

30 May 2014

Mr Craig Madden
Director - Networks
Australian Energy Regulator
GPO Box 520
MELBOURNE VIC 3001

Via email: AERInquiry@aer.gov.au

Dear Craig

AER Transmission Pricing Methodology Guidelines: Inter-Regional Transmission Charge

Grid Australia appreciates the opportunity to respond to the AER's Issues Paper on the Draft amendments to the AER's transmission Pricing Methodology Guidelines: Inter-regional transmission charge. As the representative body for transmission network service providers in the National Electricity Market, Grid Australia's members will be required to implement the changes arising from this consultation.

Grid Australia notes the challenging timeframe for the development and approval of the amended pricing methodologies following the publication of the revised pricing methodology guideline. Specifically clause 11.64.3(a) requires that the TNSPs must both amend and submit these proposed amended pricing methodologies to the AER by no later than 27 February 2015, less than a month before the first modified load export charges (MLECs) are required to be notified to adjacent Coordinating Network Service Providers (CNSPs).

Grid Australia commits to working with the AER and all affected TNSPs, including AEMO in its role as jurisdictional CNSP for Victoria, to progress the required amendments to pricing methodologies as soon as practicable after the AER has amended its pricing methodology guidelines. Grid Australia proposes that a common approach to implementing the required pricing methodology changes is pursued by the TNSPs. This would include adopting common wording to the extent possible to minimise the burden on the AER, TNSPs and customers.

Responses to matters raised in the Issues Paper are attached. If you have any questions regarding this submission please contact Bill Jackson on (08) 8404 7969.

Yours sincerely



for Rainer Korte
Chairman
Grid Australia Regulatory Managers Group

Responses to Matters raised in the Issues Paper

Proposal 1

Where a TNSP is the co-ordinating network service provider for a region its pricing methodology is required to detail how it will derive the AARR for prescribed transmission services in that region, including any allocation of the AARR in an interconnected region as agreed between TNSPs in accordance with clause 6A.29.3 of the NER.

Grid Australia supports proposal 1.

Proposal 2

Where a TNSP is the co-ordinating network service provider for one or more regions, it is required to detail how it will calculate the modified load export charge payable to it by the co-ordinating network service provider for each interconnected region, in accordance with clause 6A.29A.2 of the NER.

Grid Australia supports proposal 2.

Proposal 3

Where there is more than one transmission business in a region, the co-ordinating network service provider must provide details in its pricing methodology regarding how it will allocate any amounts receivable by or payment to other transmission businesses in accordance with clause 6A.29.5 of the NER.

Grid Australia supports proposal 3 and would welcome the opportunity to discuss the circumstances under which charges would arise under 6A.29.5(a).

Proposal 4

When allocating any amounts receivable by or payable to other transmission businesses as per clause 6A.29.5 of the NER, a co-ordinating network service provider is required to specify in its pricing methodology that the allocation of those amounts will be conducted according to intra-regional, rather than inter-regional, network utilisation.

Grid Australia supports proposal 4.

Proposal 5

If a TNSP has appointed a co-ordinating network service provider in its region, then that TNSP must specify the timetable for provision of all necessary data to the co-ordinating network service provider for the calculation of the inter- and intra-regional transmission charges.

Grid Australia considers that the relevant order has been reversed. The CNSP rather than the appointing TNSP should specify the timetable for the provision of all necessary data, as the CNSP has the compliance obligation under the Rules. It is reasonable to expect that this timetable should meet the needs of both parties.

Questions

1. Has the AER considered all the amendments that need to be made to the Guideline? If not, are there any other proposed amendments which should be considered?

Clause 11.64.2(b) of the Rules requires that the *pricing methodology guidelines* address the publication of the *modified load export charges* as follows:

11.64.2(b) In amending the pricing methodology guidelines under paragraph (a), the AER must set out the basis on which a Transmission Network Service Provider who is also a Co-ordinating Network Service Provider is to publish details of modified load export charges that are to apply for the following financial year as referred to in clause 6A.24.2(b).

Grid Australia supports the guidelines specifying that in addition to providing the details of modified load export charges to the adjacent CNSPs, the CNSP must publish this information on its website in a timely manner.

2. Do stakeholders have any other comments, or suggestions, about the amendments the AER has proposed to make to the Guidelines?

Grid Australia notes that the definition of *MLEC CRNP Methodology* specifies that for the purposes of clause S6A.3.2(3) every *trading interval* of the previous *regulatory year*, in order to determine the range of actual operating conditions from the previous *regulatory year* and the peak usage of each *transmission system asset* by each *load*, must be used to determine the allocation of dispatched *generation* to loads from the previous *regulatory year*. This is consistent with what is commonly referred to as the 365 day capacity method of CRNP.

In order for this method to operate equitably across the NEM it is necessary that the *regulatory year* specified above is the previous financial year completed at the time at which the MLEC is being calculated for all TNSPs.