
Consultation version - Savings and transitional rules
**Economic Regulation of Network Service Providers consolidated rule
change request**

This is the consultation version of savings and transitional rules for the Economic Regulation of Network Service Providers consolidated rule change request (ERC0134). These have been prepared by staff and have not been considered by the Commission.

A consultation paper on the savings and transitional rules for the above rule change request was published by the AEMC on 14 September 2012. The consultation paper sets out the AEMC's proposed position. However, in drafting the rules some details have been clarified and the policy has changed slightly.

In particular, the consultation rules propose a position different to that proposed in the consultation paper in the following respects:

- The NSP's revised regulatory proposal for the transitional year will be due two weeks earlier than under the process proposed in the consultation paper. This change would give stakeholders the opportunity to comment on the revised proposal; and
- Additional pass-through events will not be retained from the current regulatory period for the purpose of making a transitional determination (chapter 6 only). Instead NSPs will be required to nominate any additional pass through events in the regulatory proposal.

The Commission remains open to views of stakeholders on these matters.

Part ZT Economic Regulation of Network Service Providers (2012 amendments)

Division 1 Transitional provisions for Distribution Network Service Providers

11.50 General provisions

11.50.1 Definitions

affected DNSP means a NSW/ACT DNSP, a Qld/SA DNSP, the Tasmanian DNSP or a Victorian DNSP.

Amending Rules means the *National Electricity (Economic Regulation of Network Service Providers) Rule 2012*.

current Chapter 6 means Chapter 6 of the *Rules* as in force immediately after the Amending Rules come into force.

current regulatory control period, of an affected DNSP, means the *regulatory control period* for the affected DNSP that immediately precedes the transitional regulatory control period of that affected DNSP.

former Chapter 6 means Chapter 6 of the *Rules* as in force immediately before the Amending Rules come into force.

NSW/ACT DNSP means each of the following *Distribution Network Service Providers*:

- (a) ActewAGL, the joint venture between ACTEW Distribution Limited ACN 073 025 224 and Jemena Networks (ACT) Pty Ltd ACN 008 552 663 providing *distribution services* in the Australian Capital Territory, or any successor to its business;
- (b) Ausgrid, the energy services corporation of that name (formerly known as EnergyAustralia), which is constituted under section 7 of the *Energy Services Corporations Act 1995* (NSW) and specified in Part 2 of Schedule 1 to that Act, or any successor to its business;
- (c) Endeavour Energy, the energy services corporation of that name (formerly known as Integral Energy), which is constituted under section 7 of the *Energy Services Corporations Act 1995* (NSW) and specified in Part 2 of Schedule 1 to that Act, or any successor to its business; and
- (d) Essential Energy, the energy services corporation of that name (formerly known as Country Energy), which is constituted under section 7 of the

Energy Services Corporations Act 1995 (NSW) and specified in Part 2 of Schedule 1 to that Act, or any successor to its business.

Qld/SA DNSP means each of the following *Distribution Network Service Providers*:

- (a) Energex Limited ACN 078 849 055 or any successor to its business;
- (b) Ergon Energy Corporation Limited ACN 087 646 062 or any successor to its business; and
- (c) SA Power Networks (formerly known as ETSA Utilities) ABN 13 332 330 749 or any successor to its business.

subsequent regulatory control period, of an affected DNSP, means the *regulatory control period* for the affected DNSP that immediately follows the transitional regulatory control period of that affected DNSP.

Tasmanian DNSP means Aurora Energy Pty Limited ACN 082 464 622 or any successor to its business.

transitional Chapter 6 has the meaning given to it in clause 11.50.2.

transitional regulatory control period, of an affected DNSP, means a period of one year that:

- (a) for a NSW/ACT DNSP, commences on 1 July 2014 and ends on 30 June 2015;
- (b) for a Qld/SA DNSP, commences on 1 July 2015 and ends on 30 June 2016;
- (c) for a Victorian DNSP, commences on 1 January 2016 and ends on 31 December 2016; and
- (d) for the Tasmanian DNSP, commences on 1 July 2017 and ends on 30 June 2018.

transitional regulatory proposal, for an affected DNSP, means a *regulatory proposal* for *distribution services* provided by means of, or in connection with, a *distribution system* that is owned, controlled or operated by the affected DNSP, being a *regulatory proposal* that is for the transitional regulatory control period of that affected DNSP.

