

27 May 2011

Mr Rajat Sarawat  
Acting Chief Executive Officer  
Essential Services Commission of South Australia  
MAC Building  
L8, 50 Pirie Street  
ADELAIDE SA 5000

Attention: Mr Stuart McPherson

Dear Rajat,

### **Draft Electricity Transmission Code (ETC)**

Thankyou for the opportunity to comment on the Draft ETC with our comments provided below.

Issue 1.

*The Commission seeks stakeholder comment on AEMO's assessment methodology for proposed category upgrades based on annual cost of unserved energy.*

ETSA Utilities has no concerns with the assessment methodology employed by AEMO.

Issue 2.

*The Commission seeks stakeholder comment on the assumptions used by AEMO for its review of the exit point reliability standards.*

ETSA Utilities has no concerns over assumptions relating to exit point reliability standards employed by AEMO in its review.

Issue 3.

*The Commission seeks stakeholder comment on:*

- *the proposal to upgrade the Baroota and Dalrymple exit points from Category 1 to Category 2 and associated issues; and*
- *the proposed timing of the Baroota and Dalrymple exit point upgrades.*

ETSA Utilities supports the proposal to upgrade the Baroota & Dalrymple connection points from Cat 1 to Cat 2.

Issue 4.

*The Commission notes that moving the Category 5 connection points to Category 4 does not reduce the reliability standard of the connection points supplying the surrounding suburbs, i.e. the N-1 continuous reliability standard is maintained.*

*The Commission seeks stakeholders' comment on the recommendation by AEMO to move the current Category 5 exit points to Category 4 (i.e. to provide an N-1 reliability standard, where N-1 is defined as N-1 continuous) and remove the existing Category 5 from code.*

ETSA Utilities has no concerns with the proposal to:

- shift the current Category 5 connection points (ie Dry Creek, Magill (East) and Northfield) to Category 4;
- remove the current Category 5 and replace it with the current Category 6 requirements (ie new Category 5); and
- Remove the existing Category 5 from the ETC and as a consequence the majority of the current category 5 connections points moving to Category 4.

However, the distribution system is not capable of maintaining supply to all distribution customers in the Metropolitan Area, if the system is used to support the ACR under n-2 conditions at peak load. Consequently, at peak load, load shedding of the metropolitan area would be required primarily within the Metro East and Metro South regions.

As this n-2 requirement under the ETC applies to ElectraNet, if they chose to use ETSA Utilities to assist in provision of their n-2 obligation for ACR then they must be required to enter into a Network Support Agreement for that support. The Network Support Agreement would detail the terms and conditions associated with providing that support.

### **Section 2.3**

ETSA Utilities will have connection points at Mt Barker and Mt Barker South with ElectraNet. Ultimately, it is likely that when a second transformer goes into Mt Barker South, the Mt Barker connection point will cease operation. The amended ETC needs to include Mt Barker South as a category 4 connection point or list Mt Barker and Mt Barker South as a combined connection point.

The City West Substation will have two connection points one to Metro South and one to ACR. Consequently, the current single City West needs to be expanded into two connection points eg City West South and City West ACR. City West South should be included as a Category 4 connection point and City West ACR as a Category 5 connection point.

Issue 5.

*In amending the timeframe to remedy a breach of the reliability standards in the Electricity Transmission Code, a number of amendments proposed by AEMO are to be considered, namely;*

- the amendment of clause 6.3.1;*
- the introduction of a new definition of forecast agreed maximum demand;*
- the amendment of clause 2.6.3, 2.7.3, 2.8.3, 2.9.3 and 2.10.3; and*
- the introduction of new clause 6.3.2*

*The Commission seeks comment on the proposal to amend the timeframe to remedy a breach of the reliability standards and the amendments to the code above. The Commission also seeks stakeholder views on any other matters that may further clarify ElectraNet's responsibilities in resolving breaches, simplifying the definition of timelines and allowing for the impact of unanticipated increases in demand and unforeseen 'drop-in' customers (and specification of their limits) in the planning and remediation process.*

ETSA Utilities has no concerns with the:

- amendment of clause 6.3.1.
- new definitions of forecast AMD
- amendment to clauses 2.6.3, 2.7.3, 2.8.3, 2.9.3 & 2.10.3; and

However, in relation to clause 6.3.2 we understand the reasons for the timeframes but if the constraint associated with a "drop-in" load were to arise earlier in ElectraNet's regulatory period, then ElectraNet would not be funded to undertake the augmentation. We consider that the funding of the augmentation needs to be considered in any change in obligations.

Issue 6.

*Noting that the current provisions of the code require the provision by ElectraNet of an N-1 exit point reliability standard to the Adelaide Central Area from 1 January 2012 and that this level of reliability will be provided by independent and diverse transmission entry points which themselves come from diverse parts of the ElectraNet network, the Commission seeks stakeholder comment on whether or not there is a need to amend the code to further enhance the reliability standard (whether interruptible or continuous) to Adelaide Central during the 2013 to 2018 regulatory period.*

*In particular, the Commission seeks comment on the need for a heightened level of reliability and the costs and benefits associated with such a proposal.*

Where ETSA Utilities provides operational support for ElectraNet to meet its obligations under the ETC, we consider that a mandatory requirement on ElectraNet is to establish a Network Support Agreement with us that specifies the terms and conditions associated with that support.

