A Summary of Submissions to NTP Public Forum Discussion Paper

This Appendix summarises the public submissions made to the NTP Public Forum Discussion Paper and the NTP Public Forum held on 2 April 2008. There were 8 public submissions received from the following stakeholders:

- Australian Energy Regulator (AER)
- Energy Networks Association (ENA)
- Energy Suppliers Association of Australia (ESAA)
- Grid Australia
- Major Energy Users Inc. (MEU)
- McLennan Magasanik Associates and Energy Users Association of Australia (EUAA)
- National Generators Forum (NGF)
- Total Environment Centre (TEC)

Copies of these submissions are available on the Commission's website.

1. National Transmission Planner

Powers of the NTP

While submissions received were generally satisfied with the role and functions ascribed to the NTP, some submissions argued that the NTP should be equipped with broader powers.[28] The NGF suggested that the NTP should provide leadership and expert scrutiny on the technical competencies and practices of TNSP and AEMO transmission related operations.[29] The NGF also suggested that the NTP should provide technical expert support to the AER in monitoring TNSP's compliance with its planning and operations responsibilities.[30] The MEU advocated for an NTP that had the power to require a TNSP to implement an augmentation which had been assessed by the NTP and approved by the AER.[31]

The TEC advocated for more recognition of demand side initiatives.[32] It suggested that the NTP needs to improve accuracy of demand forecasts and that the NTP should develop a methodology for inclusion of demand side in such forecasts. Further, the TEC suggested that the NTP should undertake annual demand side forecasting.

NTP Objective

Grid Australia suggested that the NTP should be focused on strategic, long-term objectives and proposed that the NTP Objective be extended to cover optimal

[28] NGF, MEU

[29] NGF Submission p 2

[30] Ibid

[31] MEU Submission p 2

[32] TEC Submission p 1-2

development of the power system in terms of both generation and transmission.[33] It further suggested that the NTP should have regard to two additional factors, namely, strategic, high-level planning and avoiding duplication with Network Service Providers (NSPs).[34]

Governance Arrangements

Some submissions raised concerns that the NTP Advisory Committee could be subject to undue sectoral interest.[35] To prevent this, the AER suggested that there be a limit of one representative from generation and transmission sectors. The NGF argued that the NTP Advisory Committee should be representative and independent such that it could publish its own views even if contrary to AEMO. The ESAA, however, was opposed to the creation of an Advisory Committee and instead preferred that the AEMO board should exercise its own discretion over the NTP function.[36]

Grid Australia was concerned that the NTP could 'self-expand' by defining what it considered to be a NTFP. To counter this, Grid Australia suggested that interested parties could raise disputes regarding a NTP's decision as to what constituted an NTFP with an independent body for dispute resolution.[37]

NTP Information Powers

The ESAA argued that the information powers of the NTP, including access to confidential information, should be commensurate to institutions such as NEMMCO and the AER.[38] It argued that TNSPs should not allow confidentiality to be used as an excuse not to provide requested information. Grid Australia also argued for wider information powers; it argued that the NTP should be able to obtain information from actual and intending market participants (including generators) and NSPs.[39]

Content of the NTNDP

In relation to the content of the NTNDP, McLennan Magasanik Associates and the EUAA suggested that it should, for each development scenario, provide a description of the assets and the optimal timing of these assets to meet each development strategy.[40] In terms of the planning horizon for the NTNDP, the ESAA suggested that the NTNDP needs to be sufficiently integrated with policies such as the mandatory renewable energy targets.[41]

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[33] Grid Australia Submission p 22

[34] Ibid

[35] NGF, AER

[36] ESAA Submission p 2

[37] Grid Australia Submission p 24

[38] ESAA Submission p 3

[39] Grid Australia Submission p 23

[40] MMA and EUAA Submission p 6

[41] ESAA Submission p 4

Incorporation of VENCorp into AEMO

The ESAA argued that it was not clear whether there were any conflicts of interest that would necessarily arise with the co-location of VENCorp's planning function with the NTP function.[42] The ESAA stated that it was up to the AEMO board to manage this function.