Victorian DNSP means each of the following *Distribution Network Service Providers*:

- (a) United Energy Distribution Pty Ltd ACN 064 651 029 or any successor to its business;

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- (b) Jemena Electricity Networks (Vic) Limited ACN 064 651 083 or any successor to its business;
 - (c) CitiPower Pty ACN 064 651 056 or any successor to its business;
 - (d) Powercor Australia Limited ACN 064 651 109 or any successor to its business; and
 - (e) SPI Electricity Pty Limited ACN 064 651 118 or any successor to its business.

11.50.2 Transitional Chapter 6

For the purposes of this Division 1, **transitional Chapter 6** means current Chapter 6 except that:

- (a) the following clauses are omitted: clauses 6.4.3(a)(6A), (b)(6A), 6.4.4(a), (b), 6.5.6(e)(9A), 6.5.7(e)(9A), (f), (g), (h), (i), (j), 6.6.5, 6.6A, 6.8.2(c)(1), (3), (5), (5A), (c1), 6.9.2A, 6.9.3(b), (b1), (b2), 6.10.2(a)(4), (b), 6.10.3(c1), 6.10.4, 6.11.1A, 6.12.1(4A), 6.12.2(b), 6.12.3(b), (c), (c1), (e), (g), (h), (i), (j), S6.1.3(3), (3A), (4), (5), (5A), (6), (12), (13), (14), S6.2.1 and S6.2.2A;
- (b) clauses 6.5.6(c)(2), 6.5.7(c)(2), 6.10.2(c), S6.1.1(2), (6) and S6.1.2(2) of former Chapter 6 apply instead of clauses 6.5.6(c)(2), 6.5.7(c)(2), 6.10.2(c), S6.1.1(2), (6) and S6.1.2(2) of current Chapter 6 respectively;

Note: the application of clause S6.1.1(2) and S6.1.2(2) of former Chapter 6, and the operation of clause 11.51.3(f), means that an affected DNSP is not required to prepare its expenditure forecasts for a transitional regulatory control period using a methodology that has been specified by the *AER*.

- (c) clause 6.9.3(c) of former Chapter 6 applies instead of clause 6.9.3(c) of current Chapter 6 but as if the reference to 30 *business days* were a reference to 20 *business days*;
- (d) in clause 6.10.3(a) of current Chapter 6, the reference to 45 *business days* is instead a reference to 30 *business days*; and
- (e) in clause 6.12.3(f) of current Chapter 6, the words "clauses 6.12.1(3)(ii), 6.12.1(4)(ii) or" are deleted and replaced with "clause".

11.50.3 Application of clause 11.51

Rule 11.51 prevails to the extent of any inconsistency over any other clause of the *Rules*.

11.51 Special provisions applying to affected DNSPs

11.51.1 Requirement to make distribution determination

The *AER* must, in accordance with transitional Chapter 6 and this Division 1, make for the transitional regulatory control period of an affected DNSP a distribution determination for each *distribution system* that is owned, controlled or operated by the affected DNSP and in respect of which the *AER* made a distribution determination for the current regulatory control period of that affected DNSP.

11.51.2 Requirement to submit a transitional regulatory proposal

- (a) An affected DNSP must submit a transitional regulatory proposal to the *AER* at least 9 months before the expiry of the current regulatory control period of that affected DNSP.
- (b) A transitional regulatory proposal must comply with the requirements of transitional Chapter 6 and this Division 1.

