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## **Part 1 Preliminary**

### **1 Citation**

These Rules may be cited as the *National Electricity Amendment Rules 2015*.

### **2 Rules amended**

These Rules amend the *National Electricity Rules*.

## **Part 2 Amendment of Chapter 2 (Registered Participants and Registration)**

### **Clause 2.5.1: Registration as a Network Service Provider**

Delete clause 2.5.1 and substitute:

#### **2.5.1 Registration, and exemption from registration as a Network Service Provider**

- (a) Subject to exemption under this or any other Rule, a person must not engage in the activity of owning, controlling, or operating a *transmission or distribution system* unless registered by *AEMO* as a *Network Service Provider*.
- (b) The *AER* may, in accordance with relevant guidelines, exempt any person or class of persons from either or both of the following:
  - (1) the requirement to register as a *Network Service Provider*; or
  - (2) the operation of relevant parts or provisions of Chapters 5 and 6A subject to conditions the *AER* thinks appropriate,where (in the *AER*'s opinion) the exemption would not be inconsistent with the *national electricity objective*.
- (c) A person has a presumptive right to an exemption if:
  - (1) the person:
    - (i) owns, controls or operates a *dedicated transmission connection asset*, or
    - (ii) owns an *identified user shared network asset*,and
  - (2) the person is not for any other reason required to be registered as a *Transmission Network Service Provider*.

- (d) If a person has a presumptive right to an exemption, *AEMO* will:
  - (1) register the person as exempt from the requirement to become a *Transmission Network Service Provider*, and
  - (2) register the assets in respect of which the person is entitled to the exemption as exempted assets.
- (e) This clause does not apply in a *declared network jurisdiction*.

**2.5.1A: Registration, and exemption from registration, as a Network Service Provider in declared network jurisdiction**

- (a) Subject to paragraph (b), a person must not engage in the activity of owning, controlling or operating a *transmission or distribution system* unless the person is registered by *AEMO* as a *Network Service Provider*.
- (b) The *AER* may, in accordance with the guidelines issued from time to time by the *AER*, exempt any person or class of persons who is or are required to register as a *Network Service Provider* from:
  - (1) the requirement to register as a *Network Service Provider*; or
  - (2) the operation of Chapter 5,subject to such conditions as the *AER* thinks appropriate where (in the *AER*'s opinion) an exemption is not inconsistent with the *national electricity objective*.
- (c) An exemption may be limited to:
  - (1) a specified *transmission or distribution system* or a specified class of *transmission or distribution systems*; or
  - (2) a specified person or class of persons.
- (d) Prior to granting any exemption under clause 2.5.1A(b), the *AER* must consult with the authorities responsible for administering the *jurisdictional electricity legislation* in the *participating jurisdiction* in which any *transmission or distribution systems* owned, operated, or controlled by persons or class of persons under consideration for exemption are located.
- (e) This clause applies only in a *declared network jurisdiction*.

**2.5.1B Register of exemptions**

- (a) The *AER* must keep a register of exemptions (*registrable exemptions*) granted or arising under this Chapter.
- (b) The register must be accessible on the *AER*'s website.

### 2.5.1C Conditions of exemption

- (a) A registrable exemption is subject to the following conditions:
  - (1) a condition requiring the exempted person to negotiate in good faith with any person seeking access to the assets to which the exemption relates; and
  - (2) a condition requiring the exempted person to refer disputes related to access to the dispute resolution processes set out in these Rules; and
  - (3) if an exemption relates to *identified user shared network assets*, a condition authorising the responsible *Transmission Network Service Provider* to operate, control and maintain the asset, to deal with applications for access to the exempted asset and to use the asset in plans for future expansion of the *transmission system*; and
  - (4) any further conditions the *AER* considers necessary to ensure the proper operation, control and maintenance of the *transmission system*.
- (b) An exempted person must comply with a condition imposed under this clause.
- (c) If an exempted person contravenes paragraph (b):
  - (1) it is liable to any civil or criminal penalty prescribed for the contravention; and
  - (2) the *AER* may, by notice to the exempted person, add further conditions to the exemption or revoke the exemption.

### 2.5.1D Guidelines

- (a) After consultation in accordance with the *Rules consultation procedures* with:
  - (1) *Registered Participants*; and
  - (2) the authorities responsible for administering the *jurisdictional electricity legislation*; and
  - (3) anyone else who, in the *AER*'s opinion, may be materially affected by the guidelines;

the *AER* must develop and issue guidelines for the exemptions under this Chapter.
- (b) The guidelines may vary:

- (1) according to whether they are to apply in, or outside, a *declared network jurisdiction*; and
- (2) according to any other factor the *AER* considers relevant.

