

24 July 2013



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

Dear Mr Anderson

#### Notification of value of dual function assets

Clause 6.25(a) of the National Electricity Rules (Rules) stipulates that a Distribution Network Service Provider (DNSP) must advise the Australian Energy Regulator (AER) of the value of that DNSP's dual function assets at least 23 months prior to the end of the current regulatory control period.<sup>1</sup>

Chapter 10 of the Rules defines *dual function assets* as:

*Means any part of a network owned, operated or controlled by a Distribution Network Service Provider which operates between 66kV and 22kV and which operates in parallel, and provides support, to the higher voltage transmission network which is deemed by clause 6.24.2(a) to be a dual function asset. For the avoidance of doubt:*

- (a) A dual function asset can only be an asset which forms part of a network that is predominantly a distribution network; and*
  - (b) An asset which forms part of a network which is predominantly a transmission network cannot be characterised as a dual function asset,*
- through the operation of clause 6.24.2(a)*

When interpreting this definition of *dual function assets*, it is necessary to also refer to clause 9.32.1(b) of the Rules which states:

*For the purposes of the Rules, to the extent that any network is located in Queensland, a network or part of a network is a transmission network if and only if it satisfies the following definition of "transmission network"*

<sup>1</sup> The transitional arrangements in clause 11.60.3(c) of the Rules provide that the relevant timeframe for Energex to advise the AER on this matter for the next regulatory control period is not 32 months but rather 23 months.

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*and the definition of "transmission network" given in the glossary in Chapter 10 does not apply in those circumstances:*

Clause 9.32.1(b) provides a permanent derogation in relation to the definition of "transmission network" in Queensland as:

*Despite clause 6A.1.5(b) and the glossary of the Rules, in Queensland the transmission network assets are to be taken to include only those assets owned by Powerlink Queensland or any other Transmission Network Service Provider that holds a transmission authority irrespective of the voltage level and does not include any assets owned by a Distribution Network Service Provider whether or not such distribution assets are operated in parallel with the transmission system*

Therefore, Energex believes that it does not own, control or operate any dual function assets and as such, is not required to advise the AER of the value of any dual function assets as provided for under clause 6.25 of the Rules.

Should the AER have any questions in relation to this response, please feel free to contact Ms Rachel Leaver, Network Regulation Manager on (07) 3664 4115.

Yours sincerely



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