11.51.3 Distribution determination for a transitional regulatory control period

Content of distribution determination

- (a) Without otherwise limiting the operation of clause 6.12.1 of transitional Chapter 6, a distribution determination made by the *AER* for the transitional regulatory control period of an affected DNSP must:
 - (1) specify the same classification of *distribution services* as that which was decided for the distribution determination for the current regulatory control period of the affected DNSP;
 - (2) specify the commencement and length of the *regulatory control period* consistently with the commencement and length of the transitional regulatory control period;
 - (3) specify the depreciation schedules that are approved or determined by the *AER* for the distribution determination for the current regulatory control period of the affected DNSP as the depreciation schedules that are approved by the *AER*;
 - (4) specify that no *efficiency benefit sharing scheme*, *capital expenditure sharing scheme*, *service target performance incentive scheme*, *demand management and embedded generation connection incentive scheme* or *small-scale incentive scheme* applies to the affected DNSP for the transitional regulatory control period;

Note: this does not preclude the *AER* from including a building block that includes revenue increments or decrements arising from the operation of such a scheme in a period prior to the transitional regulatory control period: see cl.6.4.3(a)(5) and (b)(5) of transitional Chapter 6

- (5) specify the same control mechanisms for *standard control services* and *alternative control services* as those which were decided for the distribution determination for the current regulatory control period of the affected DNSP except that, where that control mechanism includes an X factor, the X factor must be set at zero;

Note: this does not preclude the *AER* from including a building block that includes revenue increments or decrements arising from the application of a control mechanism in the current regulatory control period: see cl.6.4.3(a)(6) and (b)(6) of transitional Chapter 6

- (6) specify the manner of demonstration of compliance with a relevant control mechanism as being that which was decided for the distribution determination for the current regulatory control period of the affected DNSP;
- (7) specify, as the *negotiating framework* that is to apply to the affected DNSP for the transitional regulatory control period, the *negotiating framework* that was decided for the current regulatory control period of the affected DNSP;
- (8) specify, as the *Negotiated Distribution Service Criteria* for the affected DNSP, the *Negotiated Distribution Service Criteria* that were decided for the distribution determination for the current regulatory control period of the affected DNSP;
- (9) specify, as the procedures for assigning *retail customers to tariff classes* or reassigning *retail customers* from one *tariff class* to another, the same procedures as those which were decided for the distribution determination for the current regulatory control period of the affected DNSP;
- (10) approve, as the *pricing methodology* for any *transmission standard control services* the pricing in respect of which was regulated under Part J of Chapter 6A during the current regulatory control period of the affected DNSP, the *pricing methodology* (if any) which was approved for those services for the distribution determination for that current regulatory control period; and
- (11) specify that any *connection policy* that applies to the affected DNSP as at the end of the current regulatory control period of the affected DNSP is to apply to the affected DNSP for the transitional regulatory control period.

Other requirements for making a distribution determination

- (b) The *annual revenue requirement* of an affected DNSP for the transitional regulatory control period of that affected DNSP must be calculated in accordance with the *post-tax revenue model* that applies 13 months before the commencement of that transitional regulatory control period.
- (c) The value of the regulatory asset base, as at the beginning of the transitional regulatory control period of an affected DNSP, for a *distribution system* that is owned, controlled or operated by that affected DNSP must be calculated:
 - (1) in accordance with the *roll forward model* that applies 13 months before the commencement of that transitional regulatory control period; and
 - (2) as if, for the purposes of clauses 6.5.1(e)(2) and S6.2.3 of transitional Chapter 6, the transitional regulatory control period were the final *regulatory year* of the current regulatory control period of the affected DNSP.
- (d) Where the *AER* has determined, for the current regulatory control period of an affected DNSP, that pricing in respect of *transmission standard control services* provided by any *dual function assets* that are owned, controlled or operated by the affected DNSP should be regulated under Part J of Chapter 6A through the application of rule 6.26 of former Chapter 6, the *AER* is taken to have made that same determination for the transitional regulatory control period of that affected DNSP.

Timing for draft distribution determination

- (e) The *AER* must make a draft distribution determination in relation to an affected DNSP, for a transitional regulatory proposal submitted by the affected DNSP to the *AER*, at least 6 months before the expiry of the current regulatory control period of that affected DNSP.

Framework and approach paper

- (f) The *AER* is not required to make or *publish a framework and approach paper* that applies in respect of a distribution determination for a transitional regulatory control period, to amend, replace or apply any *framework and approach paper* in respect of such a distribution determination, or to take any steps related to the making, *publication*, amendment, replacement or application of a *framework and approach paper* in respect of such a distribution determination.

