

Priorities and objectives of electricity transmission network service provider performance reports

A. Introduction

TRUenergy welcomes the opportunity to comment on the “Discussion paper” prepared by the Australian Energy Regulator (AER) that deals with the priorities and objectives of electricity transmission network service provider performance reports.

TRUenergy considers that this “Discussion paper” raises some important issues for Generators who depend on the reliability of the transmission networks to evacuate their power to the market. In short, the AER needs to broaden the range of performance standards that TNSPs report against in their annual performance reports to help keep the market better informed. In the past, the AER performance reports for TNSPs focused on reporting against performance measures that provided the AER with information it required to make revenue cap determinations. This paper suggests this narrow focus of performance reporting needs to be challenged and made much broader in order to benefit both customers and market participants.

B. Key issues

The AER has set a performance incentive scheme for TNSPs to report against by linking regulated revenues to the TNSPs performance against defined performance parameters including:

- Transmission circuit availability
- Loss of supply event frequency
- Average outage duration

The AER developed the market impact component of the scheme adding this to the original service performance scheme. The market impact component scheme supplements the initial scheme by targeting outages that have an adverse impact on dispatch outcomes. The market impact parameter is based on the market impact of transmission congestion (MITC) data and provides financial rewards for improvements in performance standards.

The inclusions of the following key items to the TNSP performance reports will increase the transparency of information provided by TNSPs, benefit all market participants and improve the service performance reporting overall.

i. Response to connection applications within the prescribed timeframes

The National Electricity Rules (Rules) sets timeframes for the TNSPs to respond to connection applications from customers. Compliance with these timeframes is critical to a generator's project planning and delays in any of these stages can impact the end date of a generation project. Chapter 5 of the Rules includes a range of regulatory obligations that TNSPs are required to comply with.

The key areas that the AER could monitor compliance against include:

a) Connection inquiry

- Section 5.3.2 of the Rules and compliance against the requirement for TNSPs to advise the connection applicant if the information provided by the applicant is insufficient within 5 business days;
- Section 5.3.2 of the Rules requires an NSP to advise the connection applicant within 19 days of the receipt of a connection enquiry on whether the enquiry would be more appropriately directed to another NSP.

b) Responses to connection enquiry

- Section 5.2 (b) (1) requires an NSP to report within 20 days of the connection inquiry to provide the connection applicant with details of the technical requirements relevant to the access standards to the proposed plant;
- Section 5.2 (c) requires the relevant NSP to within 20 business days of a connection inquiry, the NSP must provide to the connection applicant information which the connection applicant must prepare to enable the NSP to assess an application to connect.

c) Negotiated access standards

- Section 5.3.4A (e) of the Rules requires a NSP to within 30 days following the receipt of a proposed negotiated access standard in accordance with Section 5.3.4 (c) accept or reject a proposed access standard.

There exist a wide range of obligations that TNSPs are required to comply with in chapter 5 of the Rules that relate to the efficiency of the connection application process. TRUenergy believes that the AER performance reporting should cover these areas.

ii. Access Arrangements relating to transmission networks

Compliance monitoring on the range of schemes that TNSPs are required to perform under the Rules should be included as an item of the service performance reporting reported by TNSPs. For example, under Section 5.4A of the Rules, TNSPs are required to comply with some key regulatory requirements when requested by a connection applicant to reach an agreement in respect of the transmission network access arrangements sought by a connection applicant. In short, there is a requirement for TNSPs to implement an access scheme that complies with the following key provisions in the Rules that include:

- NSPs are required if requested by a connection applicant to negotiate in good faith to reach an agreement in respect of the transmission network user access arrangements sought by the connection applicant (Section 5.4A (b);)
- A connection applicant may seek transmission network user access arrangements at any level of transfer capability between zero and the maximum demand at the connection point of the relevant plant. (Section 5.4 A (d));
- TNSPs are must also use reasonable endeavours to provide transmission network access arrangements being sought by a connection applicant subject to those arrangements being consistent with good electricity industry practice considering:
 - i. the connection assets to be provided by the TNSP (Section 5.4 A (e) (1));
 - ii. the potential augmentations or extensions required to provide the level of transfer capability under the scheme (Section 5.4 A e (2));
- The TNSP and connection applicant must negotiate in good faith to reach an agreement on:
 - i. the connection service charge to be paid by the connection applicant; (Section 5.4 f (1));
 - ii. the use of system service charge to be paid by the connection applicant in relation to any augmentations or extensions; (Section 5.4 (f) (3).
- Where a generator is a connection applicant, the compensation to be provided by the TNSP to the generator in the event the generating unit are constrained off or on. (Section 5.4 (h)).

Compliance regarding the efficiency and timeliness of TNSPs to implement these schemes in response to their regulatory obligations would be beneficial to the market.

iii. Reporting on timely and transparent information provision to the market on outages, rating changes, non network service opportunities

TNSPs are required under the revenue cap decisions and the service standards guidelines to report their service standards performance to the AER each year as part of the AER annual compliance review. The AER reviews this information every year to ensure that the reporting of performance, treatment of exclusions and proposed incentives by TNSPs comply with the service standards guideline. After the review, the AER notifies all relevant TNSPs of their performance outcome and financial incentive or penalty for the year.

Whilst this process is beneficial for the AER for information it requires for its rate revenue cap decisions, greater transparency and more informed reporting on key performance standards like market outages, rating changes would be beneficial to generators. We believe that the more timely and reliable the information on TNSP performance standards that are available to the market, the less likely that inefficient dispatch or constraints that impact the market outcome will arise.

Given the huge financial impacts that poor transmission system performance can have on the generator category of network users (and in fact any market facing network users), it is important that all opportunities to increase accountability and transparency on network operation are pursued by the AER.

D. Conclusion

The changes recommended in this paper will promote timelier and more reliable TNSP performance reporting on a wider range of issues which will benefit both customers and the market participants that rely on the transmission system to evacuate their power. Given the significance of the reliability of TNSP performance to Generators, we urge the AER to pursue these and other measures to improve NSP performance and accountability.

Regards

A handwritten signature in black ink, appearing to read 'Con Noutso', written in a cursive style.

Con Noutso
Regulatory Manager (Access)