### **Part 3                      Amendment of Chapter 4: Power System Security**

#### **Clause 4.2.3: (Credible and non-credible contingency events)**

Delete “one major item of *transmission plant*” and insert “a major *transmission asset*”

#### **Clause 4.2.5: Technical envelope**

Paragraph (c)(9)

Delete “*transmission plant*” and insert “*transmission asset*”

### **Part 4                      Amendment of Chapter 5: Network connection, Planning and Expansion**

#### **Clause 5.1.2(a): Technical envelope**

Delete paragraph (a) and substitute:

- (a) This Part A:
  - (1) provides the framework for *connection* to a *transmission network* or a *distribution network* and access to the *national grid*; and
  - (2) has the following aims:
    - (i) to establish principles and guidelines governing access to a *network*; and
    - (ii) to deal with accountability for the operation, control and maintenance of *identified user shared network assets*; and
    - (iii) to establish the process to be followed by a *Registered Participant* or a person intending to become a *Registered Participant* for establishing or modifying a *connection* to a *network* or for altering *generating plant connected to a network*; and
    - (iv) to address a *Connection Applicant’s* reasonable expectations of the level and standard of *power transfer capability* that the relevant *network* should provide; and

- (v) to establish processes to ensure ongoing compliance with the technical requirements of this Part A so far as they are relevant to the management of the *national grid*.

### **Clause 5.2.3 (Obligations of network service providers)**

After paragraph (e1) insert:

- (e2) The *Transmission Network Service Provider* must commission any substantial addition to, or modification of, the *transmission network*.

After paragraph (g) insert:

- (h) A *Transmission Network Service Provider* need not own the *identified user shared network assets* but, if it is not the owner, it must have leases and other agreements that confer exclusive possession of, or unrestricted access to, the assets and appurtenant land on the *Transmission Network Service Provider* and power to treat the assets as if it were the owner.

#### *Example*

*The Transmission Network Service Provider may, without the consent of the owner, repair, maintain, augment, modify or replace the relevant identified user shared network assets or grant third-party access.*

- (h1) However, an agreement under paragraph (h) may reserve to the owner the power to insist that the contractor to carry out major construction or re-construction work be chosen by competitive tender.
- (h2) The *Transmission Network Service Provider* is responsible for ensuring a safe interface between the *transmission network* and the generating or other equipment of the *Connection Applicant*.
- (h3) *Identified user shared network assets* will be regarded as part of the *transmission network* to which they are connected and the relevant *Transmission Network Service Provider* is therefore responsible for the proper operation, control and maintenance of such assets.
- (h4) A *Transmission Network Service Provider* must ensure that plans for the construction of *dedicated transmission connection assets* or *identified user shared network assets* are sufficiently detailed to enable appropriately qualified contractors to submit competitive tenders for the relevant work.
- (h5) Paragraphs (e2),(h) to (h4) do not apply in a *declared network jurisdiction*.

## **5.3 Establishing or modifying connection**

Insert before 5.3.1:

### 5.3.A1 Information for benefit of connection applicants

- (a) A *Transmission Network Service Provider* must publish on its website, and keep up to date, information for the assistance of people who have made, or are interested in making, a connection application.
- (b) The information must include:
  - (1) a statement of the *Transmission Network Service Provider's* design principles, standards and policies with particular reference to substations and the configuration and positioning of transmission infrastructure; and
  - (2) a pro forma connection contract; and
  - (3) a pro forma investment contract under which a *Connection Applicant* or third party acquires or retains a part of the *network*; and
  - (4) a statement of the nature of capital and recurrent costs likely to be required to make and maintain the connection and the basis on which they would be calculated; and
  - (5) the terms on which *transmission assets* that are not owned by the *Transmission Network Service Provider* will operate; and
  - (6) the terms on which the *Transmission Network Service Provider* would accept a transfer of *transmission assets* (including *dedicated transmission connection assets* and *identified user shared network assets* ) that do not belong to the *Transmission Network Service Provider*; and
  - (7) the terms on which a *Connection Applicant* would be permitted to construct *identified user shared network assets*; and
  - (8) the design and construction of work at the interface between the *transmission network* and the *transmission connection asset*; and
  - (9) a statement of costing principles for work undertaken by the *Transmission Network Service Provider*; and
  - (10) a preliminary program for connections including typical milestones and an estimate of:
    - (i) the time likely to be taken to progress from milestone to milestone; and
    - (ii) the approximate cost of each phase of the work; and



(11) the extent the *Transmission Network Service Provider* would require the *Connection Applicant* to contribute to the capital and recurrent cost of establishing and maintaining the *connection*; and

(12) details of any lease or other instrument necessary for the *Transmission Network Service Provider* to gain exclusive possession of, or unrestricted access to, parts of the network that the *Transmission Network Service Provider* does not own.

(c) This clause does not apply in a *declared network jurisdiction*.

### 5.3.3 Response to connection enquiry

After clause 5.3.3(a) insert:

(a1) If the *Network Service Provider* is of opinion that 2 or more alternative approaches to establishing a connection are available to the *Connection Applicant*, the *Network Service Provider* must, in its response to the *Connection Applicant*, outline the various alternatives, together with a description of the advantages and disadvantages of each (including a breakdown of estimated costs and likely timeframes for each alternative).

Delete clause 5.3.3(b)(6) and insert:

- (6) a program that sets out the following:
- (i) the key decisions that need to be made and by when; and
  - (ii) when detailed design work is due to begin and how long it should take; and
  - (iii) the aspects of the work for which it may be necessary to allow long lead times; and
  - (iv) when construction work should begin; and
  - (v) when commissioning should occur; and
  - (vi) any other key milestones for *connection* and access activities that, in the *Network Service Provider's* opinion, arise out of the particular circumstances of the application.

