

## **CHAPTER 8**



## 8. Administrative Functions

### Part A Introductory

#### 8.1 Administrative functions

##### 8.1.1 [Deleted]

##### 8.1.2 [Deleted]

##### 8.1.3 Structure of this Chapter

###### Note

Clause 8.1.3(b)(5) and (7) has no effect in this jurisdiction (see regulation 5A of the *National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations*).

- (a) This Chapter describes some of the key processes and obligations associated with the administration of the *Rules* and deals also with *augmentations*.
- (b) It is divided into Parts as follows:
  - (1) this Part is introductory;
  - (2) Part B deals with dispute resolution;
  - (3) Part C deals with the obligations of *Registered Participants* to maintain confidentiality;
  - (4) Part D deals with monitoring and reporting;
  - (5) Part E deals with the structure and responsibilities of the *Reliability Panel*;
  - (6) Part F sets out the *Rules consultation procedures*;
  - (7) Part G deals with funding for the Consumer Advocacy Panel;
  - (8) Part H deals with *augmentations*.
- (c) [Deleted]
- (d) [Deleted]
- (e) [Deleted]
- (f) [Deleted]
- (g) [Deleted]

### Part B Disputes

.

###### Note:

This Part has no effect in this jurisdiction (see regulation 5A of the *National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations 2016*).

## Part C Registered Participants' confidentiality obligations

### 8.6 Confidentiality

#### 8.6.1 Confidentiality

**Note**

Clause 8.6.1(d) and (e) has no effect in this jurisdiction (see regulation 5A of the *National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations*).

- (a) Each *Registered Participant* must use all reasonable endeavours to keep confidential any *confidential information* that comes into the possession or control of the *Registered Participant* or of which the *Registered Participant* becomes aware.
- (b) A *Registered Participant*:
  - (1) must not disclose *confidential information* to any person except as permitted by the *Rules*;

**Note**

This clause is classified as a civil penalty provision under the National Electricity (South Australia) Regulations. (See clause 6(1) and Schedule 1 of the National Electricity (South Australia) Regulations.)

- (2) must only use or reproduce *confidential information* for the purpose for which it was disclosed or another purpose contemplated by the *Rules*; and

**Note**

This clause is classified as a civil penalty provision under the National Electricity (South Australia) Regulations. (See clause 6(1) and Schedule 1 of the National Electricity (South Australia) Regulations.)

- (3) must not permit unauthorised persons to have access to *confidential information*.

**Note**

This clause is classified as a civil penalty provision under the National Electricity (South Australia) Regulations. (See clause 6(1) and Schedule 1 of the National Electricity (South Australia) Regulations.)

- (c) Each *Registered Participant* must use all reasonable endeavours:
  - (1) to prevent unauthorised access to *confidential information* which is in the possession or control of that *Registered Participant*; and
  - (2) to ensure that any person to whom it discloses *confidential information* observes the provisions of this rule 8.6 in relation to that information.
- (d) The officers of a *Transmission Network Service Provider* participating in *transmission service* pricing must not be involved in or associated with competitive electricity trading activities of any other *Registered Participant*.

**Note**

This clause is classified as a civil penalty provision under the National Electricity (South Australia) Regulations. (See clause 6(1) and Schedule 1 of the National Electricity (South Australia) Regulations.)

- (e) A *Transmission Network Service Provider* participating in *transmission service pricing* must provide to any *Transmission Network Service Provider* or *Registered Participant* which supplies information for *transmission service pricing* an undertaking that the *Transmission Network Service Provider* to which that information was supplied will comply with the confidentiality requirements set out in clause 6.9.2.

**Note**

This clause is classified as a civil penalty provision under the National Electricity (South Australia) Regulations. (See clause 6(1) and Schedule 1 of the National Electricity (South Australia) Regulations.)

### 8.6.1A Application

For the purposes of this Part only, "*Registered Participant*" is deemed to include not just *Registered Participants* but also *Metering Providers* and *Metering Data Providers*.

### 8.6.2 Exceptions

**Note**

Clause 8.6.2(l) has no effect in this jurisdiction (see regulation 5A of the *National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations*).

This rule 8.6 does not prevent:

- (a) **(public domain)**: the disclosure, use or reproduction of information if the relevant information is at the time generally and publicly available other than as a result of breach of confidence by the *Registered Participant* who wishes to disclose, use or reproduce the information or any person to whom the *Registered Participant* has disclosed the information;
- (b) **(employees and advisers)**: the disclosure of information by a *Registered Participant* or the *Registered Participant's Disclosees* to:
- (1) an employee or officer of the *Registered Participant* or a *related body corporate* of the *Registered Participant*; or
  - (2) a legal or other professional adviser, auditor or other consultant (in this clause 8.6.2(b) called **Consultants**) of the *Registered Participant*, which require the information for the purposes of the *Rules*, or for the purpose of advising the *Registered Participant* or the *Registered Participant's Disclosee* in relation thereto;
- (b1) **(service providers)**: the disclosure of *NMI Standing Data* or the provision of means to gain electronic access to that data by a *Customer* or the *Customer's Disclosees* to a person who requires the *NMI Standing Data* for the purposes of providing services in connection with the *Customer's* sale of electricity to end users.
- (c) **(consent)**: the disclosure, use or reproduction of information with the consent of the person or persons who provided the relevant information under the *Rules*;
- (d) **(law)**: the disclosure, use or reproduction of information to the extent required by law or by a lawful requirement of:

- (1) any government or governmental body, authority or agency having jurisdiction over a *Registered Participant* or its *related bodies corporate*; or
- (2) any stock exchange having jurisdiction over a *Registered Participant* or its *related bodies corporate*;
- (d1) **[Deleted]**
- (e) **(disputes)**: the disclosure, use or reproduction of information if required in connection with legal proceedings, arbitration, expert determination or other dispute resolution mechanism relating to the *Rules*, or for the purpose of advising a person in relation thereto;
- (f) **(trivial)**: the disclosure, use or reproduction of information which is trivial in nature;
- (g) **(safety)**: the disclosure of information if required to protect the safety of personnel or equipment;
- (h) **(potential investment)**: the disclosure, use or reproduction of information by or on behalf of a *Registered Participant* to the extent reasonably required in connection with the *Registered Participant's* financing arrangements, investment in that *Registered Participant* or a disposal of that *Registered Participant's* assets;
- (i) **(regulator)**: the disclosure of information to the *AER*, the *AEMC* or the *ACCC* or any other regulatory authority having jurisdiction over a *Registered Participant*, pursuant to the *Rules* or otherwise;
- (j) **(reports)**: the disclosure, use or reproduction of information of an historical nature in connection with the preparation and giving of reports under the *Rules*;
- (k) **(aggregate sum)**: the disclosure, use or reproduction of information as an unidentifiable component of an aggregate sum; and
- (l) **(profile)**: the publication of a *profile*.
- (m) **[Deleted]**
- (n) **[Deleted]**
- (o) **[Deleted]**

### 8.6.3 Conditions

In the case of a disclosure under clauses 8.6.2(b), 8.6.2(b1), 8.6.2(h), prior to making the disclosure the *Registered Participant* that wishes to make the disclosure must inform the proposed recipient of the confidentiality of the information and must take appropriate precautions to ensure that the proposed recipient keeps the information confidential in accordance with the provisions of this rule 8.6 and does not use the information for any purpose other than that permitted under clause 8.6.1.

