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- 6 JUN 2006

ABN 19 622 755 774

201 Elizabeth Street (cnr Park St)
PO Box A1000 Sydney South
New South Wales 1235 Australia
Facsimile (02) 9284 3456
Telephone (02) 9284 3000
Web <http://www.transgrid.com.au>
DX1122 Sydney

Dr John Tamblyn
Chairman
Australian Energy Market Commission
PO Box H166
Australia Square NSW 1215

e-mail : submissions@aemc.gov.au

Dear Dr Tamblyn

TransGrid Submission to AEMC on Draft National Electricity Amendment (Dispute Resolution for Regulatory Test) Rule 2006

TransGrid would like to thank you for the opportunity to comment on this important consultation. This non-confidential response outlines TransGrid's current position on this matter.

TransGrid is supportive of the overall approach to the dispute resolution process for the Regulatory Test being proposed by the draft determination. Streamlining and reducing inefficient processes for hearing and managing disputes should facilitate timely delivery of transmission services, including, in particular, reliability requirements.

Specifically, TransGrid endorses the draft Rule and:

1. Welcomes the mechanism proposed by the AEMC to ensure that the delay in the payment of costs should not delay the AER from issuing a determination and agrees with the relevant revised drafting of the Rule.
2. Supports the maximum timeframes provided for the AER to make a dispute determination in relation to Regulatory Test processes. The streamlined approach to resolving reliability augmentation disputes is helpful in ensuring the timely delivery of these critical projects.
3. Endorses the removal of the term "economic side-effects that are periphery to the Regulatory Test" as it would only lead to further confusion in any potential application.

It is suggested that consideration be given to the level of involvement the AER should have in the conduct of regulatory tests associated with 'triggered' contingent projects. The current Statement of Regulatory Principles, and TransGrid revenue cap decision, envisage considerable such involvement. As a result there is potential for the AER to become a party to a regulatory test process that it subsequently needs to rule on as the dispute resolution body. To the extent that this matter impacts on the current TransGrid revenue cap decision it may be possible for this to be addressed separately as a transition issue in the finalisation of the AEMC's current review into the transmission revenue and price setting Rules. Such an approach may be preferable to undermining the MCE's proposed 'one stop shop' approach to resolving regulatory test disputes.

Finally, there appears to be a minor typographical error in 5.6.6 (n) (1). It appears that this clause should read "*must, subject to clauses 5.6.6 (o) ...*"

I trust these comments are of assistance to you. Should you wish to discuss any of these matters further, please feel free to contact me on (02) 9284-3434 or via email: phil.gall@transgrid.com.au

Yours sincerely

Philip Gall 2/6/06

Philip Gall
Manager/Regulatory Affairs