



Directlink Joint Venture

Pricing methodology

Effective
July 2015 to June 2020

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Amendment Record

| Version | Date |
|---------|-------------|
| 01 | 31 May 2014 |

Glossary

Shortened forms

| | |
|------|---------------------------------------|
| AARR | Aggregate Annual Revenue Requirement |
| AER | Australian Energy Regulator |
| ASRR | Annual Service Revenue Requirement |
| CRNP | cost reflective network pricing |
| TNSP | transmission network service provider |
| TUOS | transmission use of system |

Terms

The AER has adopted the following definitions for the purposes of the *guidelines* only:

| | |
|--|---|
| <i>Appointing provider</i> | has the meaning ascribed to it in clause 6A.29.1(a) of the <i>National Electricity Rules</i> . |
| <i>Contract agreed maximum demand</i> | means the agreed maximum demand negotiated between a <i>TNSP</i> and a <i>transmission customer</i> . |
| <i>Current metered energy offtake</i> | means metered <i>energy</i> measured at a <i>connection point</i> in the current <i>billing period</i> . |
| <i>Current metered maximum demand offtake</i> | means metered maximum demand measured at a <i>connection point</i> in the current <i>billing period</i> . |
| <i>Directly attributable</i> | in relation to <i>transmission</i> assets refers to assets that are used or required to provide the relevant pricing <i>category of prescribed transmission service</i> . |
| <i>Guidelines</i> | means the <i>pricing methodology guidelines</i> . |
| <i>Historical metered energy offtake</i> | means metered <i>energy</i> measured at a <i>connection point</i> in the corresponding <i>billing period</i> two years earlier. |
| <i>Historical metered maximum demand offtake</i> | means metered maximum demand measured at a <i>connection point</i> in the corresponding <i>billing period</i> two years earlier. |
| <i>National Electricity Rules</i> | means the <i>Rules</i> as defined in the <i>National Electricity Law</i> . |

1 Introduction

Directlink is a privately funded electricity transmission asset operated by the Directlink Joint Venture. It connects the NSW and Queensland regions of the National Electricity Market (NEM), transferring power between the Mullumbimby and Terranora, both in NSW. Directlink's current rated capacity is 180 Megawatts (MW).

The Directlink asset is owned by the *Directlink Joint Venture* ABN 16 779 340 889. The Directlink Joint Venturers are beneficially owned by Energy Infrastructure Investments Pty Limited (EII).

EII is an energy infrastructure investment company, which owns electricity interconnectors (including Directlink), gas fired power *generation*, coal seam gas processing plants and gas pipelines. EII is owned by:

- Marubeni Corporation (49.9%) – a Japanese Company with businesses across a wide range of industrial sectors internationally. Marubeni has interests in approximately 6,300 MW of *generation* capacity around the world, including 1,000 MW in Australia, through interests in the Milmerran Power Station in Queensland and the Smithfield *Cogeneration* Plant in New South Wales;
- Osaka Gas (30.2%) – has energy investments in over 56,000 km of gas *transmission* and distribution pipelines in Japan and an interest in approximately 5,200 MW of power *generation* in Japan, USA and Europe; and
- APA Group (19.9%) - APA is a major owner and operator of energy infrastructure in Australia owning over 12,000km of gas *transmission* pipelines and over 2,500 km of gas distribution networks.

The Directlink asset is operated and maintained by the APA Group under contractual arrangements.

Clause 6A.25.1(a) of the *National Electricity Rules* requires the AER to develop, in accordance with the *transmission consultation procedures, guidelines* relating to the preparation of a proposed *pricing methodology* by a *TNSP*.

In this *pricing methodology* the words and phrases presented in *italics* have the meaning given to them in the glossary; or, if not defined in the glossary, the *National Electricity Rules*.

Directlink's proposed *pricing methodology* has been developed in accordance with the AER's *Electricity Transmission Network Service Providers Pricing Methodology Guidelines* (the *Guidelines*)¹.

¹ AER, Final - Electricity Transmission Network Service Providers Pricing Methodology Guidelines, October 2007.