#### Note

This clause is classified as a civil penalty provision under the National Electricity (South Australia) Regulations. (See clause 6(1) and Schedule 1 of the National Electricity (South Australia) Regulations.)

**8.6.4 [Deleted]**

**8.6.5 Indemnity to AER, AEMC and AEMO**

Each *Registered Participant* must indemnify the *AER* and the *AEMC* against any claim, action, damage, loss, liability, expense or outgoing which the *AER* or the *AEMC* pays, suffers, incurs or is liable for in respect of any breach by that *Registered Participant* or any officer, agent or employee of that *Registered Participant* of this rule 8.6.

**8.6.6 AEMO information**

**Note**

This clause has no effect in this jurisdiction (see regulation 5A of the *National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations*).

*AEMO* must develop and, to the extent practicable, implement a policy:

- (a) to protect information which it acquires pursuant to its various functions from use or access which is contrary to the provisions of the *Rules*;
- (b) to disseminate such information in accordance with its rights, powers and obligations in a manner which promotes the orderly operation of any *market*; and
- (c) to ensure that *AEMO*, in undertaking any trading activity except the procurement of *ancillary services*, does not make use of such information unless the information is also available to other *Registered Participants*.

**8.6.7 Information on Rules Bodies**

**Note**

This clause has no effect in this jurisdiction (see regulation 5A of the *National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations*).

*AEMO* must, in consultation with the *AEMC*, develop and implement policies concerning:

- (a) the protection of information which *Rules bodies* acquire pursuant to their various functions from use or access by *Registered Participants* or *Rules bodies* which is contrary to the provisions of the *Rules*; and
- (b) the dissemination of such information where appropriate to *Registered Participants*.

**Part D Monitoring and reporting**

**8.7 Monitoring and Reporting**

**8.7.1 Monitoring**

- (a) **[Deleted]**
- (b) The *AER* must, for the purpose of performing its monitoring functions:
  - (1) determine whether *Registered Participants* are complying with the *Rules*;

- (2) assess whether the dispute resolution and *Rules* enforcement mechanisms are working effectively in the manner intended; and
  - (3) **[Deleted]**
  - (4) collect, analyse and disseminate information relevant and sufficient to enable it to comply with its reporting and other obligations and powers under the *Rules*.
- (c) The AER must ensure that, to the extent practicable in light of the matters set out in clause 8.7.1(b), the monitoring processes which it implements under this rule 8.7:
- (1) are consistent over time;
  - (2) do not discriminate unnecessarily between *Registered Participants*;
  - (3) are cost effective to both the *AER* and all *Registered Participants*; and
  - (4) subject to confidentiality obligations, are publicised or available to the public.

### 8.7.2 Reporting requirements and monitoring standards for Registered Participants

#### Note

Clause 8.7.2(a)(2) and (4) and (b)(2) has no effect in this jurisdiction (see regulation 5A of the *National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations*).

- (a) For the purpose of performing its monitoring functions, the *AER* must establish:
- (1) reporting requirements which apply to all or particular categories of *Registered Participants* in relation to matters relevant to the *Rules*;
  - (2) reporting requirements for *AEMO* in relation to matters relevant to the *Rules*;
  - (3) procedures and standards generally applicable to *Registered Participants* relating to information and data received by them in relation to matters relevant to the *Rules*;
  - (4) procedures and standards applicable to *AEMO* relating to information and data received by it in relation to matters relevant to the *Rules*; and
  - (5) procedures and standards applicable to the *AER* relating to information and data received by the *AER* from *Registered Participants* in relation to matters relevant to the *Rules*.
- (b) The *AER* must:
- (1) after consultation with the *AEMC* and *Registered Participants* in accordance with the *Rules consultation procedures*, establish the requirements and standards and procedures referred to in clause 8.7.2(a)(1), (3) and (5); and
  - (2) after consultation with the *AEMC* and such *Registered Participants* as the *AER* considers appropriate, establish the requirements referred to in clause 8.7.2(a)(2).



In formulating such requirements or procedures and standards, the *AER* must take into consideration the matters set out in clause 8.7.1(c).

- (c) Subject to clause 8.7.2(d), the *AER* must notify to all *Registered Participants* particulars of the requirements and procedures and standards which it establishes under this clause 8.7.2.
- (d) For the purpose of performing its monitoring functions, the *AER* may establish additional or more onerous requirements or procedures and standards which do not apply to all or a particular category of *Registered Participants*. In formulating such requirements or procedures and standards, the *AER* must take into consideration the matters set out in clause 8.7.1(c) and is not required to consult in accordance with the *Rules consultation procedures* but must consult with the relevant *Registered Participants*. In such a case, and if the *AER* considers it appropriate to do so, the *AER* may choose to notify only those *Registered Participants* to whom these additional or more onerous requirements or procedures and standards apply.
- (e) Each *Registered Participant* must comply with all requirements, procedures and standards established by the *AER* under this rule 8.7 to the extent that they are applicable to it within the time period specified for the requirement, procedure or standard or, if no such time period is specified, within a reasonable time. Each *Registered Participant* must bear its own costs associated with complying with these requirements, procedures and standards.

**Note**

This clause is classified as a civil penalty provision under the National Electricity (South Australia) Regulations. (See clause 6(1) and Schedule 1 of the National Electricity (South Australia) Regulations.)

- (f) In complying with its obligations or pursuing its rights under the *Rules* a *Registered Participant* must not recklessly or knowingly provide, or permit any other person to provide on behalf of that *Registered Participant*, misleading or deceptive data or information to any other person (including the *AER*).

**Note**

This clause is classified as a civil penalty provision under the National Electricity (South Australia) Regulations. (See clause 6(1) and Schedule 1 of the National Electricity (South Australia) Regulations.)

- (g) Any *Registered Participant* may ask the *AER* to impose additional or more onerous requirements, procedures or standards under clause 8.7.2(d) on a *Registered Participant* in order to monitor or assess compliance with the *Rules* by that *Registered Participant*. When such a request is made, the *AER* may but is not required to impose the additional or more onerous requirements, procedures or standards.

If the *AER* decides to impose additional or more onerous requirements, procedures or standards on a *Registered Participant*, the *AER* may determine the allocation of costs of any additional compliance monitoring undertaken between the relevant *Registered Participants*. The relevant *Registered Participants* must pay such costs as allocated. In the absence of such allocation, the *Registered Participant* which is subject to the additional

or more onerous requirements, procedures or standards must bear its own costs of compliance.

- (h) The *AER* must develop and implement guidelines in accordance with the *Rules consultation procedures* governing the exercise of the powers conferred on it by clause 8.7.2(g) which guidelines must set out the matters to which the *AER* must have regard prior to deciding the allocation of costs of any additional or more onerous requirements, procedures or standards imposed pursuant to clause 8.7.2(g) between the relevant *Registered Participants*.

### **8.7.3 Consultation required for making general regulatory information order (Section 28H of the NEL)**

- (a) Before the *AER* makes a *general regulatory information order*, it must publish:
  - (1) the proposed order;
  - (2) an explanatory statement that sets out objectives of the proposed order; and
  - (3) an invitation for written submissions on the proposed order.
- (b) The invitation must allow no less than 30 *business days* for the making of submissions (and the *AER* is not required to consider any submission made after the period has expired).
- (c) The *AER* may *publish* such issues, consultation and discussion papers, and hold such conferences and information sessions, in relation to the proposed order as it considers appropriate.
- (d) Within 80 *business days* of *publishing* the documents referred to in paragraph (a), the *AER* must:
  - (1) consider any submissions made in response to the invitation within the period allowed in the invitation;
  - (2) make a final decision on the order; and
  - (3) *publish* the final decision including:
    - (i) a statement of the reasons for the final decision (including a summary of each material issue raised in the submissions and the *AER's* response to it); and
    - (ii) if the final decision is to make the order (either in the terms in which it was proposed or in modified terms) – the order in its final form.
- (e) The *AER* may extend the time within which it is required to publish its final decision if:
  - (1) the consultation involves questions of unusual complexity or difficulty; or
  - (2) the extension has become necessary because of circumstances beyond the *AER's* control.