Allocation of costs

- (g) For the purposes of the application of clause 6.15.2(7) of transitional Chapter 6, the transitional regulatory control period of an affected DNSP

must be treated as if it were the last *regulatory year* of the current regulatory control period of the affected DNSP, and not a separate *regulatory control period*.

11.51.4 Transitional regulatory proposal and Rate of Return Guidelines

- (a) For the purposes of submitting a transitional regulatory proposal for a transitional regulatory control period, and subject to paragraph (b), a NSW/ACT DNSP must treat the draft *Rate of Return Guidelines published* under clause 6.5.2(m) of transitional Chapter 6 as if they were the *Rate of Return Guidelines published* under clause 6.5.2(l) of transitional Chapter 6.
- (b) If the *Rate of Return Guidelines published* under clause 6.5.2(l) of transitional Chapter 6 differ materially from the draft *Rate of Return Guidelines published* under clause 6.5.2(m) of transitional Chapter 6, then (without limiting a NSW/ACT DNSP's right to otherwise revise its *regulatory proposal* under clause 6.10.3(a) of transitional Chapter 6) the NSW/ACT DNSP may make such revisions to its *regulatory proposal* under clause 6.10.3(a) of transitional Chapter 6 as are required as a result of any such material differences.

11.51.5 Subsequent regulatory control period

General

- (a) Except as otherwise specified in this clause 11.51.5, current Chapter 6 will govern the making of a distribution determination for the subsequent regulatory control period of an affected DNSP.
- (b) The transitional regulatory control period of an affected DNSP must be treated as if it were the last *regulatory year* of the current regulatory control period of the affected DNSP, and not a separate *regulatory control period*, for the purposes of the application of:
 - (i) the following clauses of current Chapter 6 in respect of a distribution determination for the subsequent regulatory control period of that affected DNSP: clauses 6.4.3(a)(6), (b)(6), 6.5.1(e)(1), (3), 6.8.2(c1)(4), 6.25(a), S6.1.1(6), S6.1.2(7), S6.2.1 and S6.2.2A; and
 - (ii) clause S6.2.2A of current Chapter 6 in respect of a distribution determination for the *regulatory control period* of the affected DNSP that immediately follows the subsequent regulatory control period of that affected DNSP.
- (d) An affected DNSP may propose in its *regulatory proposal* for a subsequent regulatory control period of the affected DNSP that the subsequent regulatory control period should be for a period of less than 5

regulatory years, but not less than 3 *regulatory years*, and the *AER* may approve such a proposal in its distribution determination for that affected DNSP.

Modifications to current Chapter 6 – NSW/ACT DNSPs

- (e) For the purposes of making a distribution determination for the subsequent regulatory control period of a NSW/ACT DNSP, current Chapter 6 applies subject to the further modifications set out in the following table:

| Description | Reference | Transitional treatment |
|---|--------------------------------|--|
| Timing for the <i>AER</i> to publish a notice inviting submissions on whether it is necessary or desirable to amend a <i>framework and approach paper</i> . | Clause 6.8.1(c) | "32 months" is replaced with "26 months". |
| Timing for the <i>AER</i> 's decision on the amendment or replacement of a <i>framework and approach paper</i> . | Clause 6.8.1(d) | "31 months" is replaced with "25 months". |
| Timing for the <i>AER</i> to make, amend or replace a <i>framework and approach paper</i> . | Clause 6.8.1(e) | "25 months" is replaced with "19 months". |
| Timing for the <i>Distribution Network Service Provider</i> to submit a <i>regulatory proposal</i> . | Clause 6.8.2(b)(1) | "19 months" is replaced with "13 months". |
| Publication of an issues paper with respect to a <i>regulatory proposal</i> . | Clause 6.9.3(b), (b1) and (b2) | These rules do not apply. |
| Written submissions on <i>regulatory proposal</i> . | Clause 6.9.3(c) | Clause 6.9.3(c) of former Chapter 6 applies instead of clause 6.9.3(c) of current Chapter 6. |
| Period in which <i>Distribution Network Service Provider</i> may submit a revised <i>regulatory proposal</i> . | Clause 6.10.3(a) | "45 <i>business days</i> " is replaced with "30 <i>business days</i> ". |
| Submissions on specified matters | Clause 6.10.4 | This rule does not apply. |
| Notification of value of dual function assets | Clause 6.25(a) | "33 months" is replaced with "27 months". |