Insert between paragraphs (b) and (b1):

(ba1) The *Network Service Provider* must keep the *preliminary program* up-to-date and, on revising the program, must provide the *Connection Applicant* with a copy of the revised program.

Insert after paragraph (c):

- (d) Paragraph (a1) does not apply in a *declared network jurisdiction*.

### **5.3.5 Preparation of offer to connect**

After clause 5.3.5(a) insert:

- (a1) The offer to connect must be accompanied by specifications for the design and construction of the proposed *connection assets*.
- (a2) The specifications:
  - (1) must require a high level design for the *transmission connection asset*; and
  - (2) must provide for the separation of *transmission assets* into:
    - (i) *dedicated transmission connection assets*; and
    - (ii) *identified user shared network assets*; and
  - (3) must set out the terms and conditions (including indicative charges) on which the *Network Service Provider* would be prepared to:
    - (i) build, own and operate *dedicated transmission connection assets*; and
    - (ii) build, own and operate *identified user shared network assets*.
- (a3) If the *Connection Applicant* submitted alternative proposals for making the *connection*, the offer must be accompanied by specifications for the design and construction of each proposal.
- (a4) The *AER* must issue guidelines governing the form and content of *specifications accompanying an offer to connect*.

Re-number clause 5.3.5(g) as paragraph (e)

After clause 5.3.5(e) insert:

- (f) Paragraphs (a1), (a2), (a3) and (a4) do not apply in a *declared network jurisdiction*.

### **5.3.6 Offer to connect**

After clause 5.3.6(k) insert:

- (l) A *Network Service Provider* is not bound by a specification and may, after appropriate negotiations, amend it for any good reason.

- (m) Once the specification is finalised, the *Network Service Provider* must give the *Connection Applicant* a quotation for carrying out the non-contestable work.
- (n) The *Connection Applicant* may elect:
  - (1) to seek quotes for the contestable work from third-party contractors; or
  - (2) to invite tenders from suitably qualified contractors; or
  - (3) to construct itself any *dedicated transmission connection assets* and *identified user shared network assets*; (the *Network Service Provider* must still provide a quotation for any *identified user shared network assets*.)
- (o) The *Network Service Provider* must, at the request of the *Connection Applicant*, provide a quotation for carrying out all the work (both contestable and non-contestable).
- (p) Once the *Connection Applicant* decides how it wants to proceed with regard to the construction and ownership of *dedicated transmission connection assets* and *identified user shared network assets*, it must inform the *Transmission Network Service Provider* of its decision.
- (q) If the *Connection Applicant* decides to build *dedicated transmission connection assets* and/or *identified user shared network assets* itself, the *Connection Applicant* must:
  - (1) cooperate with the *Transmission Network Service Provider*; and
  - (2) if the *Connection Applicant* owns *identified user shared network assets* or *dedicated transmission connection assets* (or both), elect whether it will continue to own those assets after commissioning and the following provisions apply:
    - (i) if the *Connection Applicant* elects to retain ownership of *dedicated transmission connection assets*, the *Transmission Network Service Provider* and the *Connection Applicant* may enter into an agreement under which the *Connection Applicant* relinquishes operation and control of its assets to the *Transmission Network Service Provider*;
    - (ii) if the *Connection Applicant* elects to dispose of its interest in *dedicated transmission connection assets*, the parties may agree that, on commissioning, the assets will vest in the *Transmission Network Service Provider* on terms and conditions set out in the agreement;

- (iii) if the *Connection Applicant* elects to retain ownership of *identified user shared network assets*, the parties must agree the terms and conditions on which the *Connection Applicant* will relinquish control of the assets to the *Transmission Network Service Provider*;
  - (iv) if the *Connection Applicant* elects to dispose of its interest in *identified user shared network assets*, the parties must agree that, on commissioning, the assets will vest in the *Transmission Network Service Provider* on terms and conditions set out in the agreement.
- (r) A person who owns *dedicated transmission assets* cannot be expropriated except by agreement or by the payment of reasonable compensation (not less than the market value of the property).
- (s) Paragraphs (l) to (r) do not apply in a *declared network jurisdiction*.

After Clause 5.4.5 insert:

#### **5.4.6 Independent technical advice**

- (a) The *AER* must, in consultation with *AEMO*, establish a panel of experts in the field of electricity transmission.
- (b) The *AER* must inform *AEMO* if, in its opinion, an increase or decrease in the size of the panel becomes necessary or desirable and, after considering any relevant representations from *AEMO*, may proceed to increase, or decrease, the membership of the panel.
- (c) If a *Service Applicant* and the *Transmission Network Service Provider* do not agree on a question of a technical nature, the parties may jointly choose an expert from the panel, or if they do not agree on the appointment, an expert nominated by the *AER*, will investigate and bring back a recommendation on how the question should be resolved.
- (d) *AEMO* must keep the *AER* informed about any changes to advice it has previously given to the *AER*.
- (e) The expert must assess the specification to ensure that:
  - (1) it efficiently meets the requirements of the *Service Applicant* without over specification or redundancy; and
  - (2) it does not prevent future connections; and
  - (3) it meets all technical and other standards; and
  - (4) it otherwise conforms with the Guidelines.

