



13 March 2009

Dr John Tamblyn  
Australian Energy Market Commission  
PO Box A2449  
SYDNEY SOUTH NSW 1235

[submissions@aemc.gov.au](mailto:submissions@aemc.gov.au)

Dear Dr Tamblyn

**RULE CHANGE PROPOSAL – CAUSER PAYS FOR ANCILLARY SERVICES TO CONTROL THE TASMANIAN FREQUENCY**

Aurora Energy Tamar Valley Pty Ltd (AETV) welcomes the opportunity to make this submission in relation to the Rule Change Proposal submitted by Hydro Tasmania (**Hydro**) on 23 December 2008.

AETV opposes the proposed Rule Change for the following principal reasons:

1. the Rule Change Proposal, if implemented, would not contribute to the achievement of the national electricity objective; and
2. the Rule Change Proposal, if implemented, does not represent good regulatory practice, particularly because it does not represent a proper or equitable application of the 'causer pays' principle to the recovery of FCAS costs.

Detailed reasoning behind our objections to this Rule Change Proposal is set out in the attachment to this letter.

Please contact me if you would like to discuss any aspect of our response.

Yours faithfully

A handwritten signature in blue ink, appearing to read "Michael Brewster", is written over a light blue circular stamp.

**Michael Brewster**  
Chief Executive Officer

## **AETV RESPONSE TO RULE CHANGE PROPOSAL**

### **CAUSER PAYS FOR ANCILLARY SERVICES TO CONTROL THE TASMANIAN FREQUENCY**

#### **1. Introduction**

- a. In its Rule Change Proposal, Hydro refers to the final report of the Reliability Panel as regards the change in the frequency operating standards (**FOS**) for Tasmania (which report was published on 18 December 2008).
- b. Whilst this Rule Change Proposal relates to issues canvassed in the Reliability Panel report, this Rule Change Proposal is, of course, a separate process under the National Electricity Rules (**NER**).
- c. However, AETV considers that it is necessary to set out some background to the Reliability Panel process and to canvass some of its findings, in order to give some context to the Rule Change Proposal.

#### **2. The Reliability Panel process – the Tasmanian frequency operating standards**

- a. At the time that Tasmania sought entry to the National Electricity Market (**NEM**), the Reliability Panel recognized that the then existing Tasmanian FOS were not as tight as the FOS that apply on the NEM mainland participating jurisdictions. This meant that some higher efficiency thermal generating units could not meet the Tasmanian minimum access standards in terms of frequency ride through.
- b. On 25 May 2006, the Commission published the final determination by the Reliability Panel on the FOS which would apply in Tasmania from 29 May 2007. In that final report, the Panel foreshadowed that it would revisit the Tasmanian FOS after at least 12 months operation of Basslink. In particular, the Panel proposed:

"to consider the opportunities for further alignment of the Tasmanian frequency standards with the NEM standards in an additional review to commence within approximately twelve months. That review will include a full cost benefit analysis of any proposed changes, will benefit from experience of the Tasmanian market once Basslink has commenced operation, is expected to draw on work to be undertaken by NEMMCO in relation to the Tasmanian automated frequency management schemes

and will be conducted according to the principles under the Rules that apply to the current review".<sup>1</sup>

- c. The Commission provided the Reliability Panel with Terms of Reference for that follow up review in February 2008.
- d. During 2008, the Reliability Panel undertook the follow up review and benefit-cost analysis and determined, in its final report, that the FOS in Tasmania should be amended.
- e. Some of the main reasons for the Reliability Panel making this determination were:
  - i. modern high efficiency thermal generators can not meet the current FOS in Tasmania,
  - ii. therefore the existing FOS in Tasmania acts as a barrier to entry for potential new participants in the Tasmanian electricity market, and
  - iii. by changing the FOS in Tasmania to allow modern high efficiency thermal generators to enter the Tasmanian market, a net economic benefit would be delivered to consumers in Tasmania.
- f. This brief history demonstrates that the 2008 Reliability Panel review process was not triggered by AETV. In particular, AETV submits that the Reliability Panel would have come to the same conclusion as regards the need to change the FOS applying in Tasmania, whether or not new Tasmanian high efficiency thermal generating plant was in the process of being constructed at that time.
- g. Therefore, to the extent that Hydro's Rule Change Proposal suggests that the change in FOS in Tasmania has been made 'in response to the commissioning of' the new Tamar Valley power plant, AETV submits that this is factually incorrect and is inconsistent with the Reliability Panel's conclusions.

