

15 July, 2003

Mr Sebastian Roberts
Acting General Manager
Regulatory Affairs – Electricity
Australian Competition and Consumer Commission
PO Box 1199
DICKSON ACT 2602

Dear Mr Roberts

MURRAYLINK CONVERSION TO A PRESCRIBED SERVICE

This letter contains NEMMCO's submission to the ACCC on the Preliminary View on the application by Murraylink Transmission Company (MTC) to have Murraylink converted to a prescribed service.

As the operator of the National Electricity Market, NEMMCO does not have a position on the application for conversion. However, if the ACCC offer of conversion is to be accepted by MTC, there are certain implementation issues and limitations that must be taken into account. This submission focuses on the implementation issues only.

As part of this submission NEMMCO has accompanied this letter with two documents as attachments:

- Attachment 1: Outline of Technical Issues associated with Conversion
- Attachment 2: Proposed Implementation Timeline

As outlined in Attachment 1, NEMMCO proposes, if the ACCC offers conversion and MTC accepts the prescribed service status, to implement the service as a regulated interconnector in parallel to the current AC interconnector. However, in order to do so, there are some changes required to NEMMCO systems as outlined in Attachment 1.

Following on from discussions with the ACCC, NEMMCO note that the following process will be followed if MTC accept the prescribed service status. The ACCC will issue a final document in relation to the conversion. The earliest time that this is likely to be issued is late August 2003. From this point, if the ACCC offers conversion and MTC accepts then MTC and NEMMCO would deregister the link as a market network service, the ACCC would authorise the prescribed service status, and MTC and NEMMCO would register the asset as a regulated interconnector.

There would be implementation limitations and requirements associated with this process. NEMMCO is currently working to a schedule that would allow this final implementation, if required, to occur in late August or early September (see attachment 2). However, in order to meet these timeframes, NEMMCO will be required to commence the registration and change control process approximately six weeks prior to the implementation date (mid July). While NEMMCO is willing to commence this process up to a certain point without firm commitment from MTC that the prescribed service status will be accepted, it should be recognised that the process from mid July will take on a market-wide perspective. NEMMCO's actions should not be construed as pre-empting the outcomes of the ACCC process but rather as reasonable contingency measures to avoid the risk of unnecessary delays in the any possible final process.

In addition to this, while NEMMCO will endeavour to meet a possible implementation date of late August or early September, some requirements of the implementation and change control process may cause unforeseen delays between the deregistration of the interconnector as a market network service, and its registration as a regulated interconnector. NEMMCO will work closely with MTC and the ACCC in relation to these matters. It should also be noted that certain aspects of the preparation for conversion depend upon action by parties other than NEMMCO, MTC and the ACCC. Thus the level of preparation that can be undertaken prior to a formal commitment by MTC will ultimately be influenced by parties other than NEMMCO.

Should you have any queries regarding the above please contact Bill Truscott on (07) 3347 3022.

Brian Spalding
Chief Operating Officer