2 Directlink’s Pricing Methodology

2.1 Information requirements

A TNSP’s proposed *pricing methodology* must contain the following information:

| Requirement | Directlink Compliance |
|---|---|
| (a) Whether the TNSP is the sole provider of <i>prescribed transmission services</i> within its <i>region</i> or whether there are multiple TNSPs providing <i>prescribed transmission services</i> . | Directlink is not the sole provider of transmission services in either NSW or Queensland. TransGrid, Ausgrid, Essential Energy and ActewAGL are TNSPs in the NSW region and Powerlink is a TNSP in the Queensland region. |
| (b) If there are multiple TNSPs providing <i>prescribed transmission services</i> within its <i>region</i> the TNSP should detail whether it: | Directlink provides <i>prescribed transmission services</i> in NSW. |
| (1) has been appointed as the <i>Co-ordinating Network Service Provider</i> for a <i>region</i> under clause 6A.29.1(a) of the <i>National Electricity Rules</i> and is therefore responsible for the allocation of the AARR within the <i>region</i> ; or | Directlink has not been appointed as the <i>Co-ordinating Network Service Provider</i> in either NSW or Queensland. TransGrid is the <i>Co-ordinating Network Service Provider</i> for Directlink’s prescribed transmission services. |
| (2) is an <i>appointing provider</i> for the purposes of clause 6A.29.1(a) of the <i>National Electricity Rules</i> and if so, it should nominate the <i>Coordinating Network Service Provider</i> and identify the parts of its proposed <i>pricing methodology</i> which will be dealt with by the <i>Coordinating Network Service Provider</i> . | Directlink is an appointing provider for the purpose of the <i>Rules</i> . Certain parts of this proposed <i>pricing methodology</i> will be dealt with by the <i>Coordinating Network Service Providers</i> , as follows: <ul style="list-style-type: none"> • The calculation of the ASRR for the NSW region, in accordance with clause 6A.22.2 of the <i>Rules</i>; and • The calculation of attributable cost shares, in accordance with clause 6A.22.3 of the <i>Rules</i>. • The principles for the allocation of the AARR to categories of <i>prescribed transmission services</i>, in accordance with clause 6A.18.2 of the <i>Rules</i>. • The principles for the allocation of the ASRR to <i>transmission network connection points</i>, in accordance with clause 6A.18.3 of the <i>Rules</i>. • Pricing structure principles, in accordance with clause 6A.18.4 of the <i>Rules</i>. |

| Requirement | Directlink Compliance |
|---|---|
| <p>(c) Details of how the AARR has been derived including an explanation of how the operating and maintenance costs subtracted from the <i>maximum allowed</i> revenue in accordance with clause 6A.22.1 of the <i>National Electricity Rules</i> have been determined and how they will be recovered via <i>transmission</i> prices.</p> | <p>Directlink's AARR is for <i>prescribed transmission services</i> only. There is no <i>common service</i> component to the Directlink AARR, for the purpose of clause 6A.22.1 of the <i>Rules</i>.</p> <p>Directlink's AARR is determined by the AER and is adjusted annually using the regulatory control formula for <i>CPI, X</i> and other factors.</p> <p>Directlink's AARR is recovered wholly through TransGrid's transmission prices.</p> |
| <p>(d) Details of how the AARR will be allocated to derive the ASRR for each <i>category of prescribed transmission service</i>, including:</p> | <p>Directlink's AARR is for <i>prescribed transmission services</i> only. It is included in the ASRR for the NSW transmission <i>region</i> as described in response to clause (c).</p> |
| <p>(1) how the <i>attributable cost shares</i> for each <i>category of prescribed transmission service</i> will be calculated in accordance with clause 6A.22.3 of the <i>National Electricity Rules</i> including:</p> | <p>The calculation of attributable cost shares in accordance with clause 6A.22.3 of the <i>National Electricity Rules</i> is described in TransGrid's <i>pricing methodology</i>.</p> |
| <p>A. an explanation of how the costs referred to in clause 6A.22.3(a) of the <i>National Electricity Rules</i> will be calculated; and</p> | <p>Included in the TransGrid <i>pricing methodology</i>.</p> |
| <p>B. hypothetical worked examples for each <i>category of prescribed transmission service</i>;</p> | <p>Included in the TransGrid <i>pricing methodology</i>.</p> |
| <p>(2) how the priority ordering approach outlined in clause 6A.18.2(d) of the <i>National Electricity Rules</i> will be applied, including a hypothetical worked example; and</p> | <p>Included in the TransGrid <i>pricing methodology</i>.</p> |
| <p>(3) how asset costs which may be attributable to both <i>prescribed entry services</i> and <i>prescribed exit services</i> will be allocated.</p> | <p>Directlink does not provide <i>prescribed entry services</i> or <i>prescribed exit services</i>.</p> |
| <p>(e) Details of how the ASRR for each <i>category of prescribed transmission service</i> will be allocated to each <i>transmission connection point</i>, including:</p> | <p>Included in the TransGrid <i>pricing methodology</i>.</p> |
| <p>(1) how the <i>attributable connection point cost share</i> for both <i>prescribed entry services</i> and <i>prescribed exit services</i> will be calculated in accordance with clause 6A.22.4 of the <i>National Electricity Rules</i>, including:</p> | <p>Included in the TransGrid <i>pricing methodology</i>.</p> |
| <p>A. an explanation of how the costs referred to in clause 6A.22.4(a) of the <i>National Electricity Rules</i> will be calculated;</p> | <p>Included in the TransGrid <i>pricing methodology</i>.</p> |

