Submission received via email to the GPSRR@AEMO.com.au mailbox

I would like to provide high level input for consideration. I apologise for not meeting the deadline of 20th September 2024 and, despite the lateness, believe that it may be beneficial if you can consider my comments. I have not yet had time to fully review the document however I have identified a number of significant issues which I believe may be valuable to consider.

Engagement with key stakeholders:
It may be useful to identify key stakeholder groups, such as Engineers Australia, and provide such groups with more time to provide a submission. Large multidisciplinary groups such as Engineers Australia are likely to provide input that is valuable although they are less likely to be able to provide input if the timeframes are quite short. The absence of feedback from key stakeholders such as Engineers Australia should not be interpreted to mean that they have no comments.

The system has long, medium and short term goals. Long term goals are set in the NEO, based on principles agreed by ministers. Short term goals are set in the NER. Medium term goals are guided by guidelines written by the AER and influenced by government grants and other government bodies such as ARENA, CEC, etc. Energy transition is heavily influenced by medium term goals. The GPSRR is set up to preserve the status quo. It's not set up to shift with societal expectations. There's competing expectations working against one another.

It may be useful to engage with the relevant people on helping shift attitudes aligned with (practical) societal obligations that trickle down from ministers/boards/commissioners, taking influence from outside the system.

Alignment with standards:

The GPSRR Approach would have more utility and be more credible if it was aligned with standards such as:

ISO31000 Risk Management

ISO55000, 55001 and 55002

As maturity develops consider also:

ISO/IEC/IEEE 16085:2021 Systems and software engineering — Life cycle processes — Risk management (The Australian Standard is only aligned with the 2007 ISO version….).

AS ISO21504:2016 Project, programme and portfolio management — Guidance on portfolio management

Risk Approach Concerns and Limitations:

Lack of Comprehensive Context: it is important to establish the context before performing risk assessments, as highlighted in ISO 31000. The inconsistent contexts among respondents can lead to variations in risk identification and assessment.

Inadequate Overall System / Asset Portfolio Perspective: The approach may not capture the holistic risks that could impact the overall system. It focuses on specific events and conditions but may not consider the interactions between different factors.

Risk Matrix and Scoring Issues: The existing risk matrix and scoring system is not well-designed to capture the complexities of risks and their impacts comprehensively.

VCR Calculation Limitations:

The approach for calculating Values of Customer Reliability (VCRs) might not fully capture the broader societal and environmental impacts of electricity outages. The focus on economic impacts might lead to an incomplete understanding of the true value of reliability.

Limited Scope: the methodology primarily focuses on customer perspectives and economic impacts. It does not account for higher-level concerns such as national security, critical infrastructure, vulnerable communities, impacts on public health and safety and disruption of essential services. These considerations are essential for a holistic assessment of the impact of outages.

Static Nature: The approach seems to consider past data and trends for customer behaviour and preferences. However, it might not fully account for potential changes in customer expectations and behaviours over time.

Lack of Higher-Level Objectives: The approach does not explicitly address how VCRs align with higher-level national energy objectives, which can lead to potential misalignment between customer values and broader societal goals.

Suggestions for Improvement:

Risk Planning and Contextualization: Establishing a clear and consistent context is crucial. The document's primary context should be the performance of the overall system or asset portfolio. Each provider's context and priorities should be understood and harmonized to ensure a more accurate and consistent risk assessment.

Comprehensive Risk Assessment: Consideration should be given to performing a comprehensive risk assessment, which includes involvement of risk engineers considering not only economic impacts but also social/security and environmental impacts. This can lead to a more well-rounded understanding of the risks. Consequence categories should be related to bottom-line impacts such as economic, social, and environmental factors. Likelihood categories should be revised to a broader scale in more consistent increments. A larger matrix is likely to be useful in order to assess the relative significance of the full range of risks and opportunities (Inherent and residual).

Risk Treatments: Proposed risk treatments should be organised at a variety of levels with consideration of the treatment/control effectiveness, value for money and preferred timing.

Holistic System Perspective: Enhance the approach to include interactions between various components of the system.

Communication and Consultation: Describe the proposed processes for risk communication and consultation. This should be based on proactive risk reduction (beyond compliance) and should include communication and consultation with other industries regarding risks and opportunities (e.g. transport and EVs).

Monitoring and Review: Describe the proposed processes for risk communication and consultation. This should be based on proactive risk reduction (beyond compliance).

Reform of VCR Calculation: Consider revising the method for calculating VCRs to encompass a broader range of impacts, including social, environmental, and national security concerns. This can lead to more accurate valuations of reliability.

Include a section for terms and definitions: The use of non-standard risk terms should be kept to a minimum and, where risk terms are introduced, clear definitions should be provided.

Happy to elaborate/clarify these items if desired.

Best Regards
Laurie Bowman