

# ELECTRICITY TRANSMISSION NETWORK owners

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Australian Energy Market Commission  
PO Box H166  
AUSTRALIA SQUARE NSW 1215

Dear Sir/Madam,

## OBLIGATIONS OF NETWORK SERVICE PROVIDERS (CONNECTION APPLICATIONS)

Attached is a hard copy of the joint ETNOF response to the AEMC Draft Rule Determination. This response was submitted electronically on 30 March 2007.

If you have any questions regarding this document, please contact Merryn York.

Yours sincerely,

*Merryn York*

Merryn York  
**CHAIR**  
**REGULATORY MANAGERS**

Phone: (07) 3860 2143

27961.

**ELECTRICITY TRANSMISSION NETWORK** owners

# Obligations of Network Service Providers (Connection Applications)

Response to AEMC Draft Rule Determination

28 March 2007



# ELECTRICITY TRANSMISSION NETWORK OWNERS

## Obligations of Network Service Providers (Connection Applications)

### Response to AEMC Draft Rule Determination

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This submission is made by the Electricity Transmission Network Owners Forum, which comprises ElectraNet Pty Limited, Powerlink Queensland, SP AusNet, Transend Networks Pty Ltd and TransGrid ("ETNOF").

ETNOF welcomes the opportunity to comment on the Draft Determination made by the Commission on 15 February 2007 and supports the draft conclusion reached by the Commission to not make the proposed Rule.

#### **Potential Benefits of the Proposed Rule**

ETNOF agrees with the assessment of the Commission that the proposed Rule does not deliver any demonstrable market benefit and that any informational advantage held by network service providers is not a problem requiring regulatory intervention.

The Commission noted that "an important part of the competitive process is buyer's searching and competitors undertaking marketing and similar activities to attract custom. The mere fact that it may be "more difficult" for alternative service providers to identify prospective customers (and vice versa) does not itself justify a Rule change – **there must be evidence that this difficulty is inhibiting effective competition**" (our emphasis).

This is especially so in the case of connection to the transmission network. As noted in ETNOF's First Round submission, and acknowledged by the Commission in the Draft Determination – "the types of businesses that usually seek connection to the transmission network (e.g. new generators, major industrial loads) are substantial developers in their own right..... As such they are capable and experienced in sourcing and procuring a wide range of engineering and other services. It does not seem that these businesses need any special assistance paid for by end users generally."

#### **Potential Costs of the Proposed Rule**

In the Draft Determination the Commission concluded that even if it were desirable to establish registers of the type put forward in the proposed Rule, network service providers would not be the appropriate parties to establish and maintain these registers. ETNOF strongly supports the Commission's reasoning that:

"network service providers would presumably need to undertake some form of vetting process to ensure that registered providers were accredited and thus had the requisite qualifications in each jurisdiction to work on network systems. This in turn could conceivably place providers at risk of legal damages if, for example, a connection applicant sustained damages after relying on a register maintained by the provider.

It is for these reasons that the management of accreditation schemes has, quite rightly, largely been a matter for *individual jurisdictions*."

#### **Conclusion**

ETNOF supports the Draft Determination made by the Commission on 15 February 2007 and urges the Commission to make a Final Determination in the same terms.