- (f) For the purposes of making a distribution determination for the subsequent regulatory control period of a NSW/ACT DNSP, the *AER* must:

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- (1) *publish* an invitation to attend a public forum on the *regulatory proposal* submitted or resubmitted under clause 6.8.2 or 6.9.2 (as the case may be) of current Chapter 6 (as modified under paragraph (e)) and on the proposed *Negotiated Distribution Service Criteria published* under clause 6.9.3(a)(1) of current Chapter 6; and
 - (2) hold a public forum on that *regulatory proposal* and those proposed *Negotiated Distribution Service Criteria* not more than 20 *business days* after the *publication* of the invitation under clause 6.9.3(a)(2) of current Chapter 6 .

Division 2 Transitional provisions for Transmission Network Service Providers

11.52 General provisions

11.52.1 Definitions

affected TNSP means the NSW TNSP, the Qld TNSP, the Tasmanian TNSP or the Victorian TNSP.

Amending Rules means the *National Electricity (Economic Regulation of Network Service Providers) Rule 2012*.

commencement date means the date the Amending Rules come into force.

current Chapter 6A means Chapter 6A of the *Rules* as in force immediately after the Amending Rules come into force.

current regulatory control period, of an affected TNSP, means the *regulatory control period* for the affected TNSP that immediately precedes the transitional regulatory control period of that affected TNSP.

Directlink means the *Transmission Network Service Provider* that owns, controls or operates the electricity transmission link between New South Wales and Queensland known as Directlink.

former Chapter 6A means Chapter 6A of the *Rules* as in force immediately before the Amending Rules come into force.

NSW TNSP means the energy services corporation constituted under section 6A of the *Energy Services Corporations Act 1995* (NSW) and specified in Part 1A of Schedule 1 to that Act, or any successor to its business.

Qld TNSP means Queensland Electricity Transmission Corporation Limited ACN 078 849 233, trading as Powerlink and Powerlink Queensland, or any successor to its business.

subsequent regulatory control period, of an affected TNSP, means the *regulatory control period* for the affected TNSP that immediately follows the transitional regulatory control period of that affected TNSP.

Tasmanian TNSP means Transend Networks Pty Ltd ACN 082 586 892 or any successor to its business.

transitional Chapter 6A has the meaning given to it in clause 11.52.2.

transitional regulatory control period, of an affected TNSP, means a period of one year that:

- (a) for the Victorian TNSP, commences on 1 April 2014 and ends on 31 March 2015;
- (b) for the NSW TNSP, commences on 1 July 2014 and ends on 30 June 2015;
- (c) for the Tasmanian TNSP, commences on 1 July 2014 and ends on 30 June 2015; and
- (d) for the Qld TNSP, commences on 1 July 2017 and ends on 30 June 2018.

transitional Revenue Proposal, for an affected TNSP, means a *Revenue Proposal* relating to *prescribed transmission services* provided by means of, or in connection with, a *transmission system* that is owned, controlled or operated by the affected TNSP, being a *Revenue Proposal* that is for the transitional regulatory control period of that affected TNSP.

Victorian TNSP means SPI PowerNet Pty Ltd ACN 079 798 173 or any successor to its business.