#### **8.7.4 Preparation of network service provider performance report (Section 28V of the NEL)**

- (a) Before the *AER* embarks on the preparation of *network service provider performance reports*, the *AER* must consult with:
  - (1) *network service providers*; and
  - (2) bodies representative of the *network service providers* and network service users; and
  - (3) the public generally;in order to determine appropriate priorities and objectives to be addressed through the preparation of *network service provider performance reports*.
- (b) In the course of preparing a *network service provider performance report*, the *AER*:
  - (1) must consult with the *network service provider* or *network service providers* to which the report is to relate; and
  - (2) must consult with the authority responsible for the administration of relevant *jurisdictional electricity legislation* about relevant safety and technical obligations; and
  - (3) may consult with any other persons who have, in the *AER's* opinion, a proper interest in the subject matter of the report; and
  - (4) may consult with the public.
- (b1) In preparing a *network service provider performance report*, the *AER* must have regard to the *Distribution Reliability Measures Guidelines*.
- (c) A *network service provider* to which the report is to relate:
  - (1) must be allowed an opportunity, at least 30 *business days* before publication of the report, to submit information and to make submissions relevant to the subject matter of the proposed report; and
  - (2) must be allowed an opportunity to comment on material of a factual nature to be included in the report.

#### **8.7.5 [Deleted]**

#### **8.7.6 Recovery of reporting costs**

##### **Note**

Clause 8.7.6 has no effect in this jurisdiction (see regulation 5A of the *National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations*).

Where, under the *Rules*, *AEMO* is entitled or required to publish or give information, notices or reports to:

- (a) any *Registered Participant*, any court, the *ACCC* or the *AER*, unless the context otherwise requires, *AEMO* must not charge those persons a separate fee for providing them with a copy of the information or report and the costs in providing that service must be recovered through the *Participant fees* described in rule 2.12;

- (b) any other person, *AEMO* may charge that person a fee which is appropriate to cover the costs of providing that service.

## **Part E Reliability panel**

### **Note**

This part has no effect in this jurisdiction (see regulation 5A of the *National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations*).

## **8.8 Reliability Panel**

### **8.8.1 Purpose of Reliability Panel**

- (a) The functions of the *Reliability Panel* are to:
  - (1) monitor, review and report on the performance of the *market* in terms of *reliability* of the *power system*;
  - (1a) on the advice of *AEMO*, determine the *system restart standard*;
  - (1b) review and make recommendations on the *reliability standard* and *reliability settings* under clause 3.9.3A;
  - (2) review and, on the advice of *AEMO*, determine the *power system security standards*;
  - (2a) for the purposes of clause 4.2.6(b), develop and *publish* principles and guidelines that determine how *AEMO* should maintain *power system security* while taking into account the costs and benefits to the extent practicable;
  - (2b) determine, and modify as necessary, and *publish* the *template for generator compliance programs*;
  - (2c) on the advice of *AEMO*, determine which *non-credible contingency events* are to be *protected events* and any conditions applicable to the determination, in accordance with clause 8.8.4;
  - (2d) if the *Reliability Panel* considers it necessary or desirable, determine guidelines for *power system frequency reviews* conducted by *AEMO* under clause 5.20A.1; requests for *protected event* declaration by *AEMO* under clause 5.20A.4; or the *Reliability Panel's* determination of *protected events* under clause 8.8.4;
  - (2e) if the *Reliability Panel* considers it necessary or desirable, identify scenarios *AEMO* must study in preparing the *EAAP* for the purposes of clause 3.7C(k)(1);
  - (3) while *AEMO* has power to issue *directions* in connection with maintaining or re-establishing the *power system* in a *reliable operating state*, determine guidelines governing the exercise of that power;
  - (4) while *AEMO* has power to enter into contracts for the provision of *reserves*, determine policies and guidelines governing *AEMO's* exercise of that power;

- (5) report to the *AEMC* and *participating jurisdictions* on overall *power system reliability* matters concerning the *power system* and on the matters referred to in clauses 8.8.1(a)(1b), (2), (2c) and (3), and make recommendations on *market* changes or changes to the *Rules* and any other matters which the *Reliability Panel* considers necessary;
  - (6) monitor, review and *publish* a report on the *system standards* in terms of whether they appropriately and adequately describe the expected technical performance conditions of the *power system*;
  - (7) monitor, review and *publish* a report on the implementation of *automatic access standards* and *minimum access standards* as *performance standards* in terms of whether:
    - (i) their application is causing, or is likely to cause, a material adverse effect on *power system security*; and
    - (ii) the *automatic access standards* and *minimum access standards* should be amended or removed;
  - (8) consider requests made in accordance with clause 5.3.3(b2) and, if appropriate, determine whether an existing Australian or international standard, or a part thereof, is to be adopted as a *plant standard* for a particular class of *plant*; and
  - (9) determine guidelines identifying or providing for the identification of operating incidents and other incidents that are of significance for the purposes of the definition of "Reviewable operating incident" in clause 4.8.15.
- (b) In performing its functions set out in clause 8.8.1(a)(1) the *Reliability Panel* must not monitor, review or report on the performance of the *market* in terms of *reliability* of *distribution networks*, although it may collate, consider and report information in relation to the *reliability* of *distribution networks* as measured against the relevant standards of each *participating jurisdiction* in so far as the *reliability* of those *networks* impacts on overall *power system reliability*.
- (c) The principles and guidelines *published* under clause 8.8.1(a)(2a):
- (1) must be developed, and may only be amended, in accordance with the consultation process set out in clause 8.8.3;
  - (2) must include transitional arrangements which take into account the need to allow for the development and testing of an appropriate methodology by *AEMO*; and
  - (3) must take into account the results of any decision to revise *network constraints*.
- (d) A request for declaration of a *protected event*, or revocation of a declaration, may only be made, and must be determined, in accordance with clause 8.8.4.

