

16 June 2016

Overview and Dedicated Connection Assets

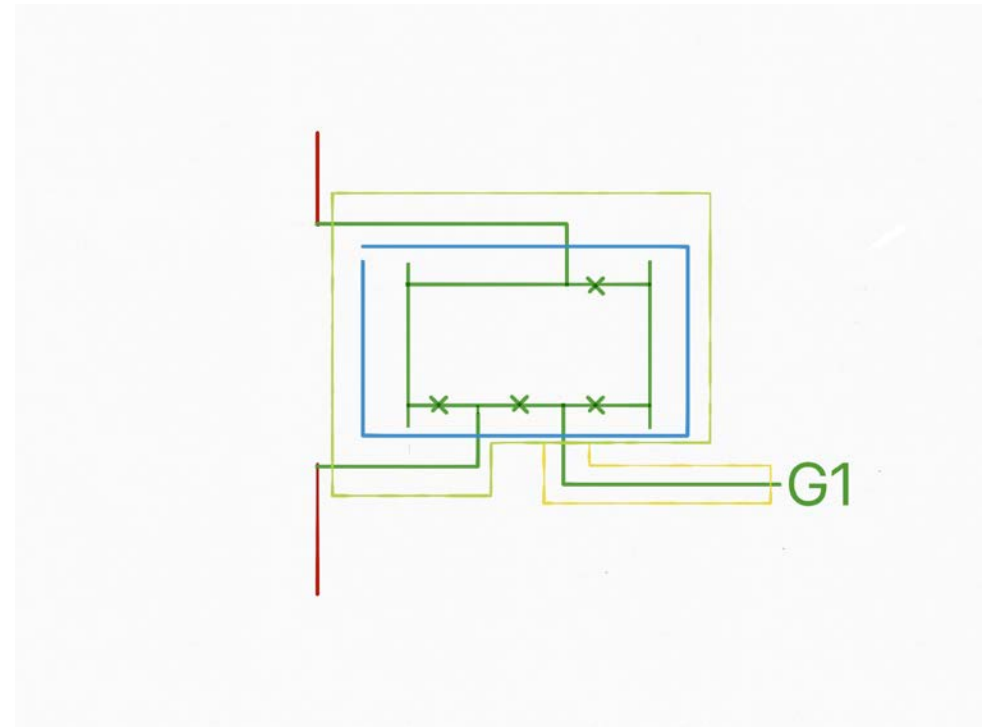
A TNSP View

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Outline

TNSPs' perspective on

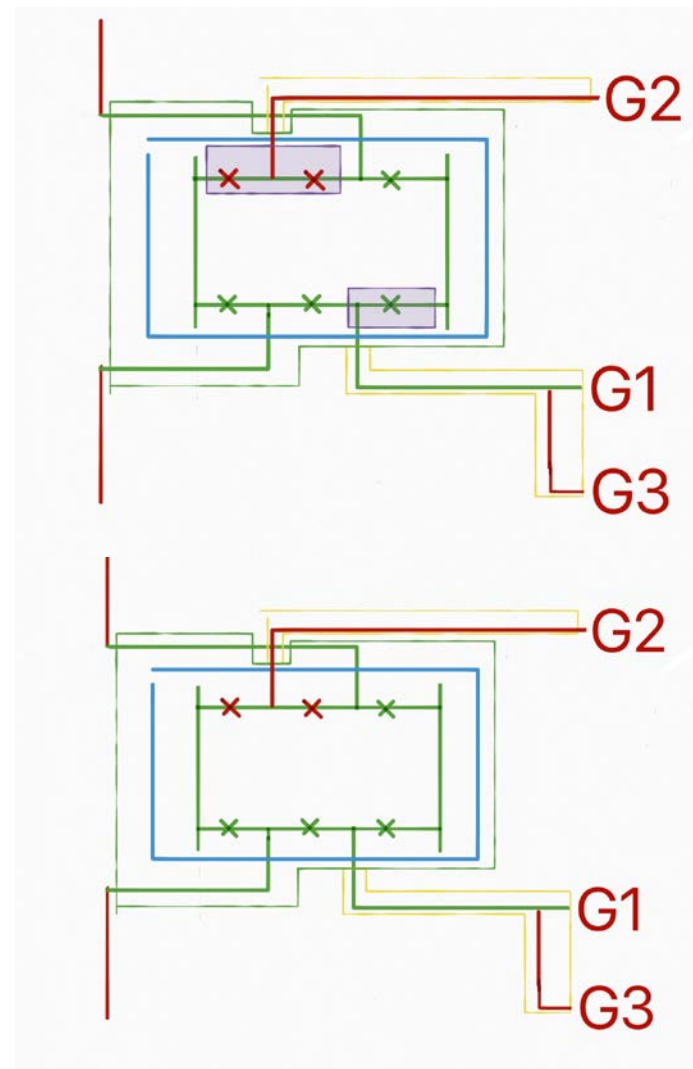
- Proposed clarifications
- Transparency
- Negotiation framework
- Independent engineer
- The proposed approach to dedicated connection assets