- (f) The *Service Applicant* and the *Transmission Network Service Provider* are obliged to provide the expert with sensitive commercial information (as is reasonably necessary to perform the assessment) but the expert is bound to keep that information confidential.
- (g) The expert's recommendations are not binding on the parties unless in a subsequent arbitration the arbitrator adopts them as part of an award.
- (h) The costs of the independent expert are to be met equally by the *Transmission Network Service Provider* and the *Service Applicant* unless the independent expert finds that some other allocation of costs would be fairer or more reasonable in the circumstances.
- (i) This clause does not apply in a *declared network jurisdiction*.

#### **5.4.7 Quotation must show constituent elements**

- (a) If a *Transmission Network Service Provider* proposes to carry out work on *identified user shared network assets*, at the request, or for the benefit, of other users of the *identified user shared network asset*, it must issue a quotation together with an explanatory memorandum showing how the amount of the quotation is arrived at.
- (b) The following are elements into which a quotation might be broken down:
  - (1) Items of large primary plant;
  - (2) Other items of primary plant;
  - (3) Secondary equipment (eg communications equipment);
  - (4) Land costs (lease/purchase /easement);
  - (5) Internal services/overheads;
  - (6) Planning and environmental approvals;
  - (7) Project management;
  - (8) Site investigation costs;
  - (9) Design costs;
  - (10) Civil works;
  - (11) Installation costs for both primary and secondary equipment;
  - (12) Commissioning costs;

- (13) Operation and maintenance for the life of the plant, or the duration of the service;
- (14) Finance costs;
- (15) Insurance;
- (16) Allowance contingencies;
- (17) Legal fees.

(c) This clause does not apply in a *declared network jurisdiction*.

#### **5.5A Classification and reclassification of transmission assets**

- (a) The transition of *transmission assets* from class to class does not affect ownership of the assets unless the *Transmission Network Service Provider* has an agreement with the owner of the assets to the contrary.
- (b) If *transmission connection assets* are owned by the relevant *Transmission Network Service Provider*, a *connected party* should not be prejudiced by the grant of access to the third party.
- (c) This clause does not apply in a *declared network jurisdiction*.

#### **5.12.1 Transmission annual planning review**

After clause 5.12.1(b)(4) insert:

- (5) consider the relative advantages and disadvantages of investment in the *transmission assets* of other *participating jurisdictions*.

#### **5.12.2 Transmission Annual Planning Report**

After clause 5.12.2(b) insert:

- (ba) In compiling its *Transmission Annual Planning Report*, a *Transmission Network Service Provider* must use common terminology/simple idiomatic English to describe projects and constraints so as to improve intelligibility and consistency with other planning reports.

After clause 5.12.2(c)(4) insert:

- (4A) a description of how forecast constraints affect project planning;

After clause 5.12.2(c)(6) insert:

- (6A) in regard to each project, a description of how it addresses *intra-regional* issues and how it addresses *inter-regional* issues;

(6B) a statement of whether cross regional investment might meet an *identified need* while bolstering operational efficiencies; and

(6C) a statement of whether the *Transmission Network Service Provider* has consulted with counterparts in other jurisdictions about the possible advantages of cross regional investment and, if so, the results of that consultation.

After clause 5.12.2 insert:

### **5.12.3 Guidelines**

- (a) The *AER* may make guidelines governing:
  - (1) the conduct of the annual planning review; and
  - (2) the form and content of the *Transmission Annual Planning Report*.
- (b) A *Transmission Network Service Provider* must have regard to the guidelines but is not bound by them.

### **5.15.2 Identification of a credible option**

After clause 5.15.2(b) insert:

(b1) *Inter-regional* investment in *transmission assets* will be regarded as a credible investment option for a *Transmission Network Service Provider*.

### **5.16.4 Regulatory investment test for transmission procedures**

After clause 5.16.4(b)(6), insert:

- (7) for each investment option involving *inter-regional* investment, a statement of:
  - (i) whether an option involving *inter-regional* investment might meet an *identified need* or, if not, why not; and
  - (ii) the consultation the *RIT-T proponent* has had with *Transmission Network Service Providers*.

## **5.20 National transmission planning**

Designate the present contents as paragraph (a).

After paragraph (a), insert:

- (b) *AEMO* must establish and maintain a committee under the name *National Transmission Advisory Committee*.

- (c) The advisory committee consists of a representative of *Transmission Network Service Providers* for each *participating jurisdiction*.
- (d) The advisory committee's functions are:
  - (1) to comment on, and contribute in other ways to, the preparation and development of the *National Transmission Network Development Plan*; and
  - (2) to coordinate the exchange of information relevant to the *National Transmission Network Development Plan*; and
  - (3) to keep *AEMO* and *Transmission Network Service Providers* informed about:
    - (i) improvement or deterioration of the standard of information provided in *Transmission Annual Planning Reports*; and
    - (ii) progress in obtaining relevant and reliable *Transmission Annual Planning Reports* from *Transmission Network Service Providers*.
  - (4) to keep *Transmission Network Service Providers* informed about progress in the development of the *National Transmission Network Development Plan*.

#### **5.20.2: Publication of National Transmission Network Development Plan**

Delete 5.20.2(b)(1) and substitute:

- (1) take into account:
  - (i) the comments and suggestions of the *National Transmission Advisory Committee*; and
  - (ii) the submissions made in response to the invitation referred to in clause 5.20.1(b).