## 8.8.2 Constitution of the Reliability Panel

- (a) The *Reliability Panel* must consist of:

- (1) a commissioner of the *AEMC* appointed by the *AEMC* to act as chairperson for a period of up to three years;
  - (2) the chief executive officer or a delegate of *AEMO*; and
  - (3) at least 5 but not more than 8 other persons appointed by the *AEMC* for a period of up to three years, such persons to include:
    - (A) a person representing *Generators*;
    - (B) a person representing *Market Customers*;
    - (C) a person representing *Transmission Network Service Providers*;
    - (D) a person representing *Distribution Network Service Providers*;
    - (E) a person representing the interests of end use customers for electricity; and
    - (F) at the *AEMC*'s discretion, up to 3 other persons representing interests not otherwise represented, in order to achieve the broad representation described in clause 8.8.2(c)(1).
- (b) Subject to clause 8.8.2(d) any person who has previously served on the *Reliability Panel* is eligible for reappointment to the *Reliability Panel* in accordance with this clause 8.8.2.
- (c) In making appointments to the *Reliability Panel* under clause 8.8.2(a)(3), the *AEMC* must, to the extent reasonably practicable and subject to clause 8.8.2(c1), give effect to the intention that the persons so appointed:
  - (1) should be broadly representative, both geographically and by reference to *Registered Participants* and *participating jurisdictions*, of those persons with direct interests in the *reliability* and safety of electricity *supply* under the *market* arrangements and in *power system security*;
  - (2) may include *Registered Participants* or their *representatives* or *participating jurisdictions*;
  - (3) must be independent of *AEMO*; and
  - (4) must, except in the case of the persons representing *Network Service Providers* appointed under clauses 8.8.2(a)(3)(C) and (D), be independent of all *System Operators*,and if at any time:
  - (5) a person on the *Reliability Panel*, other than the chief executive officer or a delegate of *AEMO*, ceases to be independent of *AEMO*; or
  - (6) a person on the *Reliability Panel*, other than the persons representing *Network Service Providers* appointed under clauses 8.8.2(a)(3)(C) and (D), ceases to be independent of any *System Operator*,the *AEMC* must remove that person from the *Reliability Panel*.
- (c1) The persons referred to in clauses 8.8.2(a)(3)(A), (B), (C) and (D) must be appointed and removed by the *AEMC* after consultation with the class of *Registered Participants* the person is to represent, and the *AEMC* must:

- (1) appoint a person agreed to by at least one third in number of the relevant class of *Registered Participants*, having regard to the preference expressed by the majority of the *Registered Participants* in the relevant class who responded in writing to the consultation by the *AEMC*; and
  - (2) commence consultation on the removal of such a person if requested to do so by a member of the relevant class of *Registered Participants*, and must remove that person if so agreed by at least one third in number of the relevant class of *Registered Participants*.
- (d) The *AEMC* may remove any member of the *Reliability Panel*, including the chairperson, at any time during his or her term in the following circumstances:
  - (1) the person becomes of unsound mind or his or her estate is liable to be dealt with in any way under a law relating to mental health; or
  - (2) the person fails to discharge the obligations of that office imposed by the *Rules*.
- (d1) The persons referred to in clauses 8.8.2(a)(3)(E) and (F) must be appointed and removed by the *AEMC* after such consultation as the *AEMC* considers appropriate with the classes of interests those persons represent and, subject to such consultation, may be removed at any time for any reason.
- (e) A person may resign from the *Reliability Panel* by giving notice in writing to that effect to the *AEMC*.
- (f) The *Reliability Panel* must meet and regulate its meetings and conduct its business in accordance with the *Rules*.
- (g) A decision of the *Reliability Panel* on any matter may be made by a majority of the members comprising the *Reliability Panel*. Where the members of the *Reliability Panel* are equally divided on any matter, the chairperson has a casting vote.
- (h) The *AEMC* may appoint a commissioner of the *AEMC* (other than the chairperson of the *AEMC* or the chairperson of the *Reliability Panel*) as the acting chairperson of the *Reliability Panel* on a standing basis. If the chairperson of the *Reliability Panel* is unable to perform the obligations of that office for an extended period of time (including any period in which a scheduled meeting of the *Reliability Panel* is held), the chairperson must notify the acting chairperson. The acting chairperson has the powers and functions of the chairperson of the *Reliability Panel* for such periods of time.

### 8.8.3 Reliability Panel review process

- (a) As soon as practicable, the *Reliability Panel* must determine:
  - (1) the *power system security standards*;
  - (2) the guidelines referred to in clause 8.8.1(a)(3);
  - (3) the policies and guidelines referred to in clause 8.8.1(a)(4);
  - (4) the guidelines referred to in clause 8.8.1(a)(9);

- (5) the *system restart standard*; and
  - (6) the *template for generator compliance programs*,  
in accordance with this clause 8.8.3.
- (aa) The *system restart standard* must:
- (1) be reviewed and determined by the *Reliability Panel* in accordance with the *SRAS Objective*;
  - (2) identify the maximum amount of time within which *system restart ancillary services* are required to restore *supply* in an *electrical sub-network* to a specified level, under the assumption that *supply* (other than that provided under a *system restart ancillary services* agreement acquired by *AEMO* for that *electrical sub-network*) is not available from any neighbouring *electrical sub-network*;
  - (3) include the aggregate required reliability of *system restart ancillary services* for each *electrical sub-network*;
  - (4) apply equally across all *regions*, unless the *Reliability Panel* varies the *system restart standard* between *electrical sub-networks* to the extent necessary:
    - (A) to reflect any technical system limitations or requirements; or
    - (B) to reflect any specific economic circumstances in an *electrical sub-network*, including but not limited to the existence of one or more *sensitive loads*;
  - (5) specify that a *system restart ancillary service* can only be acquired by *AEMO* under a *system restart ancillary services* agreement for one *electrical sub-network* at any one time;
  - (6) include guidelines to be followed by *AEMO* in determining *electrical sub-networks*, including the determination of the appropriate number of *electrical sub-networks* and the characteristics required within an *electrical sub-network* (such as the amount of *generation* or *load*, or electrical distance between *generation centres*, within an *electrical sub-network*); and
  - (7) include guidelines specifying the diversity and strategic locations required of *system restart ancillary services*.
- (b) At least once each *financial year* and at such other times as the *AEMC* may request, the *Reliability Panel* must conduct a review of the performance of the *market* in terms of *reliability* of the *power system*, the *reliability standard*, the *power system security standards*, the *system restart standard*, the guidelines referred to in clause 8.8.1(a)(3), the policies and guidelines referred to in clause 8.8.1(a)(4) and the guidelines referred to in clause 8.8.1(a)(9). The *Reliability Panel* must conclude each annual review under this clause by the end of the *financial year* following the *financial year* to which the review relates.
- (ba) At least every 5 years from the date the *template for generator compliance programs* is determined pursuant to clause 8.8.3(a) and at such other times as the *AEMC* may request, the *Reliability Panel* must conduct a review of



the *template for generator compliance programs* in accordance with this clause 8.8.3. Following such a review, the *Reliability Panel* may amend the *template for generator compliance programs* in accordance with its report to the *AEMC* submitted under clause 8.8.3(j).

- (c) Subject to paragraph (c1), the *AEMC* must advise the *Reliability Panel* of the terms of reference for any determination or review by the *Reliability Panel*.
- (c1) The *AEMC*:
  - (1) may advise the *Reliability Panel* of standing terms of reference in relation to the reviews described in clauses 8.8.3(b) and 8.8.3(ba) from time to time; and
  - (2) may, but is not required to, advise the *Reliability Panel* of terms of reference in relation to the review described in clause 8.8.1(a)(1b).
- (c2) The *Reliability Panel* must follow the consultation process in paragraphs (d) to (l) when carrying out its functions, unless otherwise specified in this paragraph or elsewhere in the *Rules*. The *Reliability Panel* is not required to follow the process in paragraphs (d) to (l) for the purposes of its functions under clauses 8.8.1(a)(1b), 8.8.1(a)(2c), 8.8.1(a)(2e), 8.8.1(a)(8) or 8.8.3(b).
- (d) The *Reliability Panel* must give notice to all *Registered Participants* of the commencement of a determination or review by requesting the *AEMC* to publish the notice pursuant to paragraph (k). The notice must give particulars of the terms of reference for the determination or review (as the case may be) and the deadline for the receipt of any submissions to the *Reliability Panel*.
- (e) The deadline for receipt of submissions must not be earlier than 4 weeks following publication of the notice required under paragraph (d) or such other time specified by the *AEMC* in any request for a review.
- (f) The *Reliability Panel* may hold a meeting open to the public for any determination or review by the *Reliability Panel*, and must hold such a meeting if an interested party requests one in writing. The *Reliability Panel* must give reasonable notice of any such meeting.
- (g) The meeting referred to in paragraph (f):
  - (1) may be conducted in person, by telephone, video conference or other method of communication selected by the *Reliability Panel*; and
  - (2) if conducted in person, must be held in the capital city of one of the *participating jurisdictions* as selected by the *Reliability Panel*.
- (h) The *Reliability Panel* may obtain such technical advice or assistance from time to time as it thinks appropriate including, without limitation, advice or assistance from *AEMO* and any *Registered Participant*.
- (i) In undertaking any review and preparing any report and recommendations, the *Reliability Panel* must take into consideration the policy statements, directions or guidelines published by the *AEMC* from time to time.
- (j) Following the conclusion of the meeting (if any) conducted pursuant to paragraph (f) and consideration by the *Reliability Panel* of any submissions

