



National Electricity Market
Management Company Ltd

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Melbourne Office

30 March 2006

Via email: john.tamblyn@aemc.gov.au

Dr John Tamblyn
Chairman
Australian Energy Market Commission
PO Box H166
AUSTRALIA SQUARE NSW 1215

Dear Dr Tamblyn

**Submission on National Electricity Amendment (Statement of Opportunities Update)
Rule 2006**

Thankyou for the opportunity to place this submission on the Commission's draft determination for a Rule in relation to removal of NEMMCO's obligation to publish an update to the Statement of Opportunities, as currently required by clause 3.13.3(o1) of the National Electricity Rules.

NEMMCO notes the objectives outlined in the Commission's draft determination and seeks clarification on the implementation of those objectives in the Final Rules. The main points of clarification sought by NEMMCO include the:

- scope of information on the transmission network;
- significant and practicability of publishing new information; and
- quality and form of information presented.

Further details regarding the above are included in this submission.

NEMMCO would be pleased if you could have these matters considered by the AEMC. For further details, please do not hesitate to contact John Colquhoun on (03) 9648 8784.

Yours sincerely,

Dr Charlie Macaulay
General Manager of Operations and Planning

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SUBMISSION

1. Introduction

The Statement of Opportunities (SOO) is central to power system planning and reliability as it annually provides investors and developers information on the ability of supply to meet the projected demands in the coming ten years and hence the opportunities for further investment. The SOO update provides the market with information of significant changes to the primary document in the interim between the releases the annual publication of the SOO.

NEMMCO notes that the Commission, in their Draft Determination recognised the importance of this market information being available to proponents in the interim between the publications of the primary SOO documents. The purpose of NEMMCO's submission is to clarify the final Rule such that it satisfies the AEMC's objectives in a manner that is practical to implement.

NEMMCO's submission includes:

- NEMMCO's issues with the Draft Rule; and
- the proposed changes to the Draft Rule.

2. Issues concerning the draft Rules

2.1 Scope of transmission network information

The Commission's Draft Determination recognised that new information published under clause 3.13.3 (o1) should contain updated energy and demand projections and transmission and generation augmentation data. The corresponding draft Rule released by the AEMC requires "publication of significant new information relating to anticipated changes to the *transmission network*".

NEMMCO believes that "anticipated changes to the *transmission network*" are broader than just the transmission augmentation data included in the SOO/ANTS. The requirement as stated in the draft rule could require publication of information regarding all transmission augmentations NEMMCO becomes aware of, not just those of significance to the SOO/ANTS. This information could include changes to network capability resulting from routine events such as transmission outages, minor augmentations and revision of limits by TNSPs.

The proposed drafting could be argued to require more information to be published under 3.13.3(o1) than under 3.13.3(o). NEMMCO does not believe this was the intended outcome of the proposed Rule and therefore proposes that the AEMC clarify the scope of network augmentation information required through referencing the required to clause 5.6.5 (c) (8) and (9) instead of the "anticipated change to the *transmission network*". Proposed changes to the draft Rule have been included in section 3 of this submission.

2.2 Practicability of releasing significant new information

The Commission's draft Rule requires significant new information that becomes available to NEMMCO to be published as soon as practicable. NEMMCO interprets it would need to apply discretion in determining the:

- Significance of new information that becomes available to NEMMCO; and
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- Practicability of publishing information.

In determining the significance and practicability of publishing information for the purpose of this draft Rule NEMMCO would have regard to the:

- **Quality of information:** Investment in electricity infrastructure involves the outlay of large quantities of capital therefore decisions on this capital should be based on accurate and high quality data. NEMMCO will apply due diligence to the information received to verify that only information that is accurate and transparent is published.
- **Timing of information:** Annually NEMMCO requests and receives information for the production of the primary SOO document. As the preparation of the SOO requires significant resources and analysis, NEMMCO would apply discretion to releasing information that was being collected for the upcoming SOO document. NEMMCO would however endeavour to release information that significantly changes that information presented in the previous SOO in the interim between the previous SOO and the production of the new SOO.

Further, NEMMCO constantly receives information on the status of transmission and generation projects and the capability of transmission and generation facilities. Sometimes this information is significant but only for a short duration and it would therefore be impracticable for NEMMCO to release this information to participants. Therefore in determining the significance of the new information, of this draft Rule, NEMMCO would have regard to the potential impact that new information may have on investment decisions in the period before the new SOO.

NEMMCO believes that the draft Rule provides sufficient discretion for NEMMCO to determine the significance and practicability of publishing information and therefore no changes are required to the draft Rule.

2.3 Quality and form of information

The Commission's Draft Rule requires the information to be "in a descriptive form that is likely to be understandable by a person who does not have an in-depth knowledge of the market". NEMMCO recognises from the Commission's draft determination the importance of presenting the information required under clause 3.13.3 (o1) in a form that would be understandable by investors and government agencies. NEMMCO understands that the presentation of information in the 2004 SOO Update is suitable.

However, the Draft Rule requires the information to be understandable by a person who does not have an in-depth knowledge of the market. This would require the document to be in a form that is more descriptive than the SOO and the SOO Update. NEMMCO therefore proposes the information required under 3.13.3 (o1) be of a similar quality and form to the information presented in the SOO and reference in 3.13.3(o1) is made to be consistent with the *statement of opportunities* rather than understandable by a person who does not have an in-depth knowledge of the market. Proposed changes to the draft Rule have been included in section 3 of this submission.

3. Proposed changes to the Draft Rule

NEMMCO's proposed changes to the draft Rule as outlined in this submission include:

(o1) If after the publication of the most recent *statement of opportunities*, significant new information becomes available to NEMMCO relating to:

- (1) the matters covered by clause 3.13.3(o)(1),(2) and (3); or
- (2) ~~anticipated changes to the transmission network~~ the matters covered by clause 5.6.5(c)(8) and (9);

NEMMCO must, as soon as practicable, publish that information in a descriptive form that is ~~likely to be understandable by a person who does not have an in depth knowledge of the market~~ consistent with the *statement of opportunities*.