### **3. The reasons for the Rule Change Proposal**

- a. The stated reasons for Hydro submitting this Rule Change Proposal are contained in the conclusions to its submission. They are, that the Rule Change Proposal:

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<sup>1</sup> AEMC Reliability Panel, *Tasmanian Reliability and Frequency Standards Determination* 28 May 2006, page 4



- i. 'Promotes good regulatory practice, through its consistent application of the 'causer pays' principle, which the Commission has previously endorsed;
  - ii. Promotes dynamic efficiency by reducing regulatory risk, in that a party making an investment decision today is not forced to bear costs imposed by future regulatory changes resulting from a subsequent new entrant;
  - iii. Promotes dynamic efficiency by implementing appropriate incentives for the type and timing of future investment in energy and frequency control ancillary services (**FCAS**) sources; and
  - iv. Is superior to the alternative option proposed by the Reliability Panel, which requires participants to contract directly for any additional FCAS required as a result of their connection"<sup>2</sup>.
- b. In AETV's view, none of these conclusions can be supported on a proper analysis of the Proposed Rule Change.
  - c. AETV's detailed analysis concerning each conclusion is set out in paragraphs 5 to 9 of this submission.
  - d. However, before examining these conclusions, AETV would like to first comment on a particular passage from Hydro's submission which AETV believes needs to be addressed before explaining AETV's detailed analysis.
  - e. Hydro has stated on page 12 of its Rule Change Proposal that:

"... it is likely that the majority of the benefits captured by Hydro Tasmania will take the form of a wealth transfer from the (Tamar Valley Power Station) and other high- efficiency CCGT plant that are commissioned in the future. This would restore some of the wealth transfer which occurred away from Hydro Tasmania as a result of the change in frequency standard."<sup>3</sup>
  - f. AETV submits that any 'wealth transfer' issue, or the 'evening out' of wealth transfers to and from Hydro Tasmania, is not in and of itself a relevant consideration for this Rule Change Proposal.

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<sup>2</sup> Submission from Hydro Tasmania to the AEMC dated 23 December 2008, page 12

<sup>3</sup> Submission from Hydro Tasmania to the AEMC dated 23 December 2008, page 11.

- g. Wealth transfers are only a relevant consideration to the extent that they create disincentives for investment or barriers to entry, thereby failing to contribute to the achievement of the national electricity objective. As AETV's arguments will demonstrate, it is the Rule Change Proposal which would, if implemented, create disincentives for investment and barriers to entry.

#### 4. The national electricity objective

- a. The national electricity objective is set out in section 7 of the National Electricity Law. That section states:

"The objective of this Law is to promote efficient investment in, and efficient operation and use of, electricity services for the long term interests of consumers of electricity with respect to—

- (a) price, quality, safety, reliability and security of supply of electricity; and
- (b) the reliability, safety and security of the national electricity system."

- b. In considering the issue of the FOS as against the achievement of the national electricity objective, the Reliability Panel found that:

"... there is a need for new and diverse generation for the future security and reliability of the electricity supply in Tasmania."<sup>4</sup>

- c. In determining that the FOS in Tasmania should be changed, but with a prescribed contingency limit, the Reliability Panel said:

"This is expected to lead to reduced electricity costs in Tasmania in the long run by allowing more higher efficiency generating units to connect without imposing materially higher FCAS costs and significantly impacting wind farm penetration".<sup>5</sup>

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<sup>4</sup> AEMC Reliability Panel, *Tasmanian Frequency Operating Standard Review Final Report*, 18 December 2008, page ix

<sup>5</sup> AEMC Reliability Panel, *Tasmanian Frequency Operating Standard Review Final Report*, 18 December 2008, page xii

