



Review of Distribution Reliability Outcomes and Standards

Issues paper on a nationally consistent framework for achieving reliability outcomes in distribution networks

The national workstream of this review will deliver advice on the merits of moving to a nationally consistent framework for expressing, delivering and reporting on distribution reliability outcomes.

Review of distribution reliability outcomes and standards

The AEMC's review of distribution reliability outcomes and standards includes both a review of distribution reliability outcomes in New South Wales and a review of the frameworks across the NEM for the delivery of distribution reliability outcomes.

The AEMC has commenced the first stage of the national workstream with the publication of an issues paper, which sets out for comment the proposed scope and approach to the workstream.

The national workstream

Outcomes from recent distribution regulatory determinations have been a significant contributor to recent retail electricity price rises. As such, the Standing Council on Energy and Resources (SCER) seeks to ensure that there is an effective balance between ensuring sufficient investment in distribution networks to maintain reliability, and pricing outcomes for customers.

A nationally consistent framework

Distribution reliability outcomes are currently set separately for each NEM jurisdiction by jurisdictional regulators, relevant government bodies or individual Distribution Network Service Providers (DNSP), and different approaches are used between jurisdictions.

The SCER has asked the AEMC to consider if there is merit in developing a nationally consistent framework for expressing, delivering, and reporting on distribution reliability outcomes.

The AEMC will draw on an analysis of the existing approaches to jurisdictional distribution reliability in the NEM, including an assessment of the methodologies and outcomes, the differences in approaches between jurisdictions, and what the implications of these differences are in consideration of a nationally consistent framework.

The review will recognise that it is appropriate for reliability outcomes to differ across jurisdictions due to the differing characteristics of distribution networks. The intention of the national workstream is not to result in a single harmonised level of reliability outcomes that will apply across the NEM. Rather, the intention of the national workstream is to assess the merits of having a common overarching framework for expressing, delivering, and reporting on distribution reliability outcomes, which would allow for local differences, for example to reflect local network or geographic conditions.

Approach to the national workstream

This issues paper commences the first stage of the national workstream and sets out for comment the proposed scope and approach to the review.

The current approach adopted in each NEM jurisdiction is explored and discussed in this issues paper along with a proposed assessment framework for deciding whether there would be merit in developing a nationally consistent framework.

The Commission's recommendations in relation to the merits of moving to a nationally consistent framework will be provided to the SCER and published in a draft report in November 2012.

In order to assess the merits of a nationally consistent framework, the high-level content of a nationally consistent framework will need to be identified and explored so that the expected costs and benefits of moving to such a framework can be assessed. A nationally consistent framework could potentially offer benefits if that framework represents best practice and is a substantial improvement on aspects of the approaches currently adopted in some or all jurisdictions.

The SCER will consider the AEMC's draft report and if it considers that there is merit in moving to a nationally consistent framework, the SCER may request the AEMC to develop a best practice framework that delivers nationally consistent reliability outcomes that could be voluntarily adopted by jurisdictions or used as a reference to amend aspects of existing jurisdictional approaches.

Next steps

Submissions on the issues paper close on 9 August 2012. The AEMC will consider stakeholder submissions and will publish a draft report on the merits of moving to a nationally consistent framework for expressing, delivering and reporting on distribution reliability outcomes in November 2012.

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