



Mr Sebastian Roberts
General Manager
Electricity Group
Australian Competition and Consumer Commission
GPO Box 520J
Melbourne Vic, 3001

February 23, 2004

Review of the Draft Statement of Principles for the Regulation of Transmission Revenues

Dear Sebastian,

Please accept this submission from Total Environment Centre to the Review of the Draft Statement of Principles for the Regulation of Transmission Revenues.

Our submission comprises the report, **Demand Management in the National Electricity Market**, commissioned by Total Environment Centre with funding from the National Electricity Code Administrator's Advocacy Panel. It includes two in depth case studies of TNSPs failure to undertake DM, and outlines key steps towards utilising the vast potential for increased efficiency available across Australian transmission networks.

We urge the ACCC to undertake the following recommendations:

- 1) Assess and implement, as appropriate, the establishment of a DM funding mechanism sufficient to provide adequate information to perform DM analyses under 5.6.2(f) and 5.6.2(g) of the National Electricity Code.
- 2) Specify, strengthen and make transparent requirements for TNSPs to undertake DM analysis and consultation prior to adopting network augmentation.
- 3) Clarify the treatment of and adopt regulatory principles for the treatment of DM expenditures and avoided TUOS costs in setting TNSP revenue requirements.
- 4) Clarify standard network connection provisions and costs for small generators to transmission networks.
- 5) Establish an appropriate DM Code of Practice for TNSPs.
- 6) Require improved and specified steps in the reporting of potential transmission network constraints.

We look forward to your response to these recommendations.

Sincerely,

Jeff Angel
Executive Director