- d. The Reliability Panel also noted that "there is a potential for possible Rules changes from stakeholders who consider that a different cost allocation arrangement should apply"<sup>6</sup>.
- e. However, the cost allocation issues resulting from the change to the FOS were not considered by the Reliability Panel because the Reliability Panel's terms of reference did not extend to issues associated with the allocation of the costs resulting from any change in the FOS.
- f. Hydro has stated that the proposed Rule Change is intended to ensure that all FCAS costs in excess of those which would have been incurred in the Tasmanian region under the current FOS (**additional FCAS costs**) should be borne by particular NEM participants, namely:
  - i. a market generating unit,
  - ii. located in Tasmania,
  - iii. that does not meet the current FOS, and
  - iv. was first registered with NEMMCO after 1 July 2008.
- g. In other words, Hydro proposes that the additional FCAS costs should be borne by new high efficiency thermal generators – exactly the types of generators that the Reliability Panel indicated should be encouraged in Tasmania – simply because they meet the description set out in paragraph 4(f) above and not because of any impact that these generators have on the requirement for additional FCAS.
- h. In AETV's view, the proposed Rule Change would operate as a substitute barrier to entry for new thermal generators. Accordingly it would be inappropriate and contrary to the national electricity objective for the Commission to implement the Rule Change Proposal (i.e. change the manner in which FCAS costs are currently allocated) in the form submitted by Hydro.
- i. In AETV's view, the Hydro proposal would not promote efficient investment in electricity services in Tasmania for the long term interests of consumers. Again, the Reliability Panel has only very recently determined that it is in the long term interests of consumers to remove a barrier to entry to new high efficiency

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<sup>6</sup> AEMC Reliability Panel, *Tasmanian Frequency Operating Standard Review Final Report*, 18 December 2008, page xv



thermal generators in Tasmania (i.e. changing the FOS in Tasmania to allow high efficiency thermal generators to operate in Tasmania would assist in achieving the national electricity objective).

- j. AETV argues that, as a matter of logic and consistency, making those same generators responsible for all of the cost of the additional FCAS that arise from such a change (regardless of whether or not those generators were responsible for all of the required additional FCAS) could not assist in achieving the national electricity objective.
- k. It should be noted that, if the Rule Change Proposal were to be implemented, Tasmania would have a markedly different system for the settlement of FCAS costs than the mainland NEM participating jurisdictions, without there being any demonstrated net economic benefit either to the Tasmanian region of the NEM or to the NEM as a whole which justifies the differential cost treatment.
- l. In fact if these differences resulted in inefficiencies in investment decisions and dissuaded potential future investment in Tasmania, the national electricity objective would not be achieved.
- m. As a result, the AETV submits that the Commission should decline to make the Rule Change proposed by Hydro.

**5. The 'causer pays' principle (Hydro's first conclusion)**

- a. AETV submits that the proposed Rule Change does not reflect the 'causer pays' principle.
- b. If this Rule Change was truly aimed at implementing the 'causer pays' principle, then logically all generating units, loads and other entities which contributed to or caused the requirement for FCAS services should bear the costs of those services, on an efficient and equitable basis.
- c. In fact, we understand that not all 'causers' currently pay for the costs of FCAS raise services in Tasmania. Whilst network service providers and Basslink are material sources of requirement for FCAS, we understand that neither Basslink (when importing) nor any network service providers participates in the FCAS raise services settlement market. A similar issue exists for FCAS lower services. Further Basslink and its associated special protection scheme design can require additional FCAS services in order to ensure power system security is maintained.

- d. There is nothing in the Rule Change Proposal which would address these fundamental problems with the allocation of costs for FCAS.
- e. Another issue is that the proposed Rule Change would appear to require a generator which meets the criteria described in paragraph 4(f) above to pay all of the additional FCAS costs, even if that generator was not dispatched at the time that the FCAS were supplied. This is because there will be additional FCAS needed as a result of the new FOS and the growing penetration of low inertia wind generating plant regardless of whether the plant belonging to the generator who is required to pay the additional FCAS costs is being dispatched.
- f. The FCAS market in the NEM has been developed around dispatched generators and loads being responsible for the FCAS costs in each trading interval (see clauses 3.15.6A(f)(3) and 3.15.6A(g)(3) of the NER).
- g. As noted, the proposed Rule Change would impose FCAS charges on generators who were not dispatched during that trading interval. Allocating charges to generators that are not dispatched in a trading interval is inconsistent with both the concept of causer pays and with clause 3.15A of the NER.
- h. The proposed Rule Change would also change the existing principle of allocating "FCAS raise" service costs to generators and "FCAS lower" service costs to customers. This is because the FCAS lower requirements will also increase under the new FOS and the proposed Rule Change would result in some generators being responsible for parts of the costs of the "FCAS lower" services, including when the relevant generators are not dispatched during a trading interval.
- i. If in the future, a new wind farm with low inertia (which is able to comply with the existing FOS) were to be developed in Tasmania, the likelihood is that the FCAS requirements would need to be increased, even to meet the current FOS. The amount of FCAS required would need to be further increased due to the new FOS. However, it would be a new thermal generator (meeting the description in paragraph 4(f) above) that would be required to meet the costs of all of the additional FCAS, despite the fact that the requirement for additional FCAS has arisen completely independent of that generator's operation. By contrast, the new wind farm would not be subject to any FCAS cost increases that it causes.
- j. Also, a network event can set the requirements for FCAS raise services for contingencies well above 144 MW (the constraint imposed by the Reliability Panel when recommending the recent changes to the FOS in Tasmania) and substantially increase the need for FCAS, for both normal and maintenance



