</sup>

In making the initial amendment to the Code in March 2019, the Commission noted that a further review of the relevant reliability standard classification for the exit point would occur prior to a permanent exit point being established.

As a consequence of the establishment of the permanent Davenport MGS exit point to replace the temporary Mt Gunson South exit point, the temporary exit point at Mt Gunson South will be removed, pursuant to clause 2.17 of the Code.

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<sup>8</sup> See the Commission's Final Decision in relation to the Mt Gunson South temporary exit point, published March 2019 <https://www.escosa.sa.gov.au/ArticleDocuments/11367/20190321-Electricity-TransmissionCodeAmendment-FinalDecision.pdf.aspx?Embed=Y>



## 4 Code amendments

To implement this Final Decision, the Commission will amend the table in clause 2.4.1 of the Code. The table categorises exit points for the purposes of setting planning and reliability standards. The first row of the table will be amended as shown in Table 1 below.

The Davenport MGS exit point will be subject to the reliability standards only to the extent that the exit point is used to provide prescribed transmission services to a transmission customer (as indicated with an asterisk in the table in clause 2.4.1, and explained in clause 2.4.2). This is consistent with the application of reliability standards at other single-customer exit points.

The temporary Mt Gunson South exit point will be removed from the Code.

Table 1: Extracted row from table in clause 2.4.1 of the Code

Category	Exit point
Category 1	<ul style="list-style-type: none"> <li>• Baroota</li> <li>• Back Callington *</li> <li>• Davenport *</li> <li>• <del>Davenport MGS*</del></li> <li>• Florieton SWER</li> <li>• Kanmantoo</li> <li>• Leigh Creek Coal *</li> <li>• Leigh Creek South</li> <li>• Mannum/Adelaide 1 *</li> <li>• Mannum/Adelaide 2 *</li> <li>• Mannum/Adelaide 3 *</li> <li>• Middleback*</li> <li>• Millbrook *</li> <li>• Morgan/Whyalla 1 *</li> <li>• Morgan/Whyalla 2 *</li> <li>• Morgan/Whyalla 3 *</li> <li>• Morgan/Whyalla 4 *</li> <li>• Mt Gunson</li> <li>• <del>Mt Gunson South*</del></li> </ul> <ul style="list-style-type: none"> <li>• Murray/Hahndorf 1 *</li> <li>• Murray/Hahndorf 2 *</li> <li>• Murray/Hahndorf 3 *</li> <li>• Neuroodla</li> <li>• Pimba *</li> <li>• Roseworthy*</li> <li>• Stony Point (Whyalla Refiners) - distribution</li> <li>• Stony Point*</li> <li>• Whyalla Terminal LMF</li> <li>• Woomera*</li> </ul>



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