11.52.2 Transitional Chapter 6A

For the purposes of this Division 1, **transitional Chapter 6A** means current Chapter 6A except that:

- (a) the following clauses are omitted: clauses 6A.5.4(a)(5A), (b)(5A) [*Note: This clause will be inserted into the Amending Rules*], 6A.5.5(a), (b), 6A.6.6(e)(10), 6A.6.7(e)(10), 6A.7.1, 6A.8, 6A.10.1(g), 6A.10.1A, 6A.11.2A, 6A.11.3(b), (b1), (b2), 6A.12.2(a)(3), (b), 6A.12.3(e1), 6A.12.4, 6A.13.2A, 6A.14.1(4), 6A.14.2(b), 6A.14.3(d), (e), (f), (g), S6A.1.3(2), (3), (3A), (3B), (7), (8), (9), (10), S6A.2.1, S6A.2.2A and S6A.2.3(a);
- (b) clauses 6A.6.6(c)(2), 6A.6.7(c)(2), S6A.1.1(2), (6) and S6A.1.2(2) of former Chapter 6A apply instead of clauses 6A.6.6(c)(2), 6A.6.7(c)(2), S6A.1.1(2), (6) and S6A.1.2(2) of current Chapter 6A respectively;

Note: the application of clause S6A.1.1(2) and S6A.1.2(2) of former Chapter 6A, and the non-application of clause 6A.10.1A of current chapter 6A, means that an affected TNSP is not required to prepare its expenditure forecasts for a transitional regulatory control period using a methodology that has been specified by the *AER*.

- (c) clause 6A.11.3(c) of former Chapter 6A applies instead of clause 6A.11.3(c) of current Chapter 6A but as if the reference to 30 *business days* were a reference to 20 *business days*;
- (d) in clause 6A.12.2(c) of current Chapter 6A the reference to 40 *business days* is instead a reference to 30 *business days*;
- (e) in clause 6A.12.3(a) of current Chapter 6A the reference to 45 *business days* is instead a reference to 30 *business days*;
- (f) in clause 6A.14.3(b) of current Chapter 6A, the words "or is to be taken to constrain the *AER* in substituting its forecast or estimate of capital expenditure or operating expenditure in accordance with clauses 6A.13.2(b) or clauses 6A.14.1(2) or (3)" were deleted; and
- (g) any provisions of transitional Chapter 6A (in addition to those listed in paragraph (a)) that pertain to the submission of a proposed *pricing methodology*, or a proposed *negotiating framework*, for the transitional regulatory control period, or to the assessment by the *AER* of or consultation on such documents, do not apply to that extent.

11.52.3 Application of clause 11.53 and 11.54

Rules 11.53 and 11.54 prevail to the extent of any inconsistency over any other clause of the *Rules*.

11.53 Special provisions applying to affected TNSPs

11.53.1 Requirement to make transmission determination

Subject to clause 11.54, the *AER* must, in accordance with transitional Chapter 6A and this Division 2, make for the transitional regulatory control period of an affected TNSP a *transmission determination* for each *transmission system* that is owned, controlled or operated by the affected TNSP and in respect of which the *AER* made a *transmission determination* for the current regulatory control period of that affected TNSP.

11.53.2 Requirement to submit a transitional Revenue Proposal

- (a) An affected TNSP must submit a transitional Revenue Proposal to the *AER* at least 9 months before the expiry of the current regulatory control period of that affected TNSP.

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- (b) A transitional Revenue Proposal must comply with the requirements of transitional Chapter 6A and this Division 2.

11.53.3 Transmission determination for a transitional regulatory control period

Content of transmission determination

- (a) Without otherwise limiting the operation of clause 6A.14.1 of transitional Chapter 6A, a *transmission determination* made by the AER for the transitional regulatory control period of an affected TNSP must:

- (1) specify the commencement and length of the *regulatory control period* consistently with the commencement and length of the transitional regulatory control period of the affected TNSP;
- (2) except as provided in clause 6A.6.3(c) of transitional Chapter 6A, adopt a calculation of depreciation for the transitional regulatory control period of the affected TNSP that uses the depreciation schedules that are approved or determined by the AER for the *transmission determination* for the current regulatory control period of the affected TNSP;
- (3) specify that no *efficiency benefit sharing scheme*, *capital expenditure sharing scheme*, *service target performance incentive scheme* or *small-scale incentive scheme* applies to the affected TNSP for the transitional regulatory control period;

Note: this does not preclude the AER from including a building block that includes revenue increments or decrements arising from the operation of such a scheme in a period prior to the transitional regulatory control period: see cl.6A.5.4(a)(5) and (b)(5) of transitional Chapter 6A

