



Scale Efficient Network Extensions Rule Change Request – Section 108A Report

Purpose

The Australian Energy Market Commission (Commission) is required under section 108A of the National Electricity Law (NEL) to publicly report if a final Rule determination is not made within 12 months of publication of a notice under section 95 of the NEL which formally commences the Rule change process.

Background

On 15 February 2010, the Ministerial Council on Energy (MCE) submitted a Rule change request relating to the introduction of a new framework for the efficient connection of clusters of new generation. The purpose of the proposed Rule change was to allow the connection of multiple generators to the shared network over a period of time so as to prevent the inefficient duplication of connection assets that might otherwise occur.

The section 95 notice was published on 1 April 2010, together with a staff consultation paper which formally commenced the public consultation process. Stakeholders were given six weeks to respond to the Consultation Paper, with submissions due on the 13 May 2010.

The Commission received twenty-eight submissions and two supplementary submissions on the Rule change request as part of the first round of consultation.

An Options Paper was published on 30 September 2010. Stakeholders were given six weeks to respond to the Options Paper, with submissions due on 5 November 2010.

The Commission received twenty-one submissions and one supplementary submission on the Options Paper as part of the additional round of consultation.

The draft Rule determination and draft Rule were published on 10 March 2011. Stakeholders were given eight weeks to respond to the draft Rule determination, with submissions due on 5 May 2011.

The Commission received twenty-one submissions to the draft Rule determination and draft Rule as part of the final round of consultation.

Over the course of this Rule change, three notices have been issued under section 107 of the NEL extending the periods of time for publishing the draft and final Rule determinations for this Rule change request. The Commission considered that the proposed Rule raised issues of sufficient complexity and difficulty such that additional time was necessary.

Reason for the final Rule determination not being made within 12 months

The final Rule determination has not been made within 12 months of the publication of the notice under section 95 of the NEL as a result of:

- the complex nature of the proposed Rule change;
- divergent views expressed across the industry and within industry sectors; and
- the emergence of possible alternative solutions.

The consultation process has demonstrated a high level of interest from stakeholders regarding the Rule change request and the issues raised. Over the course of this Rule change, the Commission

received a total of seventy-three submissions and supplementary submissions to the Consultation Paper, Options Paper and draft Rule determination and draft Rule.

However, there has been no clear consensus amongst stakeholders either on whether a market failure has been demonstrated or, amongst those who considered a change to the existing framework is required, what the appropriate solution is. In addition, a significant number of complex issues and a wide variety of concerns have been voiced by stakeholders.

To ensure the Commission's assessment of the Rule change request is robust, credible and will promote an outcome which is consistent with, and will contribute to, the achievement of the NEO, the Commission made the decision to extend the periods of time for considering the Rule change request, including undertaking an additional consultation step.

Expected time for making final Rule determination

The final Rule determination and final Rule are due to published no later than 30 June 2011.