In regard, to the ETC specifying continuous n-2 for ACR, we consider that requirement should be delayed until after 2018 (eg 2020) in line with industry practice.

*Issue 7.*

*The Commission seeks comment on the appropriateness of the proposal by AEMO to include an additional clause in the code as set out above.*

ETSA Utilities has no concerns with the additional clause as proposed by AEMO. However, where ETSA Utilities is required to provide Network Support to ElectraNet for it to satisfy its obligation, that support needs to be subject to a formal Network Support Agreement.

*Issue 8.*

*The Commission seeks comment on the recommendation by AEMO for the removal of clauses 2.5.1(a), 2.5.2(a), 2.6.1(a), 2.6.2(a), 2.7.1(a), 2.7.2(a), 2.8.1(a), 2.8.2(a), 2.9.1(a), 2.9.2(a), 2.10.1(a) and 2.10.2(a) from the code, leaving the option on how to provide equivalent line capacity to the transmission entity.*

*The Commission also seeks the views of stakeholders on the proposed amendments to clause 2.11.1 and the introduction of clause 2.11.2 which seek to deliver the appropriate level of reliability where network support options are utilised.*

The proposed amendments appear to be more complicated and confusing than the existing clauses. The proposed wording of clause, 2.11.1 (b) is ambiguous. The 20% reference would be clearer if it stated as "above 120% of agreed maximum demand".

*Issue 9.*

*The Commission notes that network plant failures and demand in associated NEM regions can influence the achievement of reliability standards where there is a dependence on interconnection. Having regard to that matter, should these influences be considered in assessing the overall value in meeting the transmission reliability standards for South Australia? If so, should consideration of such influences be only limited to Victoria or should the wider impacts of the interconnected transmission network e.g. other inter-regional constraints, be considered?*

*The Commission seeks the views of stakeholders on the proposed introduction of clauses 6.4.2 and 6.4.3 which are designed to clarify the capability of the Murraylink interconnector.*

TNSP's should consider contingent events and demand in other NEM Regions where an event or demand will influence an interconnector and that interconnector is relied upon to meet TNSP's reliability standards. The majority of these considerations should focus on Victoria but may need to include other significant events in other NEM jurisdictions.

ETSA Utilities has no objection to the introduction of clauses 6.4.2 & 6.4.3.

*Issue 10.*

*The Commission seeks comment on the proposed amendment of clauses 2.7.1(b) and 2.7.2(b) which would provide that Category 3 loads do not require an N-1 supply on a firm, uninterruptible basis.*

ETSA Utilities supports the proposed clarification.

Issue 11.

*The Commission seeks comment on the appropriateness of AEMO's proposed amendment of clauses 2.1.1 and 2.1.2 which AEMO considers will assist in avoiding any misinterpretation of the reliability standards regarding load shedding in the code.*

ETSA Utilities is not concerned by the proposed clarification.

Issue 12.

*The Commission seeks comment on AEMO's proposed amendment of clause 2.12.1 to ensure that it cannot be interpreted as applying to new generation connection points.*

ETSA Utilities would like to understand the reasons behind exempting new connection points with generators from the applicable standards especially considering the generator would need to be licensed by ESCoSA and registered with AEMO.

Issue 13.

*The Commission seeks the views of interested parties as to the appropriateness of creating/upgrading connection points presented by AEMO in its review of the code. Consideration should be given to cost benefit, demand growth, generation proposals, unaccounted-for new load connections and lower cost alternatives to transmission network solutions.*

ETSA Utilities has no issues with on CPs identified by AEMO for upgrading other than to say, the retention of Pt Lincoln as a Cat 3 rather than Cat 4, potentially limits / inhibits new connections within the region given the limited capacity and radial nature of the 132kV. Further it limits operational flexibility to undertake work (ie outage required to perform maintenance).

Issue 14.

*The Commission seeks comment from interested parties as to the appropriateness and frequency for reporting switching incidents by ElectraNet and ETSA Utilities in the context to the number of incidents, the severity of the incidents and the impact on the transmission network.*

ETSA Utilities considers that the report of all switching incidents in our quarterly operational performance report to ESCoSA would provide the appropriate mechanism and frequency.

Further, ETSA Utilities has obligations under the Electricity Act (Section 31) to report any injury to a person from shock or burns to the Technical Regulator within 1 to 10 business days. Consequently, we consider that reporting these incidents within 20 business days would create confusion and duplication and do not advocate for this.

We consider that we should only be required to report switching incidents using the current timeframes (ie 20 business days) when the switching incident had the potential to affect system security.

Issue 15.

*The Commission seeks comment from interested parties on other matters which should be addressed in the review of the code.*

ETSA Utilities' distribution system is normally automatically configured to supply customers in the event of the failure of ElectraNet's plant. ETSA Utilities consider that we should be indemnified for any loss where customers lose supply for a failure of our system, where that failure would normally (ie ElectraNet's equipment operational) would not have resulted in loss of supply to customers. We consider that loss of customers should be attributed to ElectraNet as the primary cause of the outage was the failure of the transmission plant.

If you have any queries, questions or require more detail in regard to our submission please contact Mr Grant Cox on 8404 5012.

Yours sincerely



Eric Lindner  
General Manager Regulation & Risk

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