



Our Ref: D05/53668

23 December 2005

Dr John Tamblyn
Chairman
Australian Energy Market Commission
By email: submissions@aemc.gov.au

Dear Dr Tamblyn

Review of the Electricity Transmission Revenue and Pricing Rules: Pricing Issues Paper

Transend Networks Pty Ltd (Transend) has contributed to a joint submission by transmission network owners (TNOs) responding to the Australian Energy Market Commission (AEMC) Pricing Issues Paper. Transend also provides this supplementary submission, to outline additional areas of detail that may appropriately be addressed in the present pricing review. The views expressed in this supplementary submission are consistent with the views contained in the joint TNO submission and should be read in conjunction with that submission.

In addition to the questions raised by the Commission in its Pricing Issues Paper, Transend believes that there are some additional issues of detail that could be addressed in the review. Whilst these are not necessarily central to the review, obtaining greater clarity on points of detail could assist regulators, transmission companies and their customers, and potentially avoid disputes.

Five issues that are worth mentioning at this stage (noting that a more complete list of issues will be compiled by the transmission network owners in due course) are as follows:

- The diagram on page 20 of the Issues Paper incorrectly includes MNSP UoS and negotiated UoS as falling within the aggregate annual revenue requirement.
- The calculation of the AARR and subsequent allocation methodology (including allowance for pass-throughs, incentive adjustments and correction factors) could be clarified.
- The revenue and pricing Rules, taken together, should make provision for certain services of uncertain volume and cost (eg new non-contestable transmission services) to be priced in accordance with regulated parameters but outside the revenue cap within a regulatory period.

- The definition of entry and exit services should provide clarity on how radial lines connecting generators or customers are to be treated.
- The method for converting total connection asset costs to connection charges should be clarified and better defined.

Transend appreciates the opportunity to provide input to the AEMC Review. Should you have any questions about Transend's comments, please contact me on telephone: 03 6274 3909 or email: bess.clark@transend.com.au.

Yours sincerely

[by email]

Bess Clark

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