conditions. This increased FCAS requirement is caused by the network design or maintenance arrangements, and if the Rule Change Proposal were to be implemented, would add significant additional costs to the class of generators identified in paragraph 4 (f) above.

- k. This again demonstrates that the Rule Change Proposal, if implemented, would result in a substantial disconnect between the reasons why additional FCAS was required, and the entity which would be responsible under the Rule Change Proposal to pay for the additional FCAS costs. In other words, this outcome is the antithesis of 'causer pays.
- l. At present, an efficiency incentive is built into the FCAS market in Tasmania, because FCAS costs are spread across all generators. Should the Rule Change Proposal be implemented, there is a risk that this efficiency incentive would be lost, potentially leading to increases in FCAS prices for commercial or market based reasons.
- m. In its FCAS Review Final Report in 2007, the National Electricity Market Management Company (**NEMMCO**) said the following about the allocation or apportionment of FCAS contingency costs:

"Overall, the current arrangements apportion contingency costs in proportion to energy produced or consumed, so that everyone pays the same price per unit of energy. Any move away from this uniform approach would need a strong argument to support it, particularly in order to explain why one non-uniform pricing arrangement would be better than another non-uniform pricing arrangement. NEMMCO was unable to find a compelling case in favour of moving to a runway pricing regime. Consequently, NEMMCO proposed that the runway pricing concept should not be progressed, on the basis that NEMMCO could not foresee any convincing net benefits from the change.<sup>7</sup>

- n. Whilst the NEMMCO review did not encompass a thorough review of FCAS cost allocation options for other types of FCAS, NEMMCO's views remain valid and persuasive in mitigating against replacing current arrangements with new arrangements which raise new issues and problems.

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<sup>7</sup> National Electricity Market Management Organisation *FCAS Review Final Report* July 2007, page 27

- o. In other words, in AETV's view, it would not represent good regulatory practice to move away from the current method of FCAS cost allocation in the absence of a compelling case and a well thought out and structured alternative which achieves an efficient and equitable allocation of FCAS costs in a manner which best contribute to the achievement of the national electricity objective.
- p. These points demonstrate that the proposed Rule Change, if implemented, would not represent good regulatory practice, in part because the proposed Rule Change is not a proper application of the 'causer pays' principle. AETV therefore submits that the Rule Change Proposal should be rejected.

#### **6. Reduced regulatory risk (Hydro's second conclusion)**

- a. As mentioned earlier in this submission, the second conclusion contained in Hydro's Rule Change Proposal claims that the proposed Rule Change:
  - 'promotes dynamic efficiency by reducing regulatory risk, in that a party making an investment today is not forced to bear costs imposed by future regulatory changes resulting from a subsequent new entrant'.
- b. AETV points out that Hydro's Rule Change Proposal would impact 'new' generators first registered with NEMMCO after 1 July 2008. This would include AETV's soon to be commissioned plant in the Tamar Valley. In fact, Hydro argues that AETV is likely to be the only generator who is affected by this proposed Rule Change.
- c. Of course, the investment decision in relation to AETV's new generating plant was made some time ago, and so this Rule Change Proposal, if implemented, would have exactly the effect that Hydro claims it is intended to avoid (i.e. changing the regulatory system in a manner which imposes additional costs on a party which has already made its investment decision).
- d. As indicated earlier in this submission, Hydro proposes that all additional FCAS costs should be met by generators meeting the description in section 4 (f) of this submission. One of the factors set out in paragraph 4(f) is a requirement that the generator be registered with NEMMCO after 1 July 2008.
- e. No reason or justification is given in the Hydro Rule Change Proposal for the selection of this date and AETV has been unable to link this date to the occurrence of any external event which may have relevance to this Rule Change Proposal. For example, this date (1 July 2008) significantly pre-dates both the

Reliability Panel final report and the date the Rule Change Proposal was submitted to the Commission.