| Requirement | Directlink Compliance |
|---|--|
| B. hypothetical worked examples; and | Included in the TransGrid <i>pricing methodology</i> . |
| C. how asset costs allocated to <i>prescribed entry services</i> and <i>prescribed exit services</i> at a <i>connection point</i> , which may be attributable to multiple <i>transmission network users</i> , will be allocated; | Included in the TransGrid <i>pricing methodology</i> . |
| (2) how the locational and pre-adjusted non-locational shares of <i>prescribed TUOS services</i> will be allocated in accordance with 6A.18.3(d) of the <i>National Electricity Rules</i> ; | Included in the TransGrid <i>pricing methodology</i> . |
| (3) how the locational and adjusted non-locational components of <i>prescribed TUOS services</i> will be determined and allocated to <i>connection points</i> in accordance with clause 6A.18.3(c) of the <i>National Electricity Rules</i> . | Included in the TransGrid <i>pricing methodology</i> . |
| (f) In relation to price structures: | Included in the TransGrid <i>pricing methodology</i> . |
| (1) confirm that separate prices will be developed for each <i>category of prescribed transmission service</i> ; | See above. |
| (2) confirm that the prices for <i>prescribed entry services</i> and <i>prescribed exit services</i> will be a fixed annual amount, and describe how these amounts will be calculated; | See above. |
| (3) outline how the pricing structure for the recovery of the locational component of <i>prescribed TUOS services</i> complies with these <i>guidelines</i> and clauses 6A.18.4(e)-(i) of the <i>National Electricity Rules</i> including outlining: | See above. |
| A. the time period for the allocation of <i>generation to load</i> as prescribed in clause S6A.3.2(3) of the <i>National Electricity Rules</i> ; | See above. |
| B. how prices will be structured to comply with the <i>National Electricity Rules</i> and these <i>guidelines</i> ; and | See above. |
| C. the process for deriving the locational charge for each <i>billing period</i> and details of any adjustment mechanism applied to a measure of forecast demand once actual demand is known; | See above. |
| (4) outline how the postage stamp pricing structure for the recovery of the adjusted non locational component of <i>prescribed TUOS services</i> complies with these <i>guidelines</i> and clause 6A.18.4(j) of the <i>National Electricity Rules</i> ; and | See above. |

| Requirement | Directlink Compliance |
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| (5) outline how the postage stamp pricing structure for the recovery of <i>prescribed common transmission services</i> complies with these <i>guidelines</i> and clause 6A.18.4(d) of the <i>National Electricity Rules</i> . | See above. |
| (g) Details of how the <i>TNSP</i> intends to set the <i>prescribed TUOS service</i> locational price at new <i>connection points</i> or at <i>connection points</i> where the load has changed significantly after <i>prescribed TUOS service</i> locational prices have been determined and published by the <i>TNSP</i> . | Included in the TransGrid <i>pricing methodology</i> . |
| (h) If a <i>TNSP</i> expects to calculate a postage stamped charge in accordance with either section 2.3(c)(4)(C) or 2.3(d)(3)(C) of these <i>guidelines</i> , it must explain the likely circumstances surrounding the use of <i>current energy offtake</i> or <i>current maximum demand offtake</i> in its proposed <i>pricing methodology</i> . | Included in the TransGrid <i>pricing methodology</i> . |
| (i) A statement of how the <i>pricing methodology</i> gives effect to and is consistent with, the <i>pricing principles for prescribed transmission services</i> including an explanation of how any alternative pricing structure which the <i>TNSP</i> wishes to apply meets the requirements of clause 6A.18.4(a)-(j) of the <i>National Electricity Rules</i> . | Included in the TransGrid <i>pricing methodology</i> . |
| (j) Details of any proposed transitional arrangements the <i>TNSP</i> considers necessary as a result of the implementation of its <i>pricing methodology</i> . | Included in the TransGrid <i>pricing methodology</i> . |
| (k) Information relating to any prudent discounts for <i>prescribed transmission services</i> previously submitted to the <i>AER</i> or expected to be submitted to the <i>AER</i> within the next <i>regulatory control period</i> and how those discounts are proposed to be recovered from <i>Transmission Network Users</i> in accordance with rule 6A.26 of the <i>National Electricity Rules</i> . | Included in the TransGrid <i>pricing methodology</i> . |
| (l) Details of billing arrangements with <i>Transmission Network Users</i> and transfers between <i>TNSPs</i> conducted in accordance with rule 6A.27 of the <i>National Electricity Rules</i> . | Directlink bills TransGrid on a monthly basis, in accordance with clause 6A.27 of the <i>Rules</i> . |
| (m) Details of the nature of <i>prudential requirements</i> as outlined in rule 6A.28 of the <i>National Electricity Rules</i> and how any capital contributions will be taken into account in determining a <i>Transmission Network Users'</i> prices for <i>prescribed transmission services</i> . | Included in the TransGrid <i>pricing methodology</i> . There are no prudential requirements or capital contributions in respect of Directlink. |

