

Integral Energy – proposal for negotiable components of direct control services

Introduction

On 27 June 2008, the AER published on its website an Explanatory Statement and Issues Paper on its proposed negotiable component criteria (NCC) and negotiated distribution service criteria (Issues Paper).

Regulatory proposals

The AER received regulatory proposals from each of the ACT and NSW DNSPs, however, at the time of publication of the regulatory proposals and Issues Paper, the AER was only aware of ActewAGL and EnergyAustralia's submissions in relation to negotiable components of direct control services and negotiated distribution services.

The AER has now identified that Integral Energy made submissions in relation to negotiable components of direct control services. Integral Energy's negotiable component submissions are contained in Appendix H to its regulatory proposal.

Negotiable components of direct control services

A discussion of ActewAGL and EnergyAustralia's proposals in relation to negotiable components of direct control services can be found in the Issues Paper.

Integral Energy proposes that the following components of direct control services be classified as negotiable components:¹

- (a) a direct control service that exceeds the network performance requirements which that direct control service is required to meet under any jurisdictional electricity legislation;
- (b) a direct control service that, except to the extent that the network performance requirements which that direct control service is required to meet are prescribed under any jurisdictional electricity legislation, exceeds or does not meet the network performance requirements (whether as to quality or quantity) as are set out in schedule 5.1a or 5.1;
- (c) a direct control service that is a connection service provided to serve a Distribution Network User or group of Distribution Network Users, at a single distribution network connection point, other than connection services that are provided by one Network Service Provider to another Network Service Provider to connect their networks where neither of the Network Service Providers is a Market Network Service Provider; or
- (d) the terms and conditions in respect of which any of the above are provided.

¹ Integral Energy, Appendix H Proposed negotiating framework, *Regulatory Proposal to the Australian Energy Regulator 2009 to 2014*, 2 June 2008, para. 1.3.

The AER's Position

The AER is yet to form a view about whether its distribution determinations should determine that any components of direct control services are negotiable components. It invites submissions on whether any components of direct control services should be negotiable components; the issues raised in this document; and any relevant issues not discussed in this document.

Specific issues for comment

1. Should any particular components of direct control services be classed as negotiable components?
2. Should any terms and conditions on which a direct control service or a component of a direct control service is provided be classed as a negotiable component?
3. Is the definition of 'negotiable component' proposed in the DNSPs' regulatory proposals useful and appropriate?
4. Are the examples of potential negotiable components in the DNSPs' regulatory proposals useful and appropriate? The examples are summarised in the Issues Paper. Should any other component or terms and conditions on which that component or a direct control service is provided be included?
5. Do you agree/disagree with the AER's proposed NCC for each individual DNSP set out in the Issues Paper?
6. Do you agree/disagree with the AER's proposed NDSC for EnergyAustralia set out in the Issues Paper?
7. Are the criteria in the proposed NCC and NDSC suitable and appropriate for each applicable DNSP? Should any additional or different criteria apply in light of the transitional Chapter 6 and particularly the negotiable component principles in clause 6.7A.1 or negotiated distribution service principles in clause 6.7.1?
8. The AER also invites submissions on any other relevant matter, including those not raised in this document.