- f. In addition, by referring to this date the extent of the proposed Rule Change is defined by reference to a date which precedes the earliest date on which the proposed Rule Change could commence under section 104 of the National Electricity Law (NEL).
- g. AETV submits that the preferable position, from the perspective of good regulatory practice, would be for the proposed Rule Change to at least operate prospectively from the date of publication.
- h. As regards the general point in the Hydro Rule Change Proposal concerning 'regulatory risk', AETV submits that there is a difference between 'regulatory change' and 'regulatory risk'. In AETV's view, it is more appropriate to refer to 'regulatory risk' where changes in regulatory frameworks can occur on a random or arbitrary basis. The position in Australia is far removed from this.
- i. AETV notes that all participants in the NEM are subject to 'regulatory change' We have already mentioned two recent processes in this submission which illustrate the fluid nature of the regulatory framework surrounding the energy markets in Australia – namely the Reliability Panel inquiry into the FOS in Tasmania (concluded in late 2008) and NEMMCO's FCAS review (concluded in 2007). Another recent example is the changes to generator technical standards and associated compliance.
- j. There is no immunity from regulatory change in the Australia energy market. However both the process for regulatory change and the factors which must be taken into consideration in making such change are specifically set out in the NEL. Significant stakeholder consultation is also required.
- k. AETV respectfully suggests that it is simply not correct to refer to one aspect of these regulatory change processes as introducing 'regulatory risk' or 'regulatory uncertainty'.
- l. It is instructive to consider NEMMCO's views specifically as regards the allocation of FCAS costs, as contained in its 2007 Final Report in relation to FCAS. In this context NEMMCO interpreted the national electricity objective in the following terms:



'In practice, this objective is being interpreted as an economic criterion, which means that the benefits of any change should always outweigh the costs of that change. The relatively small amounts of money in the FCAS markets suggest that only relatively low-cost improvements to the FCAS markets are likely to satisfy the market objective.'<sup>8</sup>

'The current FCAS markets are already functioning reasonably well and approaching their practical limits of refinement. This makes it harder to justify any changes, since the costs of change can be significant but the benefits of change are subject to diminishing returns.'<sup>9</sup>

- m. In AETV's view, 'regulatory change' is merely a feature of market governance and accordingly does not present a compelling reason why the FCAS costs settlement market in Tasmania should be changed in the manner suggested by Hydro. AETV argues that Hydro's Rule Change Proposal contains no real basis for its assertion that this Rule Change Proposal would 'promote dynamic efficiency'.

#### **7. Implement appropriate incentives for type & timing of future investment (Hydro's third conclusion)**

- a. As mentioned earlier in this submission, Hydro's third conclusion in support of its Rule Change Proposal is that the proposed Rule Change:
  - 'iii. Promotes dynamic efficiency by implementing appropriate incentives for the type and timing of future investment in energy and frequency control ancillary services (FCAS) sources'.
- b. In AETV's view, because the proposed Rule Change would not equitably allocate FCAS costs across generators, loads and other entities in Tasmania, this would in fact result in skewed investment decisions. New high efficiency generating units would be penalised well beyond their impact on additional FCAS costs.
- c. AETV submits that the proposed Rule Change, if implemented, would effectively result in a subsidy to the existing Tasmanian generators and any future generators who can meet the current FOS (who are likely to be predominantly wind generators).

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<sup>8</sup> National Electricity Market Management Organisation *FCAS Review Final Report* July 2007, page 3

<sup>9</sup> National Electricity Market Management Organisation *FCAS Review Final Report* July 2007, page 8

- d. Any operator considering whether to invest in new high efficiency generating units in the NEM would take into consideration that in Tasmania, (unlike in the other NEM participating jurisdictions), it would have to bear the additional FCAS costs. This may lead to a decision not to invest in Tasmania because of the unique and additional cost impost.
- e. AETV considers that the Hydro Rule Change Proposal, rather than improving dynamic efficiency by implementing appropriate incentives for future investment, in fact reduces dynamic efficiency by skewing cost signals to parties who do not impose wider costs on the power system.
- f. The resultant outcome of this Rule Change Proposal is to create an additional barrier for entry for a particular technology type within the Tasmanian region that doesn't exist in the rest of the NEM. AETV submits that this will stifle competition in a region that has a single dominant generator and significant limitations in sourcing competitive prices via Basslink.
- g. Accordingly, in AETV's view, far from promoting dynamic efficiency, the Rule Change Proposal would have the opposite effect.

