

# 2023 Network Reliability Review

Terms of Reference, October 2022



## Objective

The objective of the 2022 network reliability review is to review the reliability of network services in Tasmania over the previous three years and to identify issues that may affect the reliability of network services in future years. This covers TasNetworks' transmission and distribution networks on mainland Tasmania, including Bruny Island, and Hydro Tasmania's distribution networks on the Bass Strait Islands.

## Background

Section 10B (1) of the *Electricity Supply Industry Act 1995* requires the Regulator to conduct a review into the reliability of network services at least once every three years.

After conducting the review, the Regulator is to prepare a Network Reliability Report (the Report) setting out the findings of its review. A copy of the Report must be tabled in both Houses of Parliament and made available to members of the public.

Under section 3 of the Act, network services means:

- (a) the transmission and distribution of electricity between electricity entities and from electricity entities to customers; and
- (b) controlling and regulating the quality of electricity.

The Tasmanian Electricity Code defines reliability as “the probability of a system, device, plant or equipment performing its function adequately for the period of time intended, under the operating conditions encountered.”

A number of regulatory arrangements within the National Electricity Market (NEM) are designed to ensure high levels of network reliability. These arrangements are largely focused on detailed network operations and planning. The network reliability review will not duplicate these arrangements.

The *Electricity Supply Industry Performance and Information Reporting Guideline, 2021* requires TasNetworks and Hydro Tasmania to provide the Tasmanian Economic Regulator with information annually on the performance of the electricity network on mainland Tasmania and the Bass Strait Islands respectively. The Network Reliability Review will review, summarise, and comment on the annual performance information provided over the previous three years.

Electricity networks are currently facing several developments that have the potential to change how networks are designed and operated. Technological changes have resulted in electricity networks being increasingly being used as a means of exchanging electricity from various sources, rather than solely transporting electricity from large scale generators to customers. The review will therefore also examine how these technological changes may impact on network reliability.

## Terms of reference

- (1) The Regulator will review the reliability of network services in the Tasmanian power system taking account of the Regulator's objectives in section (6)(2) of the *Electricity Supply Industry Act 1995*, namely to:
  - (a) establish and maintain a safe and efficient system of electricity generation, transmission, distribution and supply;
  - (b) establish and enforce proper standards of safety, security, reliability, and quality in the industry; and
  - (c) protect the interests of consumers of electricity.
- (2) In particular, the Regulator will:
  - (a) Review the performance of network services on mainland Tasmania and on the Bass Strait Islands against standards, requirements, and targets for reliability;
  - (b) identify issues which may affect the reliability of network services in the medium term (the next three to five years);
  - (c) identify measures to address any issues identified and/or mitigate their impact.
- (3) In conducting this review, the Regulator will consider:
  - (a) relevant legislative requirements;
  - (b) the size and nature of Tasmania's power system (including the effect of connection to the NEM via Basslink);
  - (c) performance against relevant transmission and distribution performance standards;
  - (d) the impact on the reliability of network services of demand side management programs and customer participation programs;
  - (e) any potential impacts arising from likely future changes in generation and load; and
  - (f) to the extent they are applicable, the results and conclusions from relevant/applicable reviews, studies, and documents in relation to network reliability published by:
    - the Australian Energy Market Operator (AEMO);
    - the Australian Energy Market Commission (AEMC);
    - the Australian Energy Regulator (AER); and
    - any other entities in the electricity supply industry and organisations that the Regulator considers relevant.

In this review, the Regulator will also consider the potential impact, if material, on the future reliability of electricity network services in Tasmania of:

- intermittent, embedded and low inertia generation;
- battery storage; and
- electric vehicles.

## Review outcomes

The outcomes of the review will be presented in the Network Reliability Report. The Report is intended to inform stakeholders and assist energy policy development in the State.

## Review process

The review will be conducted as follows:

- (a) the Regulator will advise stakeholders that it will conduct a review, provide them with the terms of reference, and invite comments and submissions on the matters covered by the review's terms of reference from stakeholders and any other interested parties;
- (b) the Regulator will meet with stakeholders to discuss the reliability of network services over the past three years and identify, consider, and discuss issues that are likely to affect the reliability of network services in the Tasmania in the medium and longer term;
- (c) the Regulator will publish the Report on its website; and
- (d) the Regulator will arrange for the Report to be tabled in Parliament.

## Timetable

The timetable for the review is as follows:

Milestone	Dates
Regulator publishes Terms of Reference for Network Reliability Review	11 October 2022
Regulator approves release of draft report for comment	18 November 2022
Comments due from stakeholders on the draft report	16 December 2022
Regulator considers submissions, meets with stakeholders, and prepares final report	December 2022/January 2023
Regulator approves and publishes the final report	21 February 2023
Report tabled in Parliament	2023 Autumn session