



Proposed National Electricity Amendment (Timing of System Restart Ancillary Services Testing) Rule 2007

Request for Submissions Explanatory Note

9 October 2007

The Australian Energy Market Commission (Commission) is seeking stakeholder comments on a specific issue raised during first round consultation on this Rule change proposal. The Commission is conducting this additional round of consultation as the proposal is currently under an expedited Rule making process under the National Electricity Law on the grounds that it is an urgent Rule.

On 24 September 2007, the Commission received a submission from Powerlink Queensland on the above proposal recommending that the Commission modify the term “excluded services” to the current term “negotiated services” in clause 3.11.5(f)(2).

Clause 3.11.5(f)(2) provides:

(f) A *Network Service Provider* must:

...

- (2) participate in, or facilitate, testing of a *system restart ancillary service* required by the *NMAS* tender guidelines where it is reasonable and practicable to do so, and when participating in or facilitating such activities, the *Network Service Provider* will be entitled to recover from the relevant prospective tenderer all reasonable costs incurred by the *Network Service Provider* and for such purposes the activities of the *Network Service Provider* will be treated as *excluded services*.

The Commission notes that excluded services and negotiated services are not defined terms under the National Electricity Rules (Rules). The Commission is however, considering substituting the term “excluded services” with the term “negotiable services”. The current definition in Version 16 of the Rules for “negotiable services” is:

“(a) In relation to *transmission services* means *negotiated transmission services*.

(b) In relation to *distribution services* means:

- (1) an *excluded distribution service*;
- (2) that part of a *prescribed distribution service* which is to be provided to a standard which is higher or lower than any standard:
 - (i) described in schedule 5.1;
 - (ii) outlined in the standards published in accordance with 6.6.5(a)(3); or
 - (iii) required by any regulatory regime administered by the *AER* or a *Jurisdictional Regulator* (as appropriate);
- (3) *connection services, use of system services* and *distribution network user access* provided to an *Embedded Generator*, for which charges are negotiated under rule 5.5; or
- (4) *connection services, use of system services* and *distribution network user access* provided to a *Market Network Service Provider*, for which charges are negotiated under rule 5.5,

and does not include a *contestable* service.”

The Commission notes that this definition differs from the definition of “negotiable service” that existed at the time that clause 3.11.5(f)(2) was included in the Rules as part of the *National Electricity Amendment (System Restart Ancillary Services and pricing under market suspension) Rule 2006 No.6* (the SRAS Rule). The above definition of “negotiable service” incorporates amendments made by the *National Electricity Amendment (Economic Regulation of Transmission Services) Rule 2007 No. 18* (Revenue Rule).

The definition of “negotiable service” at the time the SRAS Rule was made is contained in Version 4 of the Rules and was:

“1. In relation to *transmission services* means:

- (a) an *excluded transmission service*;
- (b) that part of a *prescribed transmission service* which is to be provided to a standard which is higher or lower than any standard:
 - (1) described in schedule 5.1;
 - (2) outlined in the standards published in accordance with clause 6.5.7(b); or
 - (3) required by any regulatory regime administered by the *AER*;
- (c) *connection services, use of system services* and *generator access* provided to a *Generator*, for which charges are negotiated under clause 5.5;
- (d) *connection services, use of system services* and *market network service provider access* provided to a *Market Network Service Provider*, for which charges are negotiated under clause 5.5A; or
- (e) that part of a *prescribed transmission service* which is to be provided at reduced *Customer TUOS general charges* or reduced *common service charges* (the “*agreed reduced charges*”) under clause 6.5.8,

and does not include a *contestable* service.

2. In relation to *distribution services* means:

- (a) an *excluded distribution service*;
- (b) that part of a *prescribed distribution service* which is to be provided to a standard which is higher or lower than any standard:
 - (1) described in schedule 5.1;
 - (2) outlined in the standards published in accordance with 6.14.5(a)(3); or
 - (3) required by any regulatory regime administered by the *AER* or a *Jurisdictional Regulator* (as appropriate);
- (c) *connection services, use of system services* and *generator access* provided to a *Generator*, for which charges are negotiated under clause 5.5; or
- (d) *connection services, use of system services* and *market network service provider access* provided to a *Market Network Service Provider*, for which charges are negotiated under clause 5.5A,

and does not include a *contestable* service.”

Request for Submissions

The Commission specifically seeks stakeholder feedback on the appropriateness of substituting the term “excluded services” with the term “negotiable services”. This substitution of terms would incorporate the amendments made to “negotiable service” as part of the Revenue Rule. Submissions must be received by **5pm 17 October 2007**. Submissions should be forwarded to submissions@aemc.gov.au