2. Regulatory Investment Test (RIT)

Some submissions received were critical of the proposed RIT. Grid Australia argued that the proposed RIT would substantially increase overall costs to comply with the regulatory investment process.[43] Grid Australia's prevailing view was that the proposed RIT analysis required of TNSPs was disproportionate to the purported benefits arising from conducting the RIT. The ENA argued that the proposed RIT would be inappropriate for DNSPs by imposing potentially high costs on end users of distribution services without commensurate benefits.[44]

In contrast, the AER supported the proposed RIT but suggested that the RIT should be carefully specified between the National Electricity Rules and AER Guidelines so as to prevent duplication.[45]

Assessment of Market Benefits

Grid Australia suggested that TNSPs should only quantify market benefits if they satisfy a materiality threshold rather than a dollar threshold.[46] Grid Australia also suggested that when TNSPs conduct a materiality assessment on a class of market benefit, this assessment should be able to be conducted in qualitative terms rather than through a costly quantitative analysis.[47]

The AER supported the proposal that a full cost-benefit analysis be required for all projects over $25m and that this $25m threshold should not be increased.[48]

Scope of Projects

Grid Australia suggested that the dollar threshold applied to determine whether a RIT assessment is necessary should be expressed in relation to the cost of the preferred option or potential options rather than the cost of the highest credible project.[49] Grid Australia also suggested that for projects involving a mix of augmentation/reconfiguration and replacement, the scope of projects should be defined on only the cost of augmentation/reconfiguration component rather than the total project cost.[50] Furthermore, Grid Australia was concerned about the expansion

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[42] ESAA Submission p 4

[43] Grid Australia Submission p 1

[44] ENA Submission p 1

[45] AER Submission p 2

[46] Grid Australia Submission p 12

[47] Grid Australia Submission p 13

[48] AER Submission p 2

[49] Grid Australia Submission p 11

[50] Grid Australia Submission p 14

of regulatory requirements for projects which were excluded from the application of the RIT.

The TEC argued that the RIT threshold should remain at $1 million so that small projects, including demand management alternatives to augmentations are not overlooked.[51] The NGF also suggested further measures in TNSP planning processes to generate 'credible options' that facilitate the production of non-network solutions.[52]

National Benefits

Grid Australia proposed to remove the requirement to separately identify and quantify market benefits that occur outside a TNSP's region because it considers that this extra analysis is highly uncertain and unlikely to yield significant benefits.[53] Rather it suggested that such market benefits are simply identified and quantified in national terms as part of the RIT assessment.

Project Specification Stage

There were contrasting submissions as to the appropriate length of the consultation period for the project specification stage of the RIT. Grid Australia thought that this time was excessive[54] whereas the TEC argued that the consultation period should be further extended to give sufficient time for proponents of non-network solutions.[55]

Urgent and Unforeseen Investments

The AER suggested that the definition for 'urgent and unforeseen investments' should be tightly defined so as to prevent the incidence of gaming and suggested that these investments refer to projects brought about by a force majeure or a similarly extreme event.[56]

Dispute Resolution

In relation to the dispute resolution process specified in the RIT, the NGF raised its concern that the grounds for raising a dispute were too narrow. NGF suggested that market participants who have been adversely affected by a TNSP investment decision should have the right to request a comprehensive, external independent audit (under the AER's supervision) of TNSP planning procedures.[57] Under this proposal, market participants requesting the audit should partially pay for the cost of the audit and thus minimise the incidence of vexatious claims.

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[51] TEC Submission p 3

[52] NGF Submission p 8-9

[53] Grid Australia Submission p 15

[54] Grid Australia Submission p 1

[55] TEC Submission p 4

[56] AER Submission p 2

[57] NGF Submission p 8