or comments made to it, the *Reliability Panel* must submit a written report to the *AEMC* on the review setting out its recommendations or determinations, its reasons for those recommendations or determinations and the procedure followed by the *Reliability Panel* in undertaking the review or determination. The report must be submitted to the *AEMC* by the deadline for reporting specified by the *AEMC* in any request for a review.

- (k) The *AEMC* must, within 10 *days* of receiving from the *Reliability Panel* a notice, report or other document pursuant to this clause 8.8.3, publish that document on the *AEMC* website (with the exclusion of material that cannot be disclosed consistently with the *AEMC*'s obligations of confidentiality).
- (l) The recommendations of the *Reliability Panel* may include (without limitation) recommended *changes* to the *Rules* in relation to matters concerning *reliability* of the *power system*.

#### **8.8.4 Determination of protected events**

- (a) A request for declaration of a *non-credible contingency event* as a *protected event* or for the revocation of such a declaration may only be submitted by *AEMO*. The request must be in accordance with clause 5.20A.4 or clause 5.20A.5 as applicable.
- (b) The *Reliability Panel* must comply with the *Rules consultation procedures* in relation to the determination of each request under paragraph (a).
- (c) In determining the request, the *Reliability Panel* must have regard to the information provided by *AEMO* in the request and may request further information or obtain such technical advice or assistance from time to time as it thinks appropriate including, without limitation, information, advice or assistance from *AEMO* and any *Registered Participant*.
- (d) In determining the request, the *Reliability Panel* may undertake its own assessment of the costs and benefits of managing the *non-credible contingency event* as a *protected event*, including:
  - (1) costs to operate the *power system* in a *secure operating state* if the event is declared;
  - (2) costs associated with any proposal for a new or modified *emergency frequency control scheme* or other *network* investment in connection with managing the event;
  - (3) the benefits of mitigating the consequences of the event occurring by managing it as a *protected event*.
- (e) In making a determination that declares a *non-credible contingency event* to be a *protected event* or revokes that declaration, the *Reliability Panel* must have regard to the *national electricity objective*.
- (f) When the *Reliability Panel* makes a determination under this clause, then subject to the provisions in the *Rules* applicable to *protected events*, the *Reliability Panel* may at the same time determine any other matters that the *Reliability Panel* considers necessary or appropriate in relation to the *protected event*, which may include:

- (1) provision for the declaration of the *protected event* or the revocation of a declaration to come into effect at a future time, which may be a specified date or may be determined by reference to matters specified in the determination, such as the commissioning of a new or modified *emergency frequency control scheme* or the satisfaction of other conditions specified in the determination;
  - (2) matters relating to the availability and operation of an *emergency frequency control scheme*;
  - (3) matters relating to AEMO's operation of the *power system* for that *protected event*; and
  - (4) changes to the principles and guidelines published under clause 8.8.1(a)(2a) to apply in respect of the *protected event* for the purposes of clause 4.2.6(b).
- (g) When the *Reliability Panel* makes a determination under this clause that provides for the availability and operation of a new or modified *emergency frequency control scheme* in connection with a *protected event*, the *Reliability Panel* must at the same time determine the *protected event EFCS standard* applicable to the scheme.
- (h) The final report of the *Reliability Panel* under the *Rules consultation procedures* must include:
- (1) if the *Reliability Panel* has determined to make a declaration, the terms of the declaration, any conditions applicable to it and any other matters determined under paragraph (f) or (g);
  - (2) the rationale for the determination, including the costs and benefits that the *Reliability Panel* had regard to and the rationale for any *protected event EFCS standard* determined by the *Reliability Panel*; and
  - (3) where applicable, any other options considered and the corresponding expected *power system security* outcomes and costs and benefits.
- (i) The *Reliability Panel* must maintain and publish a list of all *protected events* (including events that will be *protected events* when the relevant declaration comes into effect) and each *protected event EFCS standard*.

## Part F Rules consultation procedures

### 8.9 Rules Consultation Procedures

- (a) These provisions apply wherever in the *Rules* any person (the *consulting party*) is required to comply with the *Rules consultation procedures*. For the avoidance of doubt, the *Rules consultation procedures* are separate from, and do not apply to, the process for changing the *Rules* under Part 7 of the *National Electricity Law*.
- (b) The *consulting party* must give a notice to all persons nominated (including *Intending Participants* in the class of persons nominated) by the relevant provision as those with whom consultation is required or, if no persons are specifically nominated, AEMO, all *Registered Participants* and interested

parties, (**Consulted Persons**) giving particulars of the matter under consultation, by publishing the notice in accordance with rule 8.9(c).

- (c) Except where the *consulting party* is the *AEMC* or the *AER*, the *consulting party* must provide a copy of the notice referred to in rule 8.9(b) to *AEMO*, or to the *AEMC* where the *consulting party* is the *Reliability Panel*. Within 3 *business days* of receiving the notice *AEMO* must *publish* the notice on its website. Where the *AEMC* or the *Reliability Panel* is the *consulting party*, the *AEMC* must *publish* the notice referred to in rule 8.9(b) on its website. Where the *AER* is the *consulting party*, the *AER* must *publish* the notice referred to in rule 8.9(b) on its website.
- (d) The notice must invite interested Consulted Persons to make written submissions to the *consulting party* concerning the matter.
- (e) A written submission may state whether a Consulted Person considers that a meeting is necessary or desirable in connection with the matter under consultation and, if so, the reasons why such a meeting is necessary or desirable. To be valid, a submission must be received not later than the date specified in the notice (not to be less than 25 *business days* after the notice referred to in rule 8.9(b) is published).
- (f) The *consulting party* must consider all valid submissions within a period of not more than a further 20 *business days*. If the *consulting party*, after having considered all valid submissions, concludes that it is desirable or necessary to hold any meetings, the *consulting party* must use its best endeavours to hold such meetings with Consulted Persons who have requested meetings within a further 25 *business days*.
- (g) Following the conclusion of any meetings held in accordance with rule 8.9(f) and the *consulting party's* consideration of a matter under consultation, the *consulting party* must publish a draft report in accordance with rule 8.9(h), available to all Consulted Persons, setting out:
  - (1) the conclusions and any determinations of the *consulting party*;
  - (2) its reasons for those conclusions;
  - (3) the procedure followed by the *consulting party* in considering the matter;
  - (4) summaries of each issue, that the *consulting party* reasonably considers to be material, contained in valid written submissions received from Consulted Persons or in meetings, and the *consulting party's* response to each such issue; and
  - (5) in a notice at the front of the draft report, an invitation to Consulted Persons to make written submissions to the *consulting party* on the draft report,

and, subject to its confidentiality obligations, the *consulting party* must make available to all Consulted Persons, on request, copies of any material submitted to the *consulting party*.

