

**DRAFT
TRANSMISSION
SERVICE
STANDARDS
GUIDELINES**



*Energy Retailers Association
of Australia Incorporated*

NGF & ERAA JOINT SUBMISSION

NGF & ERAA MEMBERSHIP

- ActewAGL Retail
- AGL Energy Sales & Marketing
- Aurora Energy
- AusPower
- Country Energy
- CS Energy
- Delta Electricity
- Ecogen Energy
- Edison Mission Energy
- ENERGEX Retail
- EnergyAustralia
- Energy Brix
- Enertrade
- Eraring Energy
- Ergon Energy
- Hazelwood Power
- Hydro Tasmania
- Integral Energy
- Intergen
- International Power Synergen
- Macquarie Generation
- Loy Yang Power
- NRG Asia-Pacific, Ltd.
- Origin Energy
- Snowy Hydro Limited
- Southern Hydro
- Stanwell Corporation Ltd.
- Tarong Energy
- TXU
- Yallourn Energy

Introduction

- ACCC introduction of Service Standards is supported
- Define service level for payment of network charges
- Transmission assets have a major impact on the market
 - energy/ancillary service prices
 - new investment in generation and demand side
 - market operation
- Transmission investment and operation forms part of the de-regulated market
- Performance measures must reflect the market impact of TNSP's

Measuring What Matters

- For a large proportion of the time the network does not impact the market
- However the network can have a large impact at times of high demand and system stress
- Some circuits impact larger no's of customers and are more important than others
- Performance measures should be biased towards important circuits at times of system stress
- Need to focus on market outcomes

Focus on Market Outcomes

- The ACCC aimed at market outcomes
 - difficult to define practical measures
- The NGF & ERAA are proposing a market focus through
 - Improvements to current ACCC proposed standards
 - and the development of new measures in conjunction with TNSPs:
 - Market Impact
 - Asset rating

Current Proposal can have Perverse Outcomes

- Off-peak outages may be penalised
 - Off-peak outages take longer
 - input measures penalise the length of the outage rather than the impact
 - Solution: peak weighting of measures
- Critical lines are not treated more seriously
 - some lines are more important than others
 - not always definable in advance
 - Solution: market base measures
 - details later

Immediate Improvements

- Apply full range of standards to all TNSP's
- Apply same standards to all TNSP's
 - We recognise that each TNSP faces different physical condition but:
 - Differences are allowed for in design and in asset costs and hence revenue
 - Should publish philosophy of dealing with conditions before determining final rating
 - Provide ramping to best performance level
- Transmission circuit availability must be weighted towards high demand times
- More commercially based FM

Force Majeure

- Alternatives (in preferred order)
 - The Outage Duration measure is applied to all outages,
 - The Outage Duration measure is applied only to the most likely outages, or
 - A commercially based electricity market specific FM clause be applied.

Performance Std Characteristics

- Directed at market outcomes that benefit electricity users
- Applied during periods of system stress when performance matters
- Universally applied to all TNSPs both in scope and level
- Focused on best practice in the industry
- Subject to industry practice FM provisions

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