- (4) approves, as the *negotiating framework* that is to apply to the affected TNSP for the transitional regulatory control period, the *negotiating framework* that was approved as part of the *transmission determination* for the current regulatory control period of the affected TNSP;
- (5) specify, as the *Negotiated Transmission Service Criteria* for the affected TNSP, the *Negotiated Transmission Service Criteria* that were specified as part of the *transmission determination* for the current regulatory control period of the affected TNSP; and
- (6) approve, as the *pricing methodology* for the affected TNSP, the *pricing methodology* which was approved as part of the *transmission determination* for the current regulatory control period of the affected TNSP;

Other requirements for making a transmission determination

- (b) The *total revenue cap, maximum allowed revenue and annual building block revenue requirement* for an affected TNSP for the transitional regulatory control period of that affected TNSP must be calculated in accordance with the *post-tax revenue model* that applies 13 months before the commencement of that transitional regulatory control period, except that the X factor must be zero.
- (c) The value of the regulatory asset base, as at the beginning of the transitional regulatory control period of an affected TNSP, for a *transmission system* that is owned, controlled or operated by that affected TNSP must be calculated:
 - (1) in accordance with the *roll forward model* that applies 13 months before the commencement of that transitional regulatory control period; and
 - (2) as if, for the purposes of clauses 6A.6.1(e)(2) and S6A.2.4 of transitional Chapter 6A, the transitional regulatory control period were the final *regulatory year* of the current regulatory control period of the affected TNSP.

Timing for draft decision

- (d) The *AER* must make a draft decision in relation to an affected TNSP, for a transitional Revenue Proposal submitted by the affected TNSP to the *AER*, at least 6 months before the expiry of the current regulatory control period of that affected TNSP.

Pricing methodology guidelines

- (e) An amendment or replacement of the *pricing methodology guidelines* that is made after the *commencement date* will have no effect in respect of the *pricing methodology* that applies for a transitional regulatory control period.

11.53.4 Transitional Revenue Proposal and Rate of Return Guidelines

- (a) For the purposes of submitting a transitional Revenue Proposal for a transitional regulatory control period, and subject to paragraph (b), the NSW TNSP and the Tasmanian TNSP must treat the draft *Rate of Return Guidelines published* under clause 6A.6.2(m) of transitional Chapter 6A as if they were the *Rate of Return Guidelines published* under clause 6A.6.2(l) of transitional Chapter 6A.
- (b) If the *Rate of Return Guidelines published* under clause 6A.6.2(l) of transitional Chapter 6A differ materially from the draft *Rate of Return Guidelines published* under clause 6A.6.2(m) of transitional Chapter 6A, then (without limiting the NSW TNSP's or Tasmanian TNSP's right to

otherwise revise its *Revenue Proposal* under clause 6A.12.3(a) of transitional Chapter 6A) the NSW TNSP or Tasmanian TNSP may make such revisions to its transitional Revenue Proposal under clause 6A.12.3(a) of transitional Chapter 6A as are required as a result of any such material differences.

11.53.5 Subsequent regulatory control period

General

- (a) Except as otherwise specified in this clause 11.53.5, current Chapter 6A will govern the making of a *transmission determination* for the subsequent regulatory control period of an affected TNSP.
- (b) The transitional regulatory control period of an affected TNSP must be treated as if it were the last *regulatory year* of the current regulatory control period of the affected TNSP, and not a separate *regulatory control period*, for the purposes of the application of:
 - (1) the following clauses of current Chapter 6A in respect of a *transmission determination* for the subsequent regulatory control period of that affected TNSP: clauses 6A.6.1(e)(1), (3), 6A.10.1(g)(4), S6A.2.1, S6A.2.2A and S6A.2.3; and
 - (2) clause S6A.2.2A of current Chapter 6A in respect of a *transmission determination* for the *regulatory control period* of the affected TNSP that immediately follows the subsequent regulatory control period of that affected TNSP.
- (d) For the purposes of the information required in relation to capital expenditure under clause S6A.1.1(6) and operating expenditure under clause S6A.1.2(7) in an affected TNSP's *Revenue Proposal* for the subsequent regulatory control period of that affected TNSP:
 - (1) the transitional regulatory control period of an affected TNSP must be treated as if it were the last *regulatory year* of the current regulatory control period of the affected TNSP, and not a separate *regulatory control period*; and
 - (2) those clauses must be applied as if the references to the first "three *regulatory years* of the current *regulatory control period*" were instead a reference to the first "four *regulatory years* of the current *regulatory control period*".
- (e) The transitional regulatory control period of an affected TNSP must be treated as if it were the first *regulatory year* of the subsequent regulatory control period of the affected TNSP, and not a separate *regulatory control period*, for the purposes of the definition of second *regulatory control period* in clause 6A.6.7(g)(1) but the amount of any unspent