| Requirement | Directlink Compliance |
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| (n) If a TNSP has, in accordance with section 2.5 of these <i>guidelines</i> , provided the AER with a confidential version of its proposed <i>pricing methodology</i> , the non confidential version of the proposed <i>pricing methodology</i> must outline the area or areas where the TNSP is making a claim for confidentiality and why. | Directlink is not claiming confidentiality in respect of this proposed <i>pricing methodology</i> . |
| (o) Details of any derogation in accordance with chapter 9 of the <i>National Electricity Rules</i> . | There is no derogation in accordance with chapter 9 of the <i>National Electricity Rules</i> that applies to Directlink. |
| (p) Details of any transitional arrangements which apply in accordance with chapter 11 of the <i>National Electricity Rules</i> . | There are no transitional arrangements in accordance with chapter 11 of the <i>National Electricity Rules</i> that apply to Directlink. |
| (q) The period over which the proposed <i>pricing methodology</i> will apply. | This proposed <i>pricing methodology</i> will apply for the proposed <i>regulatory control period</i> from 1 July 2015 to 30 June 2020. |
| (r) A description of any differences between the <i>pricing methodology</i> applied during the current <i>regulatory control period</i> and that proposed for the next <i>regulatory control period</i> . | Directlink was not required to prepare a <i>pricing proposal</i> during the previous 2006-15 <i>regulatory control period</i> . |
| (s) Details of how the TNSP intends to monitor, and develop records of its compliance with its approved <i>pricing methodology</i> , the <i>pricing principles for prescribed transmission services</i> and more broadly part J of the <i>National Electricity Rules</i> . | Directlink will continue to maintain records of payments made by TransGrid for <i>prescribed transmission services</i> and reconcile these payments with the AARR. These details will continue to be included in the regulatory accounts submitted annually to the AER. |

2.2 Permitted (locational) pricing structures

| Requirement | Directlink Compliance |
|---|--|
| (a) Prices for the recovery of the locational component of <i>prescribed TUOS services</i> must be based on demand at times of greatest utilisation of the <i>transmission network</i> and for which network investment is most likely to be contemplated in accordance with clause 6A.18.4(e) of the <i>National Electricity Rules</i> . | Included in the TransGrid <i>pricing methodology</i> . |
| (b) The CRNP methodology and modified CRNP methodology outlined in S6A.3 of the <i>National Electricity Rules</i> provides guidance on the process for cost allocation for the locational component of <i>prescribed TUOS services</i> and results in a lump sum dollar amount to be recovered at each <i>transmission connection point</i> . | Included in the TransGrid <i>pricing methodology</i> . |

| Requirement | Directlink Compliance |
|---|--|
| (c) The following measures of demand may be applied to the lump sum dollar amount referred to in section 2.2(b) of these <i>guidelines</i> to derive the locational price at each <i>transmission connection point</i> : | Included in the TransGrid <i>pricing methodology</i> . |
| (1) The current <i>contract agreed maximum demand</i> (prevailing at the time <i>transmission</i> prices are published) as negotiated in a <i>transmission customer's</i> connection agreement or the <i>transmission customer's</i> maximum demand in the previous 12 months if the <i>transmission customer</i> has exceeded its current <i>contract agreed maximum demand</i> , expressed as \$/MW/day; or | See above. |
| (2) The average of the <i>transmission customer's</i> half-hourly maximum demand recorded at a <i>connection point</i> on the 10 weekdays when system demand was highest between the hours of 11:00 and 19:00 in the local time zone during the previous 12 months, expressed as \$/MW/day. | See above. |
| (d) A <i>TNSP</i> (or <i>Co-ordinating Network Service Provider</i>) may propose alternative pricing structures for the recovery of the locational component of <i>prescribed TUOS services</i> which it considers give effect to, and are consistent with the <i>pricing principles for prescribed transmission services</i> in the <i>National Electricity Rules</i> . | Directlink is not proposing alternative pricing structures for the recovery of the locational TUoS component. This detail may be included in the TransGrid <i>pricing methodology</i> . |
| (e) If a <i>TNSP</i> (or <i>Co-ordinating Network Service Provider</i>) proposes an alternative pricing structure for the recovery of the locational component of <i>prescribed TUOS services</i> it must clearly demonstrate to the <i>AER</i> that the alternative pricing structure: | Directlink is not proposing alternative pricing structures for the recovery of the locational TUoS component. This detail may be included in the TransGrid <i>pricing methodology</i> . |
| (1) gives effect to, and is consistent with the <i>pricing principles for prescribed transmission services</i> in the <i>National Electricity Rules</i> ; | See above. |
| (2) improves on the permitted pricing structures outlined in section 2.2(c) of these <i>guidelines</i> ; and | See above. |
| (3) contributes to the NEM objective. | See above. |
| (f) If historical data is unavailable for a <i>connection point</i> for use in either the allocation of costs to a <i>connection point</i> using the <i>CRNP</i> or modified CRNP methodology outlined in S6A.3 or the calculation of locational prices outlined in section 2.2(c) of these <i>guidelines</i> , an estimate of demand must be used instead. | Included in the TransGrid <i>pricing methodology</i> . |