After 5.20.2(c)(12) insert:

- (13) take into account the need for mutual consistency between *Transmission Network Service Providers' Transmission Annual Planning Reports*; and
- (14) take into account the need for consistency between *AEMO's* own reports and the *Transmission Annual Planning Reports* provided by *Transmission Network Service Providers*.

After 5.20.2(c) insert:



- (ca) In preparing the *National Transmission Network Development Plan* for publication, *AEMO* must give consideration to:
- (1) the need to encourage the use of common terminology/simple idiomatic English to describe projects and constraints; and
  - (2) how each *Transmission Network Service Provider* reports on projects addressing *intra-regional* issues and those addressing *inter-regional* issues; and
  - (3) the need to ensure consistency with regard to the representation of data.

**5.21 AEMO’s obligation to publish information and guidelines and provide advice**

Delete clause 5.21(a)(3) and substitute:

- (3) *publish* guidelines to assist *Registered Participants*:
- (i) to evaluate *inter-regional* investment options; and
  - (ii) to determine when an *inter-network test* may be required; and

**Part 5 Amendment of Chapter 6A: Economic Regulation of Transmission Services**

**6A.2.2 Components of transmission determinations**

Delete clause 6A.2.2(2) and (3)

**6A.5.5A Reclassification**

Insert after clause 6A.5.5:

**6A.5.5A Reclassification of *transmission assets***

- (a) The *AER* may, by determination (an ***asset reclassification determination***), alter the classification of *transmission assets* as follows:
- (1) *dedicated transmission connection assets* may be converted into *shared transmission network assets*; and
  - (2) *identified user shared network assets* may be converted into *shared transmission network assets*.
- (b) An application for an *asset reclassification determination*:
- (1) must be made in writing to the *AER*; and

- (2) may be made by any person with an interest in the classification; and
- (3) must state the applicant's name and contact details; and
- (4) must clearly identify the asset to which the application relates and explain how; and
- (5) must list any other person (including contact details) whose interests would be affected by a re- classification; and
- (6) must set out the reasons for the application; and
- (7) must be accompanied by supporting documents and information; and
- (8) must state how the reclassification would benefit the applicant or other interested persons (or both).

(c) The *AER*:

- (1) must consult with the parties to the application and any other interested person; and
- (2) must make a final decision on the application within 4 months of receiving it (but the *AER* may extend this period by a further 2 months); and
- (3) must state in writing:
  - (i) the *AER*'s decision on the application; and
  - (ii) the *AER*'s reasons for its decision (which must be consistent with any relevant criteria prescribed under these *Rules*); and
  - (iii) the assets to which the decision applies; and
  - (iv) when the decision takes effect; and
- (4) must give a copy of its determination to all parties to the application and publish it on its website.

(d) In arriving at its decision, the *AER* must have regard to:

- (1) the views of the owner of the asset; and
- (2) any negotiations between the applicant and the owner of the asset; and
- (3) the impact of reclassification on other customers; and
- (4) the impact of reclassification on the aggregate load on the

*transmission system; and*

- (5) the economic effects of refusing reclassification; and
- (6) the legitimate business interests of the applicant and the owner of the asset; and
- (7) the submissions received; and
- (8) the *national electricity objective*; and
- (9) any apparent abuse of monopoly power by the owner of the asset.

(e) This clause does not apply in a *declared network jurisdiction*.

#### **6A.9.1 Principles relating to access to negotiated transmission services**

Delete clause 6A.9.1(1) and (2) and substitute:

- (1) the *terms and conditions of access* (including the price) to a *negotiated transmission service* should be fair and reasonable and should promote the *national electricity objective*;
- (2) the price for a *negotiated transmission service*:
  - (i) should be fair and reasonable; and
  - (ii) should be based on the costs of providing the service determined in accordance with the principles and policies set out in the *Cost Allocation Methodology* for the relevant *Transmission Network Service Provider*; and
  - (iii) subject to subparagraphs (3) and (4), the price of a *negotiated transmission service* should be at least equal to the avoided cost of providing it but no more than the cost of providing it on a stand alone basis;

After clause 6A.9.1(11) insert:

- (12) *identified user shared network assets* should be designed not to discourage or inhibit future expansion and a *Connection Applicant* should not be required to bear an undue proportion of the costs of maintaining or increasing capacity for future expansion; and
- (13) *identified user shared network assets* should be designed to keep the costs to the connecting party to the

minimum consistent with the with the safe and reliable operation by the *Transmission Network Service Provider* of the *transmission network*; and

- (14) a *Transmission Network Service Provider* should make a reasonable attempt to complete its part in the construction and commissioning of *identified user shared network assets* in accordance with a timetable acceptable to the *Service Applicant*.
- (15) a component of the price of a *negotiated transmission service* should reflect a reasonable allocation of the risk of providing the *transmission service* between the parties.
- (16) Subparagraphs (12) to (15) do not apply in a *declared network jurisdiction*.