capital expenditure referred to in clause 6A.6.7(h) must be apportioned (subject to clause 6A.6.7(k)) as between the forecast of required capital expenditure for the transitional regulatory control period and the forecast of required capital expenditure for the subsequent regulatory control period on the basis of a reasonable apportionment specified by the affected TNSP.

- (f) An affected TNSP may propose in its *Revenue Proposal* for a subsequent regulatory control period of the affected TNSP that the subsequent regulatory control period should be for a period of less than 5 *regulatory years*, but not less than 3 *regulatory years*, and the AER may approve such a proposal in its *transmission determination* for that affected TNSP.

Modifications to current Chapter 6A – NSW TNSP, Victorian TNSP and Tasmanian TNSP

- (g) For the purposes of making a *transmission determination* for the subsequent regulatory control period of the NSW TNSP, the Victorian TNSP and the Tasmanian TNSP and the *regulatory control period* commencing 1 July 2015 for Directlink, current Chapter 6A applies subject to the further modifications set out in the following table:

| Description | Reference | Transitional treatment |
|---|-------------------------------|--|
| Timing for the AER to make a <i>framework and approach paper</i> . | Clause 6A.10.1A(e) | "25 months" is replaced with "19 months". |
| Timing for the <i>Transmission Network Service Provider</i> to submit a <i>Revenue Proposal, pricing methodology and negotiating framework</i> . | Clause 6A.10.1(a)(1) | "19 months" is replaced with "13 months". |
| Publication of an issues paper with respect to a <i>Revenue Proposal, pricing methodology and negotiating framework</i> . | Clause 6A.11.3(b), (b1), (b2) | These rules do not apply. |
| Written submissions on a <i>Revenue Proposal</i> . | Clause 6A.11.3(c) | Clause 6A.11.3(c) of former Chapter 6A applies instead of clause 6A.11.3(c) of current Chapter 6A. |
| Period in which a <i>Transmission Network Service Provider</i> may submit a revised <i>Revenue Proposal, pricing methodology or negotiating framework</i> . | Clause 6A.12.3(a) | "45 <i>business days</i> " is replaced with "30 <i>business days</i> ". |
| Submissions on specified matters. | Clause 6A.12.4 | This rule does not apply. |

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- (h) For the purposes of making a *transmission determination* for the subsequent regulatory control period of the NSW TNSP, the Victorian TNSP and the Tasmanian TNSP and the *regulatory control period* commencing 1 July 2015 for Directlink, the AER must:
- (1) *publish* an invitation to attend a public forum on the *Revenue Proposal*, the proposed *negotiating framework*, the proposed *pricing methodology* and the information submitted or resubmitted under clause 6A.10.1 or clause 6A.11.2 (as the case may be) of current Chapter 6A (as modified under paragraph (g)) and on the proposed *Negotiated Transmission Service Criteria published* under clause 6A.11.3(a)(5) of current Chapter 6A; and
 - (2) hold a public forum on that *Revenue Proposal*, that proposed *negotiating framework*, that proposed *pricing methodology*, that information and those proposed *Negotiated Transmission Service Criteria* not more than 20 *business days* after the *publication* of the invitation under clause 6A.11.3(a)(6) of current Chapter 6A.

11.54 Additional transitional provisions for the Victorian TNSP

11.54.1 Additional modifications to transitional Chapter 6A

- (a) In applying this Division 2 to the Victorian