- (h) Except where the *consulting party* is the *AEMC* or the *AER*, the *consulting party* must provide a copy of the draft report referred to in rule 8.9(g) to *AEMO*, or to the *AEMC* where the *consulting party* is the *Reliability Panel*.

Within 3 *business days* of receiving the draft report *AEMO* must *publish* the draft report on its website. Where the *AEMC* or the *Reliability Panel* is the *consulting party*, the *AEMC* must *publish* the draft report referred to in rule 8.9(g) on its website. Where the *AER* is the *consulting party*, the *AER* must *publish* the draft report referred to in rule 8.9(g) on its website.

- (i) To be valid, a submission invited in a notice referred to in rule 8.9(g)(5) must be received not later than the date specified in the notice (not to be less than 10 *business days* after the publication of the draft report pursuant to rule 8.9(h) or such longer period as is reasonably determined by the *consulting party* having regard to the complexity of the matters and issues under consideration).
- (j) The *consulting party* must consider all valid submissions within a period of not more than a further 30 *business days*.
- (k) Following the conclusion of the *consulting party's* consideration of all valid submissions the *consulting party* must publish a final report in accordance with rule 8.9(l), available to all Consulted Persons, setting out:
  - (1) the conclusions and any determinations of the *consulting party* on the matter under consultation;
  - (2) its reasons for those conclusions;
  - (3) the procedure followed by the *consulting party* in considering the matter;
  - (4) summaries required pursuant to rule 8.9(g)(4); and
  - (5) summaries of each issue, that the *consulting party* reasonably considers to be material, contained in valid written submissions received from Consulted Persons on the draft report and the *consulting party's* response to each such submission,
 and, subject to its confidentiality obligations, the *consulting party* must make available to all Consulted Persons, on request, copies of any material submitted to the *consulting party*.
- (l) Except where the *consulting party* is the *AEMC* or the *AER*, the *consulting party* must provide a copy of the final report referred to in rule 8.9(k) to *AEMO*, or to the *AEMC* where the *consulting party* is the *Reliability Panel*. Within 3 *business days* of receiving the final report *AEMO* must *publish* the final report on its website. Where the *AEMC* or the *Reliability Panel* is the *consulting party*, the *AEMC* must *publish* the final report referred to in rule 8.9(k) on its website. Where the *AER* is the *consulting party*, the *AER* must *publish* the final report referred to in rule 8.9(k) on its website.
- (m) The *consulting party* must not make the decision or determination in relation to which the *Rules consultation procedures* apply until the *consulting party* has completed all the procedures set out in this clause.
- (n) Notwithstanding rule 8.9(m), substantial compliance by a *consulting party* with the procedures set out in this clause is sufficient.

## Part G Consumer advocacy funding

### Note

This part has no effect in this jurisdiction (see regulation 5A of the *National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations*).

### 8.10 Consumer advocacy funding obligation

- (a) *AEMO* must pay to ECA the amount of its consumer advocacy funding obligation for each financial year.
- (b) *AEMO* may recover the costs of meeting its consumer advocacy funding obligation from *Participant fees* and may allocate the costs to *Market Customers*;
- (c) The amount to be paid by *AEMO* to ECA under paragraph (a) is to be made available under a scheme agreed between *AEMO* and ECA or, in default of an agreement, on a quarterly basis;
- (d) In this rule:

**consumer advocacy funding obligation** means ECA's total projected expenses for a financial year, in so far as those expenses are allocated to electricity in its final Annual Budget for that financial year, and including but not limited to:

- (1) all operational and administrative costs relating to the performance of ECA's activities relevant to consumers of electricity; and
- (2) grant funding for any current or proposed grants relevant to consumers of electricity.

**final Annual Budget** means ECA's final Annual Budget for a financial year, as issued by ECA in accordance with its constitution to *AEMO*.

## Part H Augmentations

### Note:

This Part has no effect in this jurisdiction (see regulation 5A of the *National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations 2016*).

### 8.11 Augmentations

#### 8.11.1 Application

This Part applies only to, and in relation to, the *declared transmission system* of an *adoptive jurisdiction* in which *AEMO* is authorised to exercise its *declared network functions*.

#### 8.11.2 Object

The objects of this rule are:

- (1) to establish the distinction between *contestable augmentations* and *augmentations* that are not contestable; and
- (2) to regulate the process for calling, receiving and evaluating tenders for the construction and operation of a *contestable augmentation*; and

- (3) to facilitate the construction and operation of *augmentations*; and
- (4) to provide guidance on risk allocation and other commercial principles to be reflected in *network agreements* and *augmentation connection agreements*; and
- (5) to make provision for certain matters with respect to *AEMO's* planning of the *declared shared network*.

### 8.11.3 Definitions

In this Part:

***augmentation connection agreement*** has the meaning given in the *National Electricity Law*.

***augmentation direction*** means a direction given by *AEMO* to an incumbent *declared transmission system operator* to construct an *augmentation* of a *declared shared network* that is not a *contestable augmentation*.

***contestable augmentation*** means an *augmentation* classified as a *contestable augmentation* under clause 8.11.6.

***contestable provider*** means a person responsible for the construction or operation of a *contestable augmentation*.

***incumbent declared transmission system operator*** means the *declared transmission system operator* that owns or operates the part of the *transmission system* to which the *augmentation* will connect.

***potential contestable provider*** means a person who responds positively to a call for expressions of interest in constructing and operating a *contestable augmentation* under clause 8.11.7(b).

***relevant limit*** means \$10 million.

***separable augmentation*** means an *augmentation* that satisfies both the following criteria:

- (a) the *augmentation* will result in a distinct and definable service to be provided by the *contestable provider* to *AEMO*;
- (b) the *augmentation* will not have a material adverse effect on the incumbent *declared transmission system operator's* ability to provide services to *AEMO* under any relevant *network agreement*.

### 8.11.4 Planning criteria

- (a) *AEMO* must *publish* the planning criteria that it proposes to use in performing its *declared network functions*.
- (b) The planning criteria:
  - (1) must outline the principles on which *AEMO* will carry out a cost benefit analysis of a proposed *augmentation* under section 50F of the *National Electricity Law*; and
  - (2) must describe how *AEMO* proposes to apply a probabilistic approach in determining the benefit of a proposed *augmentation*; and

- (3) must describe the kind of circumstances in which a probabilistic approach will be regarded as inappropriate; and
- (4) may deal with any other aspect of planning inherent in, or related to, *AEMO's declared network functions*.

#### **8.11.5 Construction of augmentation that is not a contestable augmentation**

- (a) An incumbent *declared transmission system operator* must, at *AEMO's* written request, provide *AEMO* with information and assistance that *AEMO* reasonably requires to decide:
  - (1) whether to give an *augmentation* direction; and
  - (2) if so, the terms of the direction.
- (b) If *AEMO* gives an *augmentation* direction, *AEMO* and the incumbent *declared transmission system operator* must negotiate in good faith with a view to reaching agreement on the terms of an appropriate amendment to the operator's *network agreement* covering:
  - (1) the operation of the *augmentation*; and
  - (2) the use of the *augmentation* to provide *shared network capability services*; and
  - (3) the basis on which *AEMO* will pay for *shared network capability services* provided by means of the *augmentation*.

