



4 June 2020

Attn: Mark Feather
General Manager Policy and Performance
Australian Energy Regulator
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Dear Mr. Feather,

Widespread and Long Duration Outages - Value of Customer Reliability

Ausgrid welcomes the opportunity to provide feedback on the Australian Energy Regulator's (AER) consultation paper on Widespread and Long Duration Outages (WALDO) – Values of Customer Reliability (VCR). We would like to commend the AER in acknowledging the outage impacts of widespread and long duration events, and in their efforts to develop a model to represent WALDO VCRs. We are supportive of the development of WALDO VCRs to represent significant outage events, as this will support us in understanding the value that customers place on broader network resilience.

Ausgrid is a distribution network supplying the Sydney, Central Coast and Hunter regions of NSW. We supply electricity to 1.7 million customers and power the economic activity that supports 20% of Australia's GDP.

Ausgrid supports the AER's development of a separate macroeconomic model to derive WALDO VCRs. We agree that this approach is preferable to survey techniques as customers may find it difficult to answer questions about severe outages that rarely occur. The results will also be more accurate, since a macroeconomic approach can incorporate economy-wide costs, flow-on costs, or other costs borne by society. The modelled scenarios included in the ACIL Allen model published for consultation provide helpful guidance in the application of the model.

We acknowledge the complexity involved in a study to determine economic impacts of widespread, long duration outages and the value of looking to international work. In considering overseas estimates of WALDO VCR's the AER excluded certain costs which were believed to be unique to that location (e.g. New York City Blackout), which is valid. However, the work did not address the corresponding inclusion of factors that are relevant to Australia including the health-related consequences of blackouts in extreme weather conditions (e.g. heat waves). In addition, certain specific locations in Australia may be subject to more significant social impacts related to evacuation and transport congestion costs during a WALDO event.

We believe that the AER has a role to play in helping the industry to understand broader consequences of WALDO events, especially in areas specific to Australian conditions. Our view is that, as time permits, a more detailed examination of the social costs associated with WALDO events is beneficial. We support and encourage the AER in commissioning further studies and in influencing the scope of other studies, which could provide further insights into this area.

If you would like to discuss our submission in more detail please contact Matthew Webb, Head

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of Asset Investment, on (02) 9269 4222 or mwebb@ausgrid.com.au.

Kind Regards,

A handwritten signature in black ink, appearing to read 'Junayd Hollis', written in a cursive style.

Junayd Hollis

General Manager – Asset Management