| Requirement | Directlink Compliance |
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| (g) The <i>contract agreed maximum demand</i> must only be used for the calculation of the locational component of <i>prescribed TUOS services</i> pricing structure if the <i>transmission customer's</i> connection agreement or other enforceable instrument governing the terms of connection of the <i>transmission customer</i> . | Included in the TransGrid <i>pricing methodology</i> . |
| (1) nominates a fixed maximum demand for the <i>connection point</i> ; and | See above. |
| (2) specifies penalties for exceeding the <i>contract agreed maximum demand</i> . | See above. |
| (h) The locational TUOS price calculated in accordance with these <i>guidelines</i> must be applied to a measure of actual, forecast or contract demand to derive the locational charge. | Included in the TransGrid <i>pricing methodology</i> . |

2.3 *Permitted (postage stamp) pricing structures*

| Requirement | Directlink Compliance |
|--|--|
| (a) Prices for <i>prescribed common transmission services</i> and the recovery of the adjusted non-locational component of <i>prescribed TUOS services</i> are to be set on a <i>postage stamp</i> basis in accordance with clause 6A.18.4(d) and clause 6A.18.4(j) of the <i>National Electricity Rules</i> respectively. | Included in the TransGrid <i>pricing methodology</i> . |
| (b) Permissible postage stamp pricing structures for either the non-locational component of <i>prescribed TUOS services</i> or <i>prescribed common transmission services</i> must be based on any one of the following: | Included in the TransGrid <i>pricing methodology</i> . |
| (1) either <i>contract agreed maximum demand</i> or <i>historical energy</i> ; | See above. |
| (2) <i>maximum demand</i> ; or | See above. |
| (3) an alternative pricing structure proposed by the TNSP. | See above. |
| (c) If a postage stamped structure is based on either <i>contract agreed maximum demand</i> or <i>historical energy</i> it must be calculated as follows: | Included in the TransGrid <i>pricing methodology</i> . |
| (1) Each <i>financial year</i> a <i>TNSP</i> (or <i>Co-ordinating Network Service Provider</i>) must determine the following two prices: | See above. |

| Requirement | Directlink Compliance |
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| A. an <i>energy based price</i> that is a price per unit of historical metered energy or current metered energy at a <i>connection point</i> ; and | See above. |
| B. a <i>contract agreed maximum demand price</i> that is a price per unit of <i>contract agreed maximum demand</i> at a <i>connection point</i> . | See above. |
| (2) Either the <i>energy based price</i> or the <i>contract agreed maximum demand price</i> applies at a <i>connection point</i> except for those <i>connection points</i> where a <i>transmission customer</i> has negotiated reduced charges for <i>prescribed common transmission services</i> or the adjusted non-locational component of <i>prescribed TUOS services</i> in accordance with clause 6A.26.1 of the <i>National Electricity Rules</i> . | See above. |
| (3) The <i>energy based price</i> and the <i>contract agreed maximum demand price</i> referred to in section 2.3(c)(1) of these <i>guidelines</i> must be determined so that: | See above. |
| A. a <i>transmission customer</i> with a load factor in relation to its <i>connection point</i> equal to the median load factor for <i>connection points</i> with <i>transmission customers</i> connected to the <i>transmission network</i> in the <i>region</i> or <i>regions</i> is indifferent between the use of the <i>energy based price</i> and the <i>contract agreed maximum demand price</i> ; and | See above. |
| B. the total amount to be recovered by <i>prescribed common transmission services</i> or the adjusted non-locational component of <i>prescribed TUOS services</i> does not exceed the <i>ASRR</i> for each <i>category of prescribed transmission service</i> . | See above. |
| (4) The charge for either the <i>prescribed common transmission service</i> or the adjusted non locational component of <i>prescribed TUOS services</i> using the <i>energy based price</i> for a <i>billing period</i> in a <i>financial year</i> for each <i>connection point</i> must be calculated by: | See above. |
| A. multiplying the <i>energy based price</i> by the metered energy offtake at that <i>connection point</i> in the corresponding <i>billing period</i> two years earlier (i.e. <i>historical metered energy offtake</i>); or | See above. |
| B. multiplying the <i>energy based price</i> by the metered energy offtake at that <i>connection point</i> in the same <i>billing period</i> (<i>current metered energy offtake</i>) if the <i>historical metered energy offtake</i> is not available; or | See above. |