**Note:**

If there is a dispute about the proposed amendment, the *AER* may resolve the dispute and determine the terms of the amendment under section 50H and 50J of the *National Electricity Law*.

- (c) An incumbent *declared transmission system operator* that is required by, or agrees with, a *Connection Applicant* to construct an *augmentation* that is not a *contestable augmentation*, must negotiate with the *Connection Applicant* in good faith with a view to reaching agreement on the terms of an appropriate amendment to their *connection agreement*.
- (d) However, if the incumbent *declared transmission system operator* applies for revocation and substitution of its *revenue determination* on the basis of an *augmentation* direction, or a requirement by or agreement with a *Connection Applicant* to construct an *augmentation* that is not a *contestable augmentation*, negotiations are not required on a matter to which the application relates.

#### **8.11.6 Contestable augmentations**

- (a) Subject to paragraph (b), an *augmentation* of a *declared shared network* is a *contestable augmentation* if:
  - (1) the capital cost of the *augmentation* is reasonably expected to exceed the relevant limit; and
  - (2) the *augmentation* is a separable *augmentation*.
- (b) An *augmentation* of a *declared shared network* is not a *contestable augmentation* if:



- (1) *AEMO* classifies the *augmentation* as non-contestable because the delay in implementation that would necessarily result from treating the *augmentation* as a *contestable augmentation* would unduly prejudice system security; or
- (2) *AEMO* classifies the *augmentation* as non-contestable because it does not consider it economical or practicable to treat the *augmentation* as a *contestable augmentation*.

#### **8.11.7 Construction and operation of contestable augmentation**

- (a) For the purpose of procuring the construction and operation of a *contestable augmentation*, *AEMO* must:
  - (1) publish a generally applicable tender and evaluation process that accords with best practice as currently understood and may include, but need not be limited to:
    - (i) typical timetables for the tender and evaluation process; and
    - (ii) details of typical evaluation criteria; and
    - (iii) indications of the way in which different matters are to be or might be weighted for evaluation purposes; and
    - (iv) provision for declaration and management of conflicts of interest; and
    - (v) provision for the debriefing of unsuccessful tenderers; and
  - (2) *publish* a register of persons who have from time to time expressed interest in being *contestable* providers and keep the register up to date to reflect the developing market.
- (b) For each *contestable augmentation*, *AEMO* must:
  - (1) call for expressions of interest from persons who may be interested in constructing and operating the proposed *contestable augmentation*; and
  - (2) prepare, in consultation with the incumbent *declared transmission system operator*, a timetable allowing *AEMO* and the incumbent *declared transmission system operator* a reasonable time to comply with their respective obligations and allowing a reasonable construction period having regard to the nature and extent of the *augmentation*; and
  - (3) prepare, in consultation with the incumbent *declared transmission system operator*, a detailed tender specification setting out the scope of the work involved in the *augmentation*, including details of the technical interface required for the *augmentation*; and
  - (4) prepare and issue an invitation to tender setting out details of the *contestable augmentation* and the tender and evaluation process - details that must (without limitation):
    - (i) provide as much certainty as is reasonably practicable to tenderers regarding the terms and conditions subject to which

- they are invited to tender for the work involved in the *contestable augmentation*; and
- (ii) identify the relevant land (if any) that is available for or in connection with the *contestable augmentation*, including (to the extent reasonably practicable) details of current usage and, if available, a geotechnical and environmental report on the land; and
  - (iii) specify (to the extent reasonably practicable) the services to be provided under the *network agreement*;
- (5) make available to potential *contestable* providers a copy of any proposed *augmentation connection agreement* or *network agreement*.
- (c) The incumbent *declared transmission system operator* must:
- (1) provide, within a reasonable period specified by *AEMO*, information and assistance reasonably required by *AEMO* for the preparation of the tender documents such as information about the technical interface and information required for the preparation of the tender specification; and
  - (2) negotiate in good faith with a potential *contestable* provider about changes to the proposed *augmentation connection agreement* that are sought or suggested by that potential *contestable* provider.
- (d) The incumbent *declared transmission system operator* may tender for work involved in a *contestable augmentation*.
- (e) *AEMO* must evaluate, assess and negotiate responses to the invitation to tender in accordance with the published tender and evaluation process.
- (f) After completing the tender and evaluation process, *AEMO* must notify all persons who submitted tenders of the successful tender.
- (g) *AEMO* may only proceed with a *contestable augmentation* on the basis of a tender accepted after evaluation and assessment in accordance with the published tender and evaluation process.
- (h) The successful tenderer:
- (1) must enter into an agreement with *AEMO*, based on the successful tender, for the construction of the *augmentation*; and
  - (2) must (unless the incumbent *declared transmission system operator* is itself the successful tenderer) enter into an *augmentation connection agreement* with the incumbent *declared transmission system operator*.
- (i) This clause does not apply to a *funded augmentation* unless *AEMO* and the *Connection Applicant* agree to the conduct of a tender process.

#### **8.11.8 Funded augmentations that are not subject to the tender process**

- (a) This clause applies to a *contestable augmentation* that is a *funded augmentation* except in the case where *AEMO* and the *Connection Applicant* agree to the conduct of a tender process in accordance with clause 8.11.7.

- (b) For each *contestable augmentation* to which this clause applies, *AEMO* must:
  - (1) prepare, in consultation with the incumbent *declared transmission system operator* and the *Connection Applicant*, a timetable allowing *AEMO* and the incumbent *declared transmission system operator* a reasonable time to comply with their respective obligations and allowing a reasonable construction period having regard to the nature and extent of the *augmentation*; and
  - (2) prepare, in consultation with the incumbent *declared transmission system operator* and the *Connection Applicant*, a detailed specification setting out the scope of the work involved in the *augmentation*, including details of the technical interface required for the *augmentation*; and
  - (3) make available to the incumbent *declared transmission system operator* and the *Connection Applicant* a copy of any proposed *augmentation connection agreement*.
- (c) The incumbent *declared transmission system operator* must:
  - (1) provide, within a reasonable period specified by *AEMO*, information and assistance reasonably required by *AEMO* for the preparation of an agreement for the construction of proposed *contestable augmentation*; and
  - (2) negotiate in good faith with the *Connection Applicant* about any changes to the proposed *augmentation connection agreement* that are sought or suggested by the *Connection Applicant*; and
  - (3) enter into an *augmentation connection agreement* with the *Connection Applicant*.
- (d) The *Connection Applicant* must enter into an agreement with *AEMO* for the construction of the *augmentation*.

#### **8.11.9 Contractual requirements and principles**

- (a) A *network agreement* or an *augmentation connection agreement* related to a *contestable augmentation* should be consistent with the requirements and principles set out in Schedule 8.11 to this Chapter.
- (b) If a person submits a tender for a *contestable augmentation* proposing a *network agreement* or an *augmentation connection agreement* that is not consistent with the requirements and principles set out in Schedule 8.11 to this Chapter, the person must, in responding to the invitation to tender, include a statement drawing *AEMO's* attention to the inconsistency and explaining the reasons for it.
- (c) Despite the provisions of this clause and Schedule 8.11:
  - (1) *AEMO* and the other party or parties to a *network agreement* may agree terms and conditions of an amendment that differ from the requirements and principles set out in Schedule 8.11; and

- (2) the parties to an *augmentation connection agreement* may, with *AEMO's* consent, agree terms and conditions that differ from the requirements and principles set out in Schedule 8.11.