Clarifying definitions

The principal areas of confusion relate to:

- Shared vs Connection Assets in a substation
 - This is about cost sharing when a second user arrives
 - Not a rules issue per se
- The “connection point”
 - For capacity is at the interface of DCA and IUSA
 - For metering could be at Generator(s) or interface of DCA and IUSA – either valid
 - To shared network either interface of IUSA and Shared lines or interface of DCA and IUSA
 - This is not necessarily a problem
- May be useful to define interface/cut in works



Transparency

The scope and detail of the transparency requirements are unduly onerous

- Cost information is problematic
- Inconsistent with a level playing field
- Due to the bespoke nature of connection potentially misleading
- Unsure how provision of detailed information regarding easement acquisition, line and substation construction cost and timelines etc fit in a contestable framework

Local TNSP could publish guidelines of a general nature addressing

- Connection processes
- Connection configurations
- Cost sharing
- Standard equipment types
- Contracting principles
- High level costs

Negotiation rules

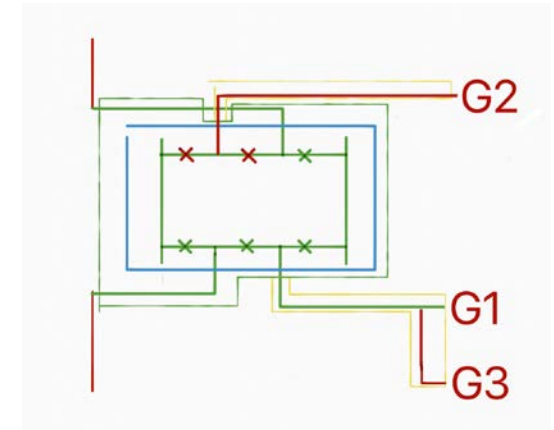
- > Current negotiating framework is essentially consistent due to AER approval process
- > Pricing information should be limited to those services provided on a negotiated basis such as cut in / interfacing works, and (for Model A) O&M
- > Pricing information should not be required for contestable works such as the construction of the substation IUSA and DCA

Independent Engineer and Disputes

- > The independent engineer is potentially useful as a non-binding advisor to both parties
- > With a local TNSP, owner of the contestable works and at least one generator there will be challenges which are best supported by a consistent framework
- > It is presumed that the negotiating framework would not be limited to TNSPs

Dedicated Connection Assets

- DCA is non-controversial for TNSPs
- Resolves an asymmetry where some parties viewed TNSP owned DCA as subject to access arrangements but generator owned DCA as part of productive facility
- The SENE rule change can give guidance to the equity/sharing aspects of access to the DCA



Transition to the shared network

- > Additional guidance is warranted
- > Paper is silent as to whether asset should be converted entirely or only to the extent it provides a prescribed service.
- > The latter is consistent with the current Rules provision S6A(f)(8)

Thank you

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