| Requirement | Directlink Compliance |
|---|---|
| C. multiplying the <i>energy based price</i> by the <i>current metered energy offtake</i> if the <i>historical metered energy offtake</i> is significantly different to the <i>current metered energy offtake</i> . | See above. |
| (5) The charge calculated for <i>prescribed common transmission services</i> or the adjusted non-locational component of <i>prescribed TUOS services</i> using the <i>contract agreed maximum demand price</i> for a <i>billing period</i> in a <i>financial year</i> for each <i>connection point</i> must be calculated by multiplying the <i>contract agreed maximum demand price</i> by the maximum demand for the <i>connection point</i> in that <i>financial year</i> and then dividing this amount by the number of <i>billing periods</i> in the <i>financial year</i> . | See above. |
| (6) The <i>energy based price</i> or the <i>contract agreed maximum demand price</i> that applies for <i>prescribed common transmission services</i> or the adjusted non-locational component of <i>prescribed TUOS services</i> must be the one which results in the lower estimated charge for that <i>prescribed transmission service</i> . | See above. |
| (7) A <i>contract agreed maximum demand price</i> must only be used for the calculation of the <i>prescribed common transmission services</i> charge or the adjusted non-locational component of <i>prescribed TUOS services</i> charge if the <i>transmission customer's</i> connection agreement or other enforceable instrument governing the terms of connection of the <i>transmission customer</i> . | See above. |
| A. nominates a <i>contract agreed maximum demand</i> for the <i>connection point</i> ; and | See above. |
| B. specifies penalties for exceeding the <i>contract agreed maximum demand</i> . | See above. |
| (d) If a postage stamped pricing structure is based on maximum <i>demand</i> it must be calculated as follows: | Directlink does not determine <i>postage stamp</i> based prices. This detail is included in the TransGrid <i>pricing methodology</i> . |
| (1) Each <i>financial year</i> a <i>TNSP</i> (or <i>Co-ordinating Network Service Provider</i>) must determine the <i>maximum demand based price</i> that is a price per unit of historical metered <i>maximum demand</i> or actual metered <i>maximum demand</i> measured at a <i>connection point</i> ; | See above. |

| Requirement | Directlink Compliance |
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| (2) The <i>maximum demand</i> based price applies at a <i>connection point</i> except for those <i>connection points</i> where a <i>transmission customer</i> has negotiated reduced charges for <i>prescribed common transmission services</i> or the adjusted non-locational component of <i>prescribed TUOS services</i> in accordance with clause 6A.26.1 of the <i>National Electricity Rules</i> . | See above. |
| (3) The charge for either the <i>prescribed common transmission services</i> or the adjusted non-locational component of <i>prescribed TUOS services</i> using the <i>maximum demand</i> based price for a <i>billing period</i> in a <i>financial year</i> for each <i>connection point</i> must be calculated by: | See above. |
| A. multiplying the <i>maximum demand</i> based price by the <i>maximum demand</i> at that <i>connection point</i> in the corresponding <i>billing period</i> two years earlier (i.e. <i>historical metered maximum demand</i>); or | See above. |
| B. multiplying the <i>maximum demand</i> based price by the <i>maximum demand</i> at that <i>connection point</i> in the same <i>billing period</i> (<i>current metered maximum demand</i>) if the <i>historical maximum demand</i> is not available; | See above. |
| C. multiplying the <i>maximum demand</i> based price by the <i>current metered maximum demand</i> if the <i>historical metered maximum demand</i> is significantly different to the <i>current metered maximum demand</i> . | See above. |
| (e) A <i>TNSP</i> (or <i>Co-ordinating Network Service Provider</i>) may propose alternative postage stamp pricing structures which it considers give effect to, and are consistent with the <i>pricing principles for prescribed transmission services</i> in the <i>National Electricity Rules</i> , in which case it must clearly demonstrate to the <i>AER</i> that the alternative pricing structure is least distortionary to <i>transmission network users'</i> behaviour and: | Directlink does not determine <i>postage stamp</i> based prices. This detail is included in the <i>TransGrid pricing methodology</i> . |
| (1) gives effect to, and is consistent with the <i>pricing principles for prescribed transmission services</i> in the <i>National Electricity Rules</i> ; | See above. |
| (2) improves on the permitted pricing structures outlined in section 2.2(c) and (d) of these <i>guidelines</i> ; and | See above. |
| (3) contributes to the NEM objective. | See above. |