#### **6A.9.2 Determination of terms and conditions of access for negotiated transmission services**

Delete clause 6A.9.2(a) and (b) and insert:

A *Transmission Network Service Provider*, and anyone who seeks the provision of a *negotiated transmission service* must comply with:

- (1) the *Negotiated Transmission Services Principles*; and
- (2) the *negotiating framework*; and
- (3) the relevant provisions of Chapters 4, 5, and this Chapter 6A of these rules.

#### **6A.9.3 Negotiating framework determination**

Delete the Clause and insert:

#### **6A.9.3 Negotiating framework for negotiating the provision of negotiated transmission services**

##### **Obligation to negotiate in good faith**

- (a) In this clause:

***requested service*** means a *transmission service* the subject of an application by a *Service Applicant* to a *Transmission Network Service Provider*.

***available service*** means a *transmission service* that a *Transmission Network Service Provider* offers to provide for a *Service Applicant* in lieu of a *requested service* that is not

commercially feasible or not technically feasible for the *Transmission Network Service Provider* to provide.

***negotiable service*** means a *requested service* or an *available service* (or both).

(b) If:

- (1) a *Service Applicant* applies to a *Transmission Network Service Provider* for access to a requested *transmission service*; and
- (2) it would be commercially and technically feasible for the *Transmission Network Service Provider* to provide the *requested service* or an *available service*;

the *Transmission Network Service Provider* and the *Service Applicant* must negotiate, in good faith, the *terms and conditions of access* to the *negotiable service*.

#### **Access to relevant commercial information**

(c) The *Transmission Network Service Provider* must, within 10 business days after receiving a request for information from the *Service Applicant* (or such other period as may be agreed by the parties), provide the *Service Applicant* with all commercial information in the possession or control of the *Transmission Network Service Provider* that the *Service Applicant* reasonably requires to enable it to engage in effective negotiations with the *Transmission Network Service Provider* for the provision of the relevant *negotiable service*. The information might (for example) include:

- (1) a description of the *requested service* if the *Transmission Network Service Provider* is in a position to provide it, but if not, a description of the *transmission service* or other service that most nearly approximates the *negotiable transmission service* sought by the *Service Applicant* (the *available service*); and
- (2) a statement of the constituent elements of the *negotiable service* and a description of any services incidental to the principal service; and
- (3) the terms and conditions on which the *Transmission Network Service Provider* would provide the *negotiable service* to the *Service Applicant*; and
- (4) a statement of the effect on costs of providing the *negotiable service* to the *Service Applicant*; and
- (5) a demonstration that the *Transmission Network Service*

*Provider's proposed prices reflect the reasonable costs of providing the negotiable service.*

- (d) The *Service Applicant* must, within 10 business days after receiving a request for information from the *Transmission Network Service Provider* (or some other period agreed by the parties), provide the *Transmission Network Service Provider* with all commercial information the *Transmission Network Service Provider* reasonably requires to enable it to engage in effective negotiations with the *Service Applicant* for the provision of the *negotiable service*. However, if a dispute arises during the course of negotiations, the obligation to provide the information is suspended from the date of notification of the dispute to the date of its resolution or discontinuance.
- (e) The *Transmission Network Service Provider* may, by notice, request the *Service Applicant* to provide additional commercial information that the *Transmission Network Service Provider* reasonably requires to engage in effective negotiations or to clarify information previously given. The *Service Applicant* must comply with the request within 10 business days of the date of the request (or some other period agreed between the parties).
- (f) The following time limits apply:
  - (1) if the negotiated transmission service is sought under Chapter 5 – the time limits fixed under Chapter 5; and
  - (2) in any other case:
    - (i) the parties must meet within 20 *business days* after lodgement of the application with the *Transmission Network Service Provider* to work out a program for progressing to the finalisation of negotiations; and
    - (ii) the program may include milestones relating to the exchange of commercial information and notification of, or consultation with, *AEMO* or other affected *Transmission Network Service Providers*; and
    - (iii) the parties must finalise the program within 30 business days after lodgement of the application with the *Transmission Network Service Provider*.
- (g) The *Transmission Network Service Provider* must, within 120 business days from the date the application was received, make an offer to provide the *negotiable service*.
- (h) The parties must attempt to complete the negotiations within 160 days after lodgement of the application.

## **Fees**

- (i) The fee payable on an application for access to a *negotiated transmission service* is an amount sufficient (but not more than sufficient) to cover:
  - (i) the reasonable costs of all work expected to arise from investigating the *application* and preparing the associated offer; and
  - (ii) the reasonable costs expected to be incurred by *AEMO* and other *Network Service Providers* whose participation in the assessment of the application will be required.
- (j) For the purposes of economic regulation, the fee will not be regarded as part of the *Network Service Provider's* revenue nor will the costs incurred by the *Network Service Provider* in assessing the application be regarded as part of the *Network Service Provider's* operating expenditure.
- (k) The costs of assessing the application are a debt due to the *Transmission Network Service Provider* from the *Service Applicant*. It follows that:
  - (1) if the amount allowed for the assessment in the application exceeds the actual costs of the assessment, the *Transmission Network Service Provider* must return the excess to the *Service Applicant*; and
  - (2) if the actual costs of the assessment exceed the amount allowed for the assessment in the application, the *Transmission Network Service Provider* may recover the amount of the excess from the *Service Applicant* as a debt.

