



12 September 2007

Dr John Tamblyn
Australian Energy Market Commission
Level 5, 210 Elizabeth Street,
Sydney, NSW, 2000

By email: submission@aemc.gov.au

Dear Dr Tamblyn,

AEMC NATIONAL TRANSMISSION PLANNING ARRANGEMENTS SCOPING PAPER

The NGF appreciates the opportunity to provide input to the scoping of this major review on the establishment and implementation of an enhanced national transmission planning function.

Detailed consideration of the scoping paper has been undertaken by a group of NEM generators (the 'Group') with comment and conclusions documented in their submission to the AEMC. The NGF largely supports their submission with some qualifications as noted below. Rather than restating much of the comment already provided by the Group, this submission identifies those comments where there is a diversity of views with in the NGF.

The key areas of the submission by the Group - LYMMCO, AGL, International Power, TRUenergy, Flinders Power and Snowy Hydro - in which some NGF members hold alternate views relate to transmission pricing signals and transmission access rights. Specifically, NGF members hold a range of views on the role of long term economic transmission pricing signals in encouraging efficient investment in generation and transmission.

The NGF generally supports the suggestion in the Group's submission regarding network investment directions by AEMO but does not necessarily agree that involvement by the AEMO naturally equates to market intervention. The circumstances that require AEMO to override a decision of a TNSP need to be considered by the AEMC in the upcoming issues paper. In all other areas, the NGF supports the comments made by the Group in their National Transmission Planner Function submission.

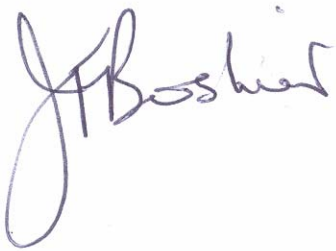
The NGF supports the establishment of a national transmission planner but holds the view that the separation of transmission planning functions between the proposed

AEMO and the existing transmission planning bodies needs to be at the appropriate level. The new transmission planning processes should ensure the application of consistent standards across the NEM but avoid the duplication of planning functions to be retained by TNSPs.

With regard to the replacement of the regulatory test, the NGF notes there has been considerable review and development undertaken in the past to achieve the current design of the test. It would be a concern if any replacement arrangements were to undermine the robust economic framework embodied in the current test. The NGF implores the AEMC to ensure that the amalgamation of the reliability and market benefits limb is comprehensively assessed and that any new arrangements maintain the equal economic treatment of transmission, generation or network support options. The NGF believes that the national transmission planner should be given the responsibility of applying the new regulatory test to major network augmentations.

If you have any questions in relation to the work being undertaken by the NGF do not hesitate to call Mr. Tony Callan on 02 9285 2712 or 0408488961.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'J Boshier', with a large loop at the end of the first name.

John Boshier
Executive Director