



Reallocation of national transmission planner costs

Stakeholder submissions invited on new expedited rule change request

The Australian Energy Market Commission (AEMC) has published a consultation paper on a rule change request from the Australian Energy Market Operator (AEMO) that seeks to clarify and address missing administrative and transitional mechanisms in the National Electricity Rules (NER or Rules) to facilitate the policy intent of the recent changes made to implement the Integrated System Planning framework, which commenced on 1 July 2020.

The changes proposed by AEMO in the rule change request are limited in scope to consequential changes needed to enable realisation of the policy intent of the ISP Rules in relation to the recovery of NTP function fees.

The rule change request

The rule change request identifies a number of omissions and gaps in the Rules which are preventing the intended policy intent of the ISP Rules in relation to the recovery of NTP function fees from being realised. Specifically, the rule change request identifies four key issues related to the budgeting and charging of NTP function fees by AEMO to TNSPs:

- The Rules do not provide for AEMO to recover in 2020-2021 the NTP function fees it expects to incur in 2020-21 (or which AEMO has already incurred in 2020-21 or in previous financial years but not yet recovered).
- The Rules do not provide for TNSPs to include any NTP function fees in their 2020-21 transmission prices in Queensland, New South Wales, South Australia and Tasmania.
- There is a misalignment in the timing of AEMO's budgeting process and the publication of TNSPs' transmission pricing.
- There is uncertainty in the administrative arrangements around the recovery of NTP function fees in Victoria due to AEMO acting as both national transmission planner and TNSP.

In addition to proposing a number of amendments to the Rules to address the above issues, the rule change request also proposes that NTP function fees be allocated to Coordinating Network Service Providers (CNSPs), rather than TNSPs, given the current role performed by CNSPs in allocating the aggregate annual revenue requirement and setting and publishing transmission prices for TNSPs in the relevant region.

Treatment as a non-controversial rule change request

AEMO has requested that the rule change request be treated as a non-controversial Rule in accordance with section 96 of the National Electricity Law (NEL). AEMO considers that the proposed changes will not have a significant effect on the NEM and are of a non-controversial nature.

The Commission considers that the proposed rule meets the definition of a non-controversial Rule under section 87 of the NEL. Rule change requests that are considered to be non-controversial may be processed under an expedited (faster) process under which there is only one round of consultation and the AEMC must publish its final determination within eight weeks of commencing the rule change process.

The Commission has decided to use an expedited process, provided that it does not receive any valid requests not to use the expedited process by 17 September 2020.

Key dates

The key dates for stakeholders in this process are as follows:

- Commencement of this rule change process and publication of this consultation paper: 3 September 2020
- Written requests not to use the expedited process to be received by: 17 September 2020
- Submissions to the consultation paper to be received by: 1 October 2020
- Publication of the final rule determination and final rule (if made): 29 October 2020

Background

At the COAG Energy Council meeting on 20 March 2020, the Energy Security Board (ESB) presented a set of changes to the NER to convert the ISP into an actionable strategic plan. Ministers agreed to these rule changes — referred to as the Integrated System Planning Rule (ISP Rules) — on the same day. The ISP Rules were subsequently made by the South Australian Energy Minister on 9 April 2020 and commenced on 1 July 2020.

Prior to the ISP Rules commencing, the costs incurred by AEMO in providing NTP services (referred to in the Rules as 'NTP function fees') were recovered from Market Customers (retailers) under AEMO's existing participant fee determination. However, the actionable ISP framework recommended by the ESB (and reflected in the ISP Rules) changed this arrangement such that NTP function fees would be allocated to TNSPs (rather than Market Customers) from 1 July 2020. The intention was that AEMO would also undertake a consultation process to determine how the NTP function fees would be allocated to individual TNSPs and that this new arrangement would be reflected in AEMO's participant fee determination.

In the process of implementing the ISP Rule, AEMO and the TNSPs identified a number of administrative and transitional issues related to the budgeting and charging of NTP function fees to TNSPs. Importantly, the changes proposed by AEMO in the rule change request are limited in scope to consequential changes needed to enable realisation of the policy intent of the ISP Rules in relation to the recovery of NTP function fees.

Energy Networks Australia (ENA) has provided a letter of support for this rule change request which can be found on the project page for the rule change request.

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