



Call for submissions

**Proposed Negotiated Transmission Service
Criteria for ElectraNet**

Regulatory Control Period 1 July 2013 – 30 June 2018

July 2012

© Commonwealth of Australia 2012

This work is copyright. Apart from any use permitted by the Copyright Act 1968, no part may be reproduced without permission of the Australian Competition and Consumer Commission. Requests and inquiries concerning reproduction and rights should be addressed to the Director Publishing, Australian Competition and Consumer Commission, GPO Box 3131, Canberra ACT 2601.

Call for submissions

Under the National Electricity Law (NEL) and the National Electricity Rules (NER), the Australian Energy Regulator (AER) is responsible for the economic regulation of transmission network service providers (TNSP) in the National Electricity Market.

The AER will make a transmission determination applying to ElectraNet for the regulatory control period 1 July 2013 to 30 June 2023. Prescribed transmission services provided by ElectraNet are regulated by the AER under its revenue determination that imposes controls over the revenues that ElectraNet may recover. Negotiated transmission services provided by ElectraNet do not have their terms and conditions determined by the AER. They are, however, subject to the dispute resolution processes of the NER.

The AER is required by clause 6A.2.2(3) of the NER, as part of its transmission determination, to make a decision on the Negotiated Transmission Service Criteria (NTSC) to apply to ElectraNet. The NTSC sets out the criteria that are to be applied by ElectraNet in negotiating terms and conditions of access for its negotiated transmission services. It will also be used by an arbitrator in resolving any access dispute about any of the terms and conditions of access, as required under clause 6A.30.4(b) of the NER.

Clause 6A.11.3 of the NER requires the AER to publish its proposed NTSC, together with an invitation for written submissions, simultaneously with the publication of ElectraNet's regulatory proposal. The AER is seeking submissions from interested parties in relation to the proposed NTSC to apply to ElectraNet. Submissions on the proposed NTSC for ElectraNet are due by close of business 17 August 2012.

The AER prefers that all written submissions be publicly available to facilitate an informed and transparent consultative process. Submissions will be treated as public documents unless otherwise requested. Parties wishing to submit confidential information are asked to provide both confidential and non-confidential versions of their submission. All non-confidential submissions will be placed on the AER's website www.aer.gov.au.

The AER will treat all information and documents provided to it as part of this process in accordance with the ACCC/AER's Information Policy, which is available on the AER's website.

Submissions can be sent electronically to AERInquiry@ aer.gov.au. Alternatively, they can be sent to:

Mr Warwick Anderson
General Manager
Network Regulation
Australian Energy Regulator
GPO BOX 3131
Canberra ACT 2601

Inquiries on this matter should be directed to the Network Regulation Branch (Canberra office) of the AER on 02 6243 1240.

Proposed Negotiated Transmission Service Criteria for ElectraNet

Proposed Negotiated Transmission Service Criteria

National Electricity Objective

1. The terms and conditions of access for a negotiated transmission service, including the price that is to be charged for the provision of that service and any access charges, should promote the achievement of the national electricity objective.

Criteria for terms and conditions of access

Terms and conditions of access

2. The terms and conditions of access for a negotiated transmission service must be fair, reasonable, and consistent with the safe and reliable operation of the power system in accordance with the NER.
3. The terms and conditions of access for negotiated transmission services, particularly any exclusions and limitations of liability and indemnities, must not be unreasonably onerous. Relevant considerations include the allocation of risk between the TNSP and the other party, the price for the negotiated transmission service and the cost to the TNSP of providing the negotiated service.
4. The terms and conditions of access for a negotiated transmission service must take into account the need for the service to be provided in a manner that does not adversely affect the safe and reliable operation of the power system in accordance with the NER.

Price of services

5. The price of a negotiated transmission service must reflect the cost that the TNSP has incurred or incurs in providing that service, and must be determined in accordance with the principles and policies set out in the Cost Allocation Methodology.
6. Subject to criteria 7 and 8, the price for a negotiated transmission service must be at least equal to the avoided cost of providing that service but no more than the cost of providing it on a stand alone basis.
7. If the negotiated transmission service is a shared transmission service that:
 - (i) exceeds any network performance requirements which it is required to meet under any relevant electricity legislation; or
 - (ii) exceeds the network performance requirements set out in schedule 5.1a and 5.1 of the NER

then the difference between the price for that service and the price for the shared transmission service which meets network performance requirements must reflect the TNSP's incremental cost of providing that service (as appropriate).

8. For shared transmission services, the difference in price between a negotiated transmission service that does not meet or exceed network performance requirements and a service that meets those requirements should reflect the TNSP's avoided costs. Schedule 5.1a and 5.1 of the NER or any relevant electricity legislation must be

considered in determining whether any network service performance requirements have not been met or exceeded.

9. The price for a negotiated transmission service must be the same for all Transmission Network Users. The exception is if there is a material difference in the costs of providing the negotiated transmission service to different Transmission Network Users or classes of Transmission Network Users.
10. The price for a negotiated transmission service must be subject to adjustment over time to the extent that the assets used to provide that service are subsequently used to provide services to another person. In such cases the adjustment must reflect the extent to which the costs of that asset are being recovered through charges to that other person.
11. The price for a negotiated transmission service must be such as to enable the TNSP to recover the efficient costs of complying with all regulatory obligations associated with the provision of the negotiated transmission service.

Criteria for access charges

Access charges

12. Any access charges must be based on the costs reasonably incurred by the TNSP in providing Transmission Network User access. This includes the compensation for foregone revenue referred to in clause 5.4A(h) to (j) of the NER and the costs that are likely to be incurred by a person referred to in clause 5.4A(h) to (j) of the NER (as appropriate).