## **Effect on others**

- (l) The *Transmission Network Service Provider* must determine the effect of granting the application on other *Network Users*. For that purpose, the *Transmission Network Service Provider* must notify and consult with other *Network Users*.
- (m) The *Transmission Network Service Provider* must endeavour to ensure that other *Network Users* would not be prejudiced by the granting of the application.

## **Disputes**

- (n) If a dispute arises between the parties in the course of negotiations for a *negotiated transmission service*, any party to the dispute may apply to have the dispute dealt with under Chapter 6A, Part K.

#### **6A.9.4 Negotiating transmission criteria determination**

Delete the Clause

#### **6A.9.5 Preparation and requirements for negotiating framework**

Delete the Clause

#### **6A.9.6 Confidential information**

Delete “in accordance with clause 6A.9.5(c)(2)” and insert “in the course of negotiations for a *negotiated transmission service*”

Delete “in accordance with clause 6A.9.5(c)(4)” and insert “in the course of negotiations for a *negotiated transmission service*”

#### **6A.10.1A Guidance to be provided by AER**

Insert after clause 6A.10.1A(g):

- (h) Paragraphs (a) to (g) apply only in a *declared network jurisdiction*.
- (i) The *AER* may make and publish *guidelines* about the following matters:
  - (1) the application to the *Transmission Network Service Provider* of any *service target performance scheme*; and
  - (2) the application to the *Transmission Network Service Provider* of any *efficiency benefit scheme*; and
  - (3) the application to the *Transmission Network Service Provider* of any *capital expenditure sharing scheme*; and
  - (4) the application to the *Transmission Network Service Provider* of any *small scale incentive scheme*; and
  - (5) the application to the *Transmission Network Service Provider* of the *Expenditure Forecast Assessment Guidelines*; and
  - (6) Whether depreciation for establishing the regulatory asset base for the relevant *transmission system* as at the commencement of the following *regulatory control period* is to be based on actual or forecast capital expenditure in accordance with clause S6A.2.2B.
- (j) A *guideline* made under paragraph (i) is not binding on the *AER* or the *Transmission Network Service Provider*.
- (k) Paragraphs (h) to (j) do not apply in a *declared network jurisdiction*.



### **6A.10.1 Submission of proposal and pricing information**

Delete paragraph (b).

Delete from 6A.10.1(c) “and the proposed *negotiating framework*”

Delete paragraph (d)

### **6A.11.1 Preliminary examination and determination of non-compliance with relevant requirements**

Delete clause 6A.11.1(a)(2)

Delete from clause 6A.11.1(a)(4) “proposed *negotiating framework*”

Delete from clause 6A.11.1(b)(1) “proposed *negotiating framework*”

Delete from clause 6A.11.1(b)(2) “proposed *negotiating framework*”

### **6A.11.2 Resubmission of proposal etc**

Delete from clause 6A.11.2(a) “proposed *negotiating framework*”

Delete from clause 6A.11.2(b) “proposed *negotiating framework*”

### **6A.11.3 Consultation**

Delete clause 6A.11.3(a)(2)

Delete clause 6A.11.3(a)(5)

Delete from clause 6A.11.3(a) “proposed *negotiating framework*”

Delete from clause 6A.11.3(c) “the proposed *negotiating framework*”

### **6A.12.1 Draft decision and further consultation**

Delete from clause 6A.12.1(a1)(1) “proposed *negotiating framework*”

Delete from clause 6A.12.1(a1)(2) “and the proposed *Negotiated Transmission Service Criteria*”

Delete clause 6A.12.1(d)

### **6A.12.3 Submission of revised proposal etc**

Delete clause 6A.12.3(a)(2)

Delete from clause 6A.12.3(c) “or revised proposed *negotiating framework*”

Delete clause 6A.12.3(d)

Delete clause 6A.12.3(f)(2)

Delete from clause 6A.12.3(g) “revised proposed *negotiating framework*”

#### **6A.12.4 Submissions on specified matters**

Delete from clause 6A.12.4 “,revised proposed *negotiating framework*”

#### **6A.13.1 Making of final decision**

Delete from clause 6A.13.1(a1) (1) “, proposed *negotiating framework*”

#### **6A.13.2 Refusal to approve amounts, values or pricing**

Delete clause 6A.13.2(c)

#### **6A.13.2A Out of scope revised documents or late submission**

Delete from clause 6A.13.2A(a) “, proposed *negotiating framework*” and “, revised proposed *negotiating framework*”

Delete from clause 6A.13.2A(b) “revised proposed *negotiating framework*” (occurring twice in that paragraph)

Delete from clause 6A.13.2A(d) “revised proposed *negotiating framework*”

Delete from clause 6A.13.2A “proposed *negotiating framework*”

#### **6A.14.1 Contents of decisions**

Delete clause 6A.14.1(6) and (7)

#### **6A.14.3 Circumstances in which matters must be approved or accepted**

Delete clause 6A.14.3(f)

Delete from clause 6A.14.3(h) “revised proposed *negotiating framework*”

Delete from clause 6A.14.3(h)(3)(i) “the revised proposed *negotiating framework*”

Delete from clause 6A.14.3(h)(3)(ii) “, proposed *negotiating framework*”

#### **6A.30 Commercial arbitration**

Designate present contents as paragraph (a).

