

2019 Network Reliability Review

Terms of Reference, August 2019



Objective

The objective of the 2019 Network Reliability Review is to review the reliability of network services in Tasmania over the previous three years and to identify issues that may impact on the reliability of network services in future years.

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 from 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.”

Electricity network reliability is currently addressed by a number of regulatory arrangements within the National Electricity Market (NEM). 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, 2014* requires TasNetworks to provide the Tasmanian Economic Regulator with information annually on the performance of the electricity network on mainland Tasmania. The Network Reliability Review will review, summarise and comment on the annual performance information provided over the previous three years. The review will also report on the reliability of network services on the Bass Strait Islands.

Electricity networks are currently facing a number of developments that have the potential to change how networks are designed and operated. Electricity networks are 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 generation and demand factors that 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 under the *Electricity Supply Industry Act 1995* 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) The Regulator will make recommendations to the Treasurer and/or the Minister for Energy, as appropriate, with respect to the current or future reliability of network services in the Tasmanian power system.
- (3) In particular, the Regulator will:
 - (a) consider the performance of network services against standards, requirements and targets for reliability;
 - (b) identify issues which may impact on 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; and
 - (d) comment on the status of the implementation of recommendations from previous reviews.
- (4) In conducting this review, the Regulator will take into account:
 - (a) relevant legislative requirements;
 - (b) the size and nature of Tasmania's power system (including the impact of connection to the NEM via Basslink);
 - (c) consistency of Tasmanian network reliability standards with the National Electricity Network Reliability Principles as endorsed by the COAG Energy Council;
 - (d) performance against relevant transmission and distribution performance requirements;
 - (e) the impact on the reliability of network services of demand side management programs and customer participation programs;
 - (f) any potential impacts arising from likely future changes in load;
 - (g) the Government's energy strategy, *Restoring Tasmania's Energy Advantage 2015*; and
 - (h) 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;
 - the Australian Energy Market Commission;

- the Australian Energy Regulator; and
 - regulated and licensed entities.
- (5) In this review, the Regulator will also consider:
- (a) the potential impact on the future reliability of electricity network services in Tasmania of:
 - intermittent and low inertia generation;
 - solar PV generation;
 - battery storage; and
 - electric vehicles

Review outcomes

The outcomes of the review will be presented in the Network Reliability Report. The Report will identify high level issues that may impact on the reliability of the Tasmanian electricity network over the medium term. The Report is intended to inform stakeholders and assist energy policy development in the State.

The review will not address detailed or specific network reliability issues, as these are addressed through existing regulatory frameworks within the NEM.

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	Target dates
Regulator writes to stakeholders advising of the upcoming review	28 June 2019
Regulator releases the terms of reference for the review and seeks comments and submissions from stakeholders and any other interested parties on the matters in the terms of reference	1 July 2019
Comments and submissions due on matters contained in the terms of reference	19 July 2019
Regulator approves release of draft report for comment	11 November 2019
Comments due from stakeholders on the draft report	30 November 2019
Regulator considers submissions, meets with stakeholders as necessary and prepares final report	December 2019
Regulator approves final report	17 January 2020
Regulator publishes final report	31 January 2020
Report tabled in Parliament	2020 Autumn session