

Update to our discussion on poles repex in the Australian Energy Regulator issues paper

In the Victorian electricity distribution determination 2021-26 [issues paper](#) published on 7 April 2020, the discussion of poles repex said:

“CitiPower, Powercor and United Energy...propose an aged-based program in addition to its current asset management practices.”¹

As advised in the issues paper, the AER is continuing to review the regulatory proposals provided by the distributors. The AER now understands these businesses are not proposing an aged-based program and instead propose to include a wood fibre degradation factor to recognise the impact of asset age on the residual strength of each pole in assessing its serviceability.² They also propose additional risk-based and visual inspection-based criteria as explained below.

CitiPower, Powercor and United Energy’s forecasting approach for wood poles

CitiPower and Powercor share the same management practices and forecasting approach.

- Compliance-driven interventions, including:
 - Intervention of poles that are determined by its pole calculator to be unserviceable and pose a high risk of failure.³
 - Intervention of poles “classified as unserviceable due to factors such as repeated termite attacks or fungal fruiting.”⁴ It is not clear if this also includes the intervention of “healthy poles displaying visual traits likely to concern a customer.”⁵
- Risk-driven interventions – proactive intervention of poles that are determined to be serviceable (but generally require closer monitoring) and are higher-risk assets (e.g. higher consequence of failure).⁶ This program is in addition to compliance-driven interventions.

United Energy’s management practices and forecasting approach is different to CitiPower and Powercor.

¹ AER, *Issues paper | Victorian distribution determinations 2021–26*, April 2020, p. 43.

² Powercor, *PAL BUS 4.02 Wood pole replacement program* and CitiPower, *CP BUS 4.02 Wood pole replacement program*, January 2020, p. 19, and United Energy, *UE BUS 4.02 Pole replacements: forecast method overview*, January 2020, p. 14.

³ Powercor, *PAL BUS 4.02 Wood pole replacement program* and CitiPower, *CP BUS 4.02 Wood pole replacement program*, January 2020, p. 18.

⁴ Powercor, *PAL BUS 4.02 Wood pole replacement program* and CitiPower, *CP BUS 4.02 Wood pole replacement program*, January 2020, p. 18.

⁵ In March 2019 Powercor introduced a visual inspection criterion where poles assessed as serviceable are identified for replacement based on certain visual traits. See Powercor, *PAL ATT245 ESV – Powercor sustainable wood pole safety management – Detailed technical report*, p. 55.

⁶ Powercor, *PAL BUS 4.02 Wood pole replacement program* and CitiPower, *CP BUS 4.02 Wood pole replacement program*, January 2020, p. 18.

- Condition-based pole interventions – intervention of poles that are determined via inspection (primarily by the measurement of ‘sound’ wood) to be unserviceable and pose a high risk of failure.⁷
- Incremental risk-based program – intervention of poles located in higher consequence areas, addressing “age-based factors to recognise that the fibre-strength of a wood pole will deteriorate over time.”⁸

Further information

You can find further details of each business’ forecasting approach in their respective business cases:

- CitiPower: *CitiPower – Business Case 4.02 – Pole replacement forecast overview – 31 January 2020*
- Powercor: *Powercor – Business Case 4.02 – Pole replacement forecast overview – 31 January 2020*
- United Energy: *United Energy – Business Case 4.02 – Pole replacement – 31 January 2020*

Energy Safe Victoria’s technical report on Powercor’s wood pole management approach provides important historical context for the businesses’ wood poles forecasts:

- Powercor: *Powercor – Attachment 245 – ESV – Wood poles technical report – 31 January 2020*

The relevant supporting materials are available at the following links on the AER website:

- [CitiPower – Determination 2021-26 – Proposal](#)
- [Powercor - Determination 2021-26 – Proposal](#)
- [United Energy - Determination 2021-26 – Proposal](#)

⁷ United Energy, *UE BUS 4.02 Pole replacements: forecast method overview*, January 2020, p. 9.

⁸ United Energy, *UE BUS 4.02 Pole replacements: forecast method overview*, January 2020, p. 4.