

25 July 2016



Hon Ivan Dean MLC
Chair
Parliamentary Standing Committee of Public Accounts
Parliament House
Hobart TAS 7000

Tasmanian Networks Pty Ltd
ABN 24 167 357 299
PO Box 606
Moonah TAS 7009

Via email: pac@parliament.tas.gov.au

Dear Sir

Parliamentary Standing Committee of Public Accounts – Response to questions

The following responses are provided in relation to Questions on Notice:

1. What was the actual date on which the TVPS was mothballed – what did TasNetworks do in August 2015? And what initiated those changes?

Response:

On 12 August 2015, Hydro Tasmania (**HT**) issued a media release about the future of the Combined Cycle Gas Turbine (**CCGT**) at the Tamar Valley Power Station (**TVPS**).

As there were no instructions to TasNetworks we did not initiate any changes. A Network Connection Agreement for the TVPS remains in place.

TasNetworks also provides TVPS with a Generator Contingency Scheme (**GCS**) as a contracted service. The GCS allows operation of the CCGT up to its maximum capacity of 208 MW. Without the GCS in operation, the station is limited to 144 MW due to technical requirements which are embedded within the Tasmanian Frequency Operating Standards.

The GCS Service Agreement between TVPS and TasNetworks expired in March 2015. At that time, TVPS chose not to renew this agreement. On 19 March 2015 TasNetworks disabled the GCS to ensure that there could be no unintended operation of the scheme. The activities associated with disabling of the scheme included:

- opening of trip links at Chapel St and Creek Road substations
- removal of software from the TasNetworks Networks Operations and Control System
- powering down of the GCS remote terminal units at Chapel St and Creek Road.

Without the GCS available for service, the CCGT would have been limited to a maximum output of 144 MW if operating.

In December 2015 TVPS approached TasNetworks to reinstate the GCS. This work was completed by TasNetworks in time for the recommencement of the operation of the CCGT at TVPS in January 2016.

2. Please provide modelling data including assumptions used regarding the potential for residential load shedding

Response:

The National Electricity Rules require all jurisdictions in the National Electricity Market to prepare, maintain and update guidelines in relation to the shedding and restoration of loads, to maintain power system security, or for public safety. Every jurisdiction has this plan in place, specific for their state.

The potential for residential load shedding exists whenever the electricity system does not maintain the supply/ demand balance. Load shedding priorities in Tasmania are documented in the Jurisdictional System Security Coordinator (**JSSC**) Load Shedding Priorities for Tasmania. These arrangements are ‘business as usual’ requirements under national law.

Modelling assumptions are based on individual customer details contained in TasNetworks’ distribution customer database. Load shedding profiles, the demand and energy shed are modelled by applying the JSSC Load Shedding Priority guidelines to the customer database across a number of scenarios, including scenarios applicable during the energy supply response. This is an arrangement between the JSSC and the Australian Energy Market Operator (**AEMO**). It is not our information to share.

3. Provide TasNetworks FTE’s at 1 July 2014; and current FTE’s with breakdown to include administrative staff, IT staff, field staff and contractors.

Response:

TasNetworks	1 July 2016	1 July 2014
Total Full Time Equivalentents (FTEs)	951*	1015
IT	54*	61
Field operations	354	353
Engineering, customer, works planning and administration	543	523
Unfilled roles		78
Contractors (headcount not FTE) – not included in total FTE figure	151	56

*Number excludes 21 FTEs employed due to the end of an IT service outsourcing arrangement, at lower overall cost.

Please note the data for contractors is the total number rather than FTEs. Many contractors work for short periods of several months on specific projects.

4. Please provide employee costs at 1 July 2014, current and redundancy costs with breakdown as above.

Response:

The table below provides a comparison of our total employee labour costs in the first two years of TasNetworks operation.

TasNetworks	Actual 2015-16 (\$m)	Budget 1 July 2014 (\$m)
IT	\$9.5	\$8.9
Field Operations	\$56.5	\$51.5
Engineering, Customer, Works planning	\$29.9	\$37.4
Admin	\$31.2	\$32.7
Totals	\$127.1	\$130.5

There were five redundancies during 2014-15 for TasNetworks employees at a cost of \$0.808m made up of:

- Three employees who transferred to TasNetworks on 1 July 2014 where redundancy was anticipated - totalling \$0.648m
- Two employees who were made redundant by TasNetworks during 2014-15 - totalling \$0.160m

There were six redundancies during 2015-16 at a cost of \$0.825m.

TasNetworks revenue and pricing arrangements are set by the Australian Energy Regulator and there is no customer price impact as a result of these redundancies paid by TasNetworks.

5. Provide a timeline of TasNetworks involvement in implementing the energy supply plan

Response:

TasNetworks assisted HT's installation of temporary diesel generation in accordance with its Energy Supply Plan. The work was completed without safety incidents, on time and in accord with the National Electricity Market (NEM) requirements. We worked closely with the Australian Energy Market Operator to ensure these new network connections satisfied the NEM technical design, performance, customer and stakeholder engagement criteria. TasNetworks assisted Hydro Tasmania install and connect temporary diesel generators across six sites, some within our substation boundaries. We seconded media relations personnel to Hydro Tasmania to cover a HT staff leave situation. The engagement and support across our teams and with HT was outstanding and the key to our successful support of the energy supply plan.

A chronological timeline is provided below:

January 2016

- We managed our network to minimise transmission losses
- At HT's request we enabled the GCS for TVPS
- We developed an Adaptive Under Frequency Load Shedding Scheme to reduce requirement for 6 second raise ancillary services
- We initiated a joint bushfire response to secure transmission corridors critical to HT's utilisation of water storages.

- We provided advice to HT on site selection for diesel generation units

February 2016

- We conducted network system studies to facilitate the proposed new connections
- We reinstated the Rowallan Fisher 22kV line damaged by bushfire, facilitating generation from Rowallan Power Station.

March 2016

- We assisted the commissioning of generation from HT temporary diesel generation at Catagunya and Meadowbank
- We facilitated additional generation export to the network from a customer site

April 2016

- We assisted the commissioning of generation from HT temporary diesel generation at George Town, Port Latta and Que River
- Review of network operations under very low hydroelectric generation scenarios
- We kept the TasNetworks Customer Council engaged regarding the Energy Supply Challenge

May 2016

- We assisted the commissioning of generation from Hydro Tasmania temporary diesel generation at Bell Bay

June 2016

- We maintained situational awareness

July 2016

- We are assisting HT implement its decommissioning plans for the diesel generators

Throughout the period of the energy supply challenge, TasNetworks considered the impact and outcome for Tasmanian customers and worked closely with a range of stakeholders to ensure safe, secure and reliable service.

Should you have any queries in relation to our responses, please contact Bess Clark on (03) 6271 6000 or via email, bess.clark@tasnetworks.com.au.

Yours sincerely



D Norton AO
Chairman