

## **DETERMINATION**

### **2016-17 ElectraNet network support pass through**

#### **Determination**

The AER approves ElectraNet's negative network support event pass through application for 2016-17. The pass through amount is \$1.78 million (\$2016-17). As this is a negative network support event, this amount will be refunded to customers in 2018-19.

#### **Reasons**

ElectraNet's network support pass through amount was calculated in accordance with the national electricity rules (NER) and the AER's network support pass through guideline. The AER reviewed ElectraNet's audited financial statements to verify the actual costs that were incurred to provide network support services.

ElectraNet provided reasons for the variation between forecast and actual network support costs to the AER. During 2016-17, the contracted services were deployed on three occasions due to unplanned outages. These unplanned outages occurred in August and September 2016, caused by plant failure, storm activity and the black system event on 28 September.

In addition, ElectraNet's network support charges were reduced during the period due to the unavailability of the network support arrangement. As a result, actual network support costs were lower than forecast costs in 2016-17.

#### **Background**

On 19 September 2017, ElectraNet submitted a negative network support event pass through application for 2016-17 to the AER. Network support refers to non-network solutions that transmission network service providers (TNSPs) use as a cost-effective substitute for network augmentation. Potential non-network solutions include local generation, cogeneration, demand-side response and services from a Market Network Service Provider.

A network support pass through event occurs when the actual network support payment amount differs from the amount allowed in the determination. Differences generally arise because the amount of network support that TNSPs require is dependent on factors that are outside their control, such as weather conditions, demand levels and electricity usage patterns.

The AER is required to assess network support pass through applications in accordance with clause 6A.7.2 of the NER. Where a transmission network service provider seeks a network support pass through determination, they must submit a written statement to the AER within 60 business days of the end of the previous regulatory year.