Insert after present contents:

- (b) This Part K also applies to any dispute between a person exempted from the obligation to be registered as a *Transmission Network Service Provider* and a *Service Applicant* (an *applicant*) as to *terms and conditions of access* for the provision of *negotiated transmission services* and in that context:
  - (1) a reference to a *Transmission Network Service Provider* or a *provider* extends to a person exempted from the obligation to be registered as a *Transmission Network Service Provider*, and
  - (2) a reference to a *Service Applicant* or an applicant extends to a person who seeks access to exempted assets for a *negotiated transmission service*.
- (c) Although a question may have been referred to an expert for a recommendation, the same question may be referred for arbitration if either party is not satisfied with the expert's recommendation.
- (d) A reference to a dispute about terms and conditions of access to a *transmission service* extends to a dispute about the price sought by the *Transmission Network Service Provider* for providing the relevant *transmission service*.

#### **6A.30.4 Powers of commercial arbitrator in transmission services access disputes**

Delete clause 6A.30.4(b)(4) insert:

- (4) to the relevant negotiating principles and *negotiating framework*;
- (5) if a report, relevant to the dispute, has been obtained from an independent expert – the relevant report.

After clause 6A.30.4(b) insert:

- (b1) However, the expert's report is not binding on the arbitrator.

#### **6A.30.5 Determination of transmission services access disputes**

After Clause 6A.30.5(b)(2) insert:

- (3) may direct the inclusion or exclusion of specified provisions, or provisions of a specified type, in the *terms and conditions of access*.

After Clause 6A.30.5(e) insert:

- (f) In an arbitration about the *terms and conditions of access* for the provision of a *negotiated transmission service* to a *Service Applicant*, the essential question is whether the proposed terms and conditions are fair and reasonable and, if not, how they need to be changed to remedy that defect.

#### **6A.30.8 Miscellaneous**

After Clause 6A.30.8(b) insert:

- (c) An arbitrator's determination is enforceable in the same way as an arbitrator's award under the *Commercial Arbitration Act 2011(SA)* or the corresponding legislation of some other *participating jurisdiction*.

#### **S6A.4 Application of this Chapter to AEMO and declared transmission system operators**

Delete clause S6A.4.2(f)(1)(a)(2)

Delete clause S6A.4.2(f)(1)(ca)

Delete from clause S6A.4.(2)(f)(3) "*negotiating framework* or"

Delete from clause S6A.4.(2)(f)(5) "framework"

Delete from clause S6A.4.2(f)(5). "*negotiating framework* or"

Delete from clause S6A.4.2(f)(6) "*negotiating framework* or"

Delete from clause S6A.4.2(f)(7). "*negotiating framework* or"

Delete from clause S6A.4.2(f)(8). "*a negotiating framework* or"

### **Part 6 Amendment of Chapter 8: Administrative Functions**

#### **8.2.1 Application and guiding principles**

Delete clause 8,2.1(a)(4)

### **Part 7 Amendment of Chapter 10: Glossary**

**Definitions to be inserted:**

**Insert the following new definitions (in alphabetical order):.**

***declared network jurisdiction***

A jurisdiction in which *AEMO* is authorised to exercise its *declared network functions*.

### ***dedicated transmission connection assets***

These are *transmission connection assets* built and dedicated for the exclusive use of *an identified user group* not including any such assets for which the costs of design, construction, operation and maintenance are recoverable from customers as charges for *prescribed transmission services*.

### ***identified user group***

One or more persons who generate or consume large quantities of electricity, and who are connected to the shared network at the same point.

### ***identified user shared network asset***

*A shared transmission network asset.*

- (1) designed and constructed to connect an *identified user group* to an existing *transmission system*; and
- (2) fully funded by the member or members or the *identified user group*.

### ***shared transmission network asset***

*Any transmission asset except a dedicated transmission connection asset.*

### ***transmission asset or transmission network asset***

- (1) any component of the transmission lines (i.e. the high tension electrical conductors, insulators, supporting structures and appurtenant land); or
- (2) equipment associated with the operation of a *transmission line* or an associated *substation* or *switchyard*.

*Examples:*

*Transformers*

*Circuit breakers*

*Reactive plant*

*Monitoring equipment*

*Control equipment*

### ***transmission connection asset***

*A transmission asset used to connect a transmission*

system to a *distribution system* or to a major *Generator* or consumer of electricity

***transmission service***

A service provided by, or in connection with, a transmission system.

***Definitions to be amended***

**Definition of *negotiating framework***

Delete first paragraph of definition and substitute:

For a Transmission Network Service Provider, the negotiating framework contained in the Rules (clause 6A.9.3)

**Definition of *negotiated transmission service***

After paragraph (c), insert:

or

- (d) a service provided by a *Transmission Network Service Provider* in relation to *identified user shared network assets* (including building, owning and operating the assets).

**Definition of *Service Applicant***

After paragraph(b) insert:

or

- (c) a person who asks a *Transmission Network Service Provider* for access to a *negotiated transmission service*.

**Definition of *transmission element, paragraph (b)***

**Delete “of *transmission plant*”**

**Definitions to be deleted**

Definition of *transmission plant*

Delete definition