



Electrical Trades Union of Australia

Proud to be Union

11 January 2019

Mr Chis Pattas
Australian Energy Regulator
GPO Box 520 Melbourne VIC 300

Via email: AERinquiry@aer.gov.au

Dear Mr Pattas,

Power and Water Corporation – Revised Regulatory Proposal 2019 – 2024

The Electrical Trades Union of Australia (ETU) Queensland and Northern Territory Branch is the Electrical, Energy and Services Division of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia (CEPU). The ETU Queensland and Northern Territory Branch represents over 300 electrical supply industry workers employed by Power and Water Corporation (PWC) and its contractors.

The ETU welcomes the opportunity to make a further submission to the AER relating to PWC's revised regulatory proposal.

Capital Expenditure

Berrimah Zone Substation (BZS) Replacement

The ETU supports PWC in their evidence to justify the replacement of the BZS by means of the proposed 'Greenfields' Project. Throughout 2018 the ETU have attended numerous meetings with the HV Operators, Assets, Engineering and PWC management in relation to significant hazards present and the need for safe operation of switchgear in the BZS.

Major operational safety concerns have been identified in the BZS. This has been proven with numerous HV safety incidents occurring in this substation in the last 12 months. The substation is unserviceable in its current state requiring multiple procedural restrictions, extensive secondary switching and isolation and time-consuming work arounds before HV Operators can operate the substations switching systems in a safe manner due to exposure to potential explosive risks that have been identified due to the ageing switchgear.

The procedural restrictions whilst necessary to allow operators to work safely in the substation have the consequence of putting added pressure on other sections of the organisation in their operations and significantly raises the risk of injury, equipment failure and outage impacts to customers.

ETU members have experienced catastrophic failure of a substation in Darwin in the recent past due to inadequate capital replacement strategies and all analysis and evidence shows the proposed building of a new BZS is justified and necessary to avoid a reoccurrence and for both short and long-term system reliability and operator safety. The upgrading of equipment will also deliver significant efficiency gains in the operation reliability and maintenance of the network.



Electrical Trades Union of Australia

Proud to be Union

The 'patch up' and 'work around' approach cannot continue, this only brings more complexity to the already high-risk tasks that are undertaken and introduces a completely avoidable heightened risk level for affected personnel.

The ETU supports the evidence provided that a Greenfields solution that maintains existing capacity at the site has a lower long-term cost for customers and provides the much-needed safety improvements for operators and in turn network security.

Alice Springs Pole Replacement program

The ETU supports PWC's program to treat/replace corroded steel poles in Alice Springs. The program targets poles that are at most risk of failing due to corrosion with the intent to minimise safety risks to the public and PWC field crews. We agree that the forecast step-up in capex required to address emerging safety risks associated with corroded poles is warranted. Previous methods of identifying corrosion issues only when a pole failed in service are reactive and expose the public and field crews to potential heightened risk and unnecessary outages.

A recent death of a dog in Alice Springs by electrocution from a live pole shows a real need for addressing all pole related issues in the Alice Springs network with urgency. Public safety and field crew safety should be the priority in decision making on system maintenance. We believe that all poles identified at serious risk of falling, regardless of location or probability of consequence should be addressed. We also believe that this work should be programmed and performed by PWC crews to ensure absolute compliance to PWC network standards.

Further, the remote location of Alice Springs and the nature of work scheduling for this region means the internal workforce could perform this work much more efficiently than through utilisation of a fly in contract workforce which would add significant unnecessary overhead to the works and would lack local knowledge and expertise.

Darwin Suburbs Cable replacement program

PWC investigations have shown that the sheath and insulation of some XLPE HV cables in the network are damaged causing faults and in cases contributing to failure of the effectiveness of the earthing systems. PWC have a duty of care to keep the public and field crews safe as far as reasonably practicable. To not address cables which have failed earthing tests or are knowingly not compliant would be a failure in their obligations.

Public safety and field crew safety should be the priority in decision making on system maintenance particularly when cables have been identified as faulty or not to specification. A reduction of capex in this area will lead to heightened safety risks for personnel and longer outages for customers.

The ETU supports PWC's Initial Regulatory Proposal to allow to replace XLPE high voltage cables located in Darwin by 30%.



Electrical Trades Union of Australia

Proud to be Union

19 Mile Depot Access

The 19 Mile Depot is situated on the Stuart Highway in an area with a 100kmph speed limit. The installation of a deceleration lane and an intersection upgrade will address what has been a safety concern for 19-mile work crews for some time. This installation will greatly reduce the risk for the heavy vehicles that are operated from this depot daily. The ETU supports this proactive approach to an identified hazard. The cost of the project is significantly less than the costs associated with a vehicle accident causing injury or death.

Operational Expenditure

Efficiencies

As previously submitted, the ETU does not support PWC's assertion that it can successfully introduce a 10% operational expenditure efficiency target.

PWC has not consulted with or otherwise engaged with employees or their representatives in formulating this target. The creation of the target is an arbitrary guess based on a loose assessment of performance of other DNSP's and includes no meaningful technical assessment of genuine capacity to achieve the target.

The current initiative underway in PWC which has been announced as the main driver of achieving this target is a whole of company restructure, the 'Target Operating Model'. The fact that this is an arbitrary target adopted by senior management, without the involvement of those who perform the day to day tasks across the Territory or their representatives, will most likely result in an ad-hoc attempt at implementation followed by protracted industrial disputation and finally a withdrawal or redirection by management.

An earlier reference to PWC's reference to comparative employment costs in relation to the ratio of professional and managerial staff to technical staff is still of relevance. The corporatisation and marketisation of power network companies over the past 20 years has seen prolific growth in these roles with limited value add for consumers.

If the AER is of the mind to consider PWC's earlier comparative employment costs argument, then a genuine benchmarking exercise should be performed and made available for the consideration of stakeholders and the AER prior to the determination being finalised. Such benchmarking should include a genuine interstate comparison of wages for equivalent roles as well as an assessment of the expansion and actual necessity of the significant growth in managerial and professional roles.

The AER may also turn its mind to the efficient engagement of external contract resources as a potential unnecessary cost driver in network businesses. Notwithstanding, should PWC be open to genuine consultation and productivity reviews, the ETU is committed to working collaboratively with management to identify opportunity for improvement.

Conclusion

The ETU would welcome the opportunity to discuss in detail our concerns outlined above and to share any examples or experiences that may be useful to the AER in formulating its determination.