

24 August 2020

Ms Merryn York  
Acting Chair  
Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

## **AEMO Re-allocation of National Transmission Planner Costs to TNSPs**

Dear Ms York

Energy Networks Australia, on behalf of its transmission members, supports the rule change amendments proposed by AEMO in its rule change proposal, Re-allocation of National Transmission Planner Costs to TNSPs.

The Energy Security Board (ESB) presented a set of rules to the COAG Energy Council on 20 March 2020 to establish the actionable ISP framework in the National Electricity Rules (**ISP rules**). Ministers approved these rules, they were published on 27 March and commenced on 1 July 2020.

Under the ISP rules AEMO's National Transmission Planner (NTP) costs were reallocated from market participants to transmission network service providers (TNSPs) and a mechanism was introduced to enable TNSPs to recover the NTP costs from end use customers through transmission prices. The ESB final policy position published on 27 March confirmed that reallocation of the NTP costs to TNSPs should be aligned with a transmission pricing adjustment that automatically allows the TNSPs to recover, through transmission prices, the NTP fees advised by AEMO<sup>1</sup> for a financial year in that same year.

TNSPs were aiming for a clear and planned transition so the AEMO NTP charges would flow smoothly and efficiently through to customers in a coordinated and simple manner. However, because TNSPs in Queensland, New South Wales, South Australia and Tasmania had finalised and published their 2020/21 transmission prices on 15 March 2020, the ISP rules did not meet the policy intent in respect of the 2020/21 year. This timeframe for publication of transmission prices is misaligned with AEMO's annual budget process.

Energy Networks Australia has been working constructively with AEMO to rectify the issues this has created for the 2020/21, 2021/22 financial years and beyond. The AEMO NTP revenue requirement for 2020/21 is significantly higher than expected

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<sup>1</sup> COAG Energy Council, Energy Security Board, Converting the Integrated System Plan into action, Response to submissions on Consultation Draft ISP Rules, p18

based on previous forecasts. AEMO have agreed to part bill TNSPs for the NTP revenue requirement in 2020/21 and carry forward the balance to the NTP revenue requirements for 2021/22.

Energy Networks Australia, on behalf of its transmission members, supports the need for clarifications in relation to process and timing of NTP fee notification and cost recovery and the need for transitional arrangements to enable recovery of 2020/21 NTP costs. The AEMO proposed NTP rules amendments create a needed and clear transition to meet the policy intent of the ESB. Energy Networks Australia considers the rule meets the definition of a non-controversial rule as it is unlikely to have a significant effect on the wholesale market or the national electricity system. It is important the rule change is completed by the end of 2020 to provide a clear and transparent process for NTP fees to be notified ahead of 2021/22 transmission prices being published and these prices can be flowed through to distribution tariffs and regulatory reviews of default market offers.

Should you have any queries on this response please feel free to contact Verity Watson, [vwatson@energynetworks.com.au](mailto:vwatson@energynetworks.com.au).

Yours sincerely,



Andrew Dillon  
Chief Executive Officer