#### **8.11.10 Annual planning review**

*AEMO* must in its annual planning review indicate:

- (a) which *augmentations* commenced in the previous year are *contestable augmentations*; and
- (b) which *augmentations* planned to commence in the present or future years are likely to be *contestable augmentations*.

### **Schedule 8.11 Principles to be reflected in agreements relating to contestable augmentations**

#### **S8.11.1 Risk allocation**

- (a) This clause sets out the risk allocation principles.

- (b) **Site/Construction Risk**

Site/construction risk is the risk that unanticipated difficulties or liabilities associated with the site or the construction work will adversely affect the *contestable* provider's ability to deliver network services at the price agreed with *AEMO*. This risk comprises (for example) the risk of contamination of the land and the risk that unforeseen difficulties (such as difficulties in sourcing necessary materials) will impede the construction of the *augmentation*.

Site/construction risk is allocated to the *contestable* provider.

- (c) **Statutory approval risk**

This is the risk that a necessary planning, environmental, building or other approval will be refused or granted on conditions adversely affecting the costs of constructing or operating the *contestable augmentation*.

This risk is allocated to the *contestable* provider.

- (d) **Native title risk**

This is the risk that actual or potential native title claims will adversely affect the cost of the *augmentation*.

This risk is allocated to the *contestable* provider.

- (e) **Output specification risk**

This is the risk that inadequacies in the output specification will cause or contribute to design inadequacies. This risk is allocated to *AEMO* to the extent the inadequacies in the output specification are attributable to *AEMO*. To the extent the inadequacies are attributable to incorrect information provided by the incumbent *declared transmission system operator*, the risk is allocated to the operator.

- (f) **Design, construction and commissioning risk**

This is the risk that an unanticipated increase in the costs of the *augmentation* will have a significant adverse impact on the viability or profitability of the *contestable augmentation*.

This risk is allocated to the *contestable* provider.

(g) **Operating risk**

This is the risk that the *contestable* provider will fail, for a reason other than force majeure or inadequate financial resources, to deliver the electricity network services purchased by AEMO. It includes (for example) the risk of systems failure.

This risk is allocated to the *contestable* provider.

(h) **Network and interface risk**

This is the risk that the interface between the *augmentation* and the *declared transmission system* will not be constructed or operated in accordance with the tender specification or to a satisfactory standard with the result that the safety, reliability or security of the supply of electricity or the national electricity system (or both) will be adversely affected.

This risk is allocated to the party whose system affects the other in an adverse way. If, however, the adverse result is directly caused by the provision of incorrect information, the risk is allocated to the party that provided the incorrect information.

(i) **Industrial relations risk**

This is the risk that industrial action will adversely affect the construction of the *augmentation* or the delivery of electricity network services by means of the *augmentation*.

This risk is allocated to the *contestable* provider. If, however, industrial action directed at the incumbent *declared transmission system operator* causes the adverse effect, the risk is allocated to the operator.

### **S8.11.2 Minimum requirements for agreements relating to contestable augmentation**

- (a) An *augmentation connection agreement* must specify:
  - (1) the technical and other details of *connection* (including the *connection point*); and
  - (2) the *performance standards* that apply to the *contestable* provider.
- (b) There should be no material difference between *performance standards* that apply to the *incumbentdeclared transmission system operator* and those that apply to the *contestable* provider.

### **S8.11.3 Matters to be dealt with in relevant agreements**

- (a) A relevant agreement should (in addition to the other requirements of the *National Electricity Law* and these *Rules*) contain provisions with respect to:
  - (1) the risks set out in clause S8.11.1; and

- (2) force majeure events; and
  - (3) project financing risks; and
  - (4) liabilities and indemnities; and
  - (5) any relevant *regulatory obligation or requirement*.
- (b) In this clause:
- relevant agreement** means:
- (a) a *network agreement*; or
  - (b) an *augmentation connection agreement*.

## **Part I Values of customer reliability**

### **8.12 Development of methodology and publication of values of customer reliability**

- (a) For the purposes of this rule 8.12:
- jurisdictional regulator** means:
- (1) the Independent Pricing and Regulatory Tribunal of New South Wales established by section 5(1) of the *Independent Pricing and Regulatory Tribunal Act 1992* of New South Wales;
  - (2) the Essential Services Commission established by section 7(1) of the *Essential Services Commission Act 2001* of Victoria;
  - (3) the Queensland Competition Authority established by section 7 of the *Queensland Competition Authority Act 1997* of Queensland;
  - (4) the Essential Services Commission established by section 4(1) of the *Essential Services Commission Act 2002* of South Australia;
  - (5) the Independent Competition and Regulatory Commission for the Australian Capital Territory established by section 5(1) of the *Independent Competition and Regulatory Commission Act 1997* of the Australian Capital Territory;
  - (6) the Utilities Commission of the Northern Territory established by section 5(1) of the *Utilities Commission Act* of the Northern Territory;
  - (7) the Regulator established by section 5 of the *Electricity Supply Industry Act 1995* of Tasmania; and
  - (8) any successors and assigns of a body referred to in paragraphs (1) to (6).

**VCR methodology** has the meaning given in clause 8.12(b).

**VCR objective** is that the VCR methodology and values of customer reliability should be fit for purpose for any current or potential uses of values of customer reliability that the *AER* considers to be relevant.

- (b) The *AER* must, in accordance with the *Rules consultation procedures*:
- (1) develop a methodology to be used by the *AER* to calculate values of customer reliability (**VCR methodology**); and

- (2) review and update the VCR methodology in accordance with paragraph (f).
- (c) Notwithstanding paragraph (b), the *AER* may make minor and administrative amendments to the VCR methodology without complying with the *Rules consultation procedures*.
- (d) The VCR methodology must:
  - (1) include a mechanism for directly engaging with:
    - (i) *retail customers*; and
    - (ii) *Customers* (other than *retailers*),  
which may include the use of surveys;
  - (2) include a mechanism for adjusting the values of customer reliability on an annual basis; and
  - (3) be *published* promptly after it has been developed under paragraph (b).
- (e) The *AER* must ensure that the VCR methodology developed under paragraph (b), and any values of customer reliability calculated in accordance with that methodology, are consistent with the VCR objective.
- (f) The *AER* must, prior to each date on which the values of customer reliability are updated under subparagraph (g)(2):
  - (1) review the VCR methodology; and
  - (2) following such review, *publish* either:
    - (i) an updated VCR methodology; or
    - (ii) a notice stating that the existing VCR methodology was not varied as a result of the review.
- (g) The *AER* must:
  - (1) *publish* the first values of customer reliability, calculated in accordance with the VCR methodology, on or before 31 December 2019;
  - (2) update the values of customer reliability at least once every five years, with the updated values to be *published* promptly thereafter; and
  - (3) maintain on its website the values of customer reliability as updated from time to time.
- (h) For the purpose of complying with the *Rules consultation procedures* under paragraph (b), the *AER* must consult with:
  - (1) the *Reliability Panel*;
  - (2) *AEMO*;
  - (3) each jurisdictional regulator;
  - (4) *Registered Participants*; and

- (5) such other persons who, in the *AER*'s reasonable opinion, have, or have identified themselves to the *AER* as having, an interest in the VCR methodology and values of customer reliability.