



RECEIVED

06 FEB 2012



Queensland
Government

Hon Stephen Robertson MP
Member for Stretton

02 FEB 2012

Minister for Energy and
Water Utilities

Our Ref: MBN5801

Mr Steven Graham
Chief Executive Officer
Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH NSW 1235

Dear Mr Graham

RE: Queensland Government response to the first interim report on the *Transmission Frameworks Review*

Thank you for providing the opportunity to comment on the Australian Energy Market Commission's (AEMC's) first interim report on the Transmission Frameworks Review (the review).

In considering options discussed in the interim report, Queensland believes the costs and benefits of any reform option must be weighed against the potential cost and market disruption which may result.

However, Queensland strongly supports proportionate and cost effective responses to demonstrated inefficiencies in the market. To this end, the AEMC's proposal to further investigate the issues and seek evidence of the need for reforms to the transmission framework is welcomed.

With respect to the reform packages presented by AEMC in the first interim report, it is noted that these represent the full spectrum of options available, from minor refinements to the existing framework, through to extensive market reforms.

It has been Queensland's experience to date that the framework currently in place appropriately facilitates efficient, reliable and successful market outcomes. For example, there has been a major geographical shift in the main generation centre in Queensland over the last few years, from Central to South West Queensland with necessary transmission developments being undertaken without disruption or need for intervention or adjustment of existing frameworks.

At the same time, extensive development of both the shared transmission network and connection assets has taken place in a timely manner to deal with demand growth and new generator and load connections. Queensland would not support alternate planning and project development options that would increase timeframes for transmission development.

Queensland is also keen to ensure that, when market operations issues such as congestion and dispatch risk are reviewed, broader market efficiencies are also considered, to ensure the continued existence of a deep, competitive financial market which can deliver flexibility and least-cost delivery, to the ultimate benefit of electricity consumers.

Level 17
61 Mary Street Brisbane 4000
PO Box 15216 City East
Queensland 4002 Australia
Telephone +61 7 3225 1861
Facsimile +61 7 3225 1828
Email energy@ministerial.qld.gov.au
ABN 65 959 415 158

In the absence of evidence of substantial existing or projected inefficiencies in the transmission framework, Queensland anticipates the most profitable review outcome would be achieved by focusing on the more moderate of the reform packages.

In particular, Queensland would support further exploration of the options to:

- Maintain open access arrangements for generators, with consideration of the full suite of market mechanisms for managing congestion (as Transmission Arrangements Reform Package 1);
- Potential improvements to the current planning arrangements, including coordination of planning by asset owners and jurisdictions where there are national transmission network implications (as per Planning Option 1); and
- Refinements to the framework for connections, including consideration of any apparent issues with respect to transparency and dispute resolution (as per Connections Option 1).

Queensland remains open, however, to considering any further evidence the review may find of a case for more extensive reform, if and when this is identified. We would welcome further consultation on the issue.

I thank you for your consideration of this matter and look forward to contributing to the review as it progresses.

Should you have any further enquiries, please contact Gillian Gout, [Manager, Energy Governance] of the Department of Employment, Economic Development and Innovation on telephone 07 3224 2689.

Yours sincerely



STEPHEN ROBERTSON MP