**8. Cost allocation proposal is superior to the other option proposed by the Reliability Panel (Hydro's fourth conclusion)**

- a. The reference by the Commission to the Reliability Panel did not extend to considering the proper allocation of FCAS costs. The reference to the Reliability Panel was only to 'review and, on the advice of NEMMCO, determine the power system security and reliability standards'.
- b. Accordingly whilst the Reliability Panel may have provided some commentary about potential methods for the allocation of FCAS costs, the Reliability Panel could not be considered to have undertaken a thorough analysis of all potential methods for allocating those costs.
- c. Therefore, whilst one suggestion by the Reliability Panel may be preferable to the other, this does not mean that either suggestion should necessarily be adopted.
- d. If there is to be a change in the method of allocating FCAS costs in Tasmania, AETV submits that it would be appropriate to conduct a thorough and proper review, where all approaches could be canvassed within a proper framework and time frame.

- e. In any event, on a preliminary analysis, AETV considers that the second cost allocation option canvassed in the Reliability Panel report would have similar deficiencies to the cost allocation option advocated by Hydro in its Rule Change Proposal.

## **9. Additional issues**

### **a. The proposed 15 year sunset**

- i. Hydro proposes that the proposed Rule Change should proceed by way of a participant derogation. As required by the NEL, Hydro has suggested an expiry date for this participant derogation, being 15 years from the date the participant derogation commences.
- ii. The reasons given for this 15 year sunset are set out on page 4 of Hydro's Rule Change Proposal submission. In essence they relate to the time when Hydro anticipates that another gas fired power plant would be required in Tasmania.
- iii. AETV submits that this does not provide any sound basis for the Commission to agree to make a participant derogation of this duration.
- iv. The reasons stated in Hydro's submission do not give any indication as to how the 15 year sunset would assist in achieving the national electricity objective.
- v. The proposed 15 year sunset is substantially longer than any previous participant derogations made by the Commission.
- vi. If the Commission is minded to make this participant derogation, AETV submits that it should be for a significantly shorter duration, being such duration as could genuinely be considered to assist in achieving the national electricity objective.

### **b. Administrative inefficiency**

- i. The Rule Change Proposal would require NEMMCO to undertake an additional calculation of FCAS costs.
- ii. That is, in addition to the FCAS calculations that NEMMCO would be required to perform (that is, actual FCAS), NEMMCO would also have to calculate the amount of FCAS that would have been required had the FOS in Tasmania not changed. NEMMCO would then have to attribute the



difference in the costs for the additional FCAS to the category of generators described in paragraph 4(f) of this submission.

- iii. In AETV's view, this would be administratively complex and difficult. Given the size of the Tasmanian FCAS market and the potential amount of additional FCAS costs involved, AETV submits that imposing this additional administrative burden could not be justified on a cost- benefit analysis.
- iv. In addition, AETV has undertaken a preliminary review of the high level calculation set out in Hydro's Rule Change Proposal. AETV is not convinced that the calculation is, in fact, workable.

**c. Content of the Draft Rule**

- i. AETV's contention is that the Rule Change Proposal should be declined. In AETV's view, the Rule Change Proposal does not provide any basis on which the Commission could even consider making a more preferable Rule.
- ii. Accordingly, AETV has not sought to suggest any amendments to the Draft Rule contained in the Hydro Rule Change Proposal.
- iii. As a minor point, however, we do note that the wrong Rule is referred to in the draft Rule (it should be clause 3.15.6A, not clause 3.16.6A).

**10. Conclusion**

- a. In AETV's view, the Rule Change Proposal from Hydro Tasmania:
  - i. would not assist in achieving the national electricity objective;
  - ii. would not represent good regulatory practice, in part because it would not be a proper or equitable application of the 'causer pays' principle;
  - iii. would not promote dynamic efficiency, either by reducing regulatory risk or by implementing appropriate investment incentives; and
  - iv. would potentially operate in an anti-competitive fashion.
- b. Accordingly, in AETV's view, the Commission should decline to make the proposed Rule Change.