2.4 Attribution of transmission system assets to categories of prescribed transmission services

| Requirement | Directlink Compliance |
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| (a) The following sections outline the types of <i>transmission system</i> assets that are <i>directly attributable</i> to each <i>category of prescribed transmission service</i> . | Directlink's transmission system assets are all directly attributable to prescribed transmission services. |
| (1) The types of <i>transmission system</i> assets that are <i>directly attributable</i> to <i>prescribed entry services</i> are limited to: | Directlink has no <i>transmission system</i> assets that are <i>directly attributable</i> to <i>prescribed entry services</i> . |
| A. <i>substation</i> buildings, <i>substation</i> land and associated infrastructure (such as fences, earthing equipment etc); | See above. |
| B. switchgear and <i>plant</i> associated with <i>generators' generating systems</i> connection and <i>generator transformers</i> ; | See above. |
| C. secondary systems associated with primary systems providing <i>prescribed entry services</i> ; | See above. |
| D. <i>transmission</i> lines owned by <i>TNSPs</i> connecting <i>generators' generating systems</i> to the <i>TNSP's transmission network</i> ; and | See above. |
| E. <i>meters</i> associated with <i>prescribed entry services</i> and owned by the <i>TNSP</i> . | See above. |
| (2) The types of <i>transmission system</i> assets that are <i>directly attributable</i> to <i>prescribed exit services</i> are limited to: | Directlink has no <i>transmission system</i> assets that are allocated to <i>prescribed exit services</i> . |
| A. <i>substation</i> buildings, <i>substation</i> land and associated infrastructure (such as fences, earthing equipment etc); | See above. |
| B. switchgear used to supply the sub- <i>transmission voltage</i> and associated switchgear at both the <i>transmission</i> and sub- <i>transmission voltage</i> level; | See above. |
| C. transformers which supply the sub- <i>transmission voltage</i> level and associated switchgear at both the <i>transmission</i> and sub- <i>transmission voltage</i> level; | See above. |
| D. secondary systems associated with primary systems providing <i>prescribed exit services</i> ; | See above. |
| E. <i>meters</i> associated with <i>prescribed exit services</i> and owned by the <i>TNSP</i> ; and | See above. |

| Requirement | Directlink Compliance |
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| F. <i>reactive plant</i> installed for <i>power factor</i> correction which provides benefit to <i>transmission customers</i> connected at the <i>connection point</i> . | See above. |
| (3) The types of <i>transmission system</i> assets that are <i>directly attributable</i> to <i>prescribed TUOS services</i> are limited to: | Directlink <i>transmission system</i> assets are all <i>directly attributable</i> to <i>prescribed TUoS services</i> . |
| A. <i>substation buildings</i> , <i>substation land</i> and associated infrastructure (such as fences, earthing equipment etc); | Directlink <i>transmission system</i> assets include substation buildings, land and the associated infrastructure located at Mullumbimby, Bungalora and Terranora. |
| B. <i>transmission</i> lines and associated easements; | Directlink <i>transmission system</i> assets include DC transmission cables between Mullumbimby and Bungalora and an AC transmission cable between Bungalora and Terranora. |
| C. switchgear on <i>transmission</i> lines and auto-transformers which are part of the <i>transmission network</i> and are switched at the <i>substation</i> including associated bus work and control and protection schemes; | Directlink <i>transmission system</i> assets include electronic switchgear that controls the DC transmission cable and transformers. This equipment and the associated bus work, control and protection systems is located at Mullumbimby, Bungalora and Terranora. |
| D. auto-transformers which transform <i>voltage</i> between <i>transmission</i> levels; | Directlink <i>transmission system</i> assets includes specially designed transformers that permit the conversion of AC to DC. |
| E. static and dynamic <i>reactive plant</i> and associated switchgear and transformation regardless of the <i>voltage</i> level; and | Directlink <i>transmission system</i> assets include static and dynamic reactive plant and associated electronic switchgear located at Mullumbimby, Bungalora and Terranora. |
| F. all system controls required for monitoring and control of the integrated <i>transmission system</i> including remote monitoring and associated communications, <i>load shedding</i> and special control schemes and <i>voltage regulating plant</i> required for operation of the integrated <i>transmission system</i> . | Directlink <i>transmission system</i> assets include system controls required for monitoring and control of the integrated <i>transmission system</i> including remote monitoring and associated communications, <i>load shedding</i> and special control schemes and <i>voltage regulating plant</i> required for operation of the integrated <i>transmission system</i> at Mullumbimby, and Bungalora. |
| (4) The types of <i>transmission system</i> assets that are <i>directly attributable</i> to <i>prescribed common transmission services</i> are limited to: | Directlink has no <i>transmission system</i> assets that are <i>directly attributable</i> to <i>prescribed common transmission services</i> . |

| Requirement | Directlink Compliance |
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| A. <i>substation</i> buildings, <i>substation</i> land and associated infrastructure (such as fences, earthing equipment etc); | See above. |
| B. <i>power system</i> communications networks; | See above. |
| C. <i>control systems</i> ; | See above. |
| D. network switching centres (excluding generation and system control functions); | See above. |
| E. static and dynamic reactive control <i>plant</i> and associated switchgear; | See above. |
| F. spare <i>plant</i> and equipment including that installed at <i>substations</i> ; | See above. |
| G. fixed assets such as buildings and land that are not associated with <i>substation</i> or line easements, (head office buildings, land for future <i>substations</i> etc.); and | See above. |
| H. motor vehicles and construction equipment. | See above. |
| (b) In its proposed <i>pricing methodology</i> , a <i>TNSP</i> may include additional types of <i>transmission system</i> assets that it considers are <i>directly attributable</i> to one or more <i>category of prescribed transmission service</i> . | Directlink does not seek to include additional types of <i>transmission system assets</i> to any category of <i>prescribed transmission services</i> . |
| (c) A <i>TNSP</i> must justify the inclusion of any additional types of <i>transmission system</i> assets referred to in section 2.4(b) of these <i>guidelines</i> and the <i>AER</i> will consider each when assessing the <i>TNSP</i> 's proposed <i>pricing methodology</i> . | Directlink does not seek to include additional types of <i>transmission system assets</i> to any category of <i>prescribed transmission services</i> . |

2.5 Disclosure of information

| Requirement | Directlink Compliance |
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| (a) A <i>TNSP</i> should develop its proposed <i>pricing methodology</i> so that it can be publicly released by the <i>AER</i> . | Directlink has developed this proposed <i>pricing methodology</i> so that it can be publicly released by the <i>AER</i> . |
| (b) If a <i>TNSP</i> identifies information which it considers to be confidential or commercially sensitive and it considers that providing that information to the <i>AER</i> is necessary in order to demonstrate that its proposed <i>pricing methodology</i> complies with the <i>National Electricity Rules</i> , it should include that information in a confidential version of its proposed <i>pricing methodology</i> and provide it to the <i>AER</i> . | Directlink has not identified any confidential or commercially sensitive information in this proposed pricing methodology. |
| (c) The <i>AER</i> will not publicly disclose a confidential version of a | Noted. |

| Requirement | Directlink Compliance |
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| proposed <i>pricing methodology</i> . | |
| (d) The <i>AER</i> considers that confidential or commercially sensitive information is likely to include details of, or information that could readily be used to infer an individual <i>transmission customer's</i> price or charge, premises, negotiated discounts, <i>prudential requirements</i> or other commercial arrangements relating to its electricity supply. | The information contained in Directlink's pricing proposal is not likely to include details of, or information that could readily be used to infer an individual <i>transmission customer's</i> price or charge, premises, negotiated discounts, <i>prudential requirements</i> or other commercial arrangements relating to its electricity supply. |
| (e) If a <i>TNSP</i> considers that other information should not be made publicly available, it must justify its claim for confidentiality to the <i>AER</i> . | Directlink is not claiming confidentiality for this proposed <i>pricing proposal</i> . |
| (f) If the <i>AER</i> disagrees with a <i>TNSP's</i> claim that information provided to it is of a confidential or commercially sensitive nature, the <i>AER</i> will: | See above. |
| (1) notify the <i>TNSP</i> of its view, and | See above. |
| (2) allow the <i>TNSP</i> to withdraw the information or rescind its claim for confidentiality. | See above. |
| (g) If information is withdrawn under 2.5(f) of these guidelines the <i>AER</i> will: | See above. |
| (1) not take the information into consideration when assessing the <i>TNSP's</i> proposed <i>pricing methodology</i> , and | See above. |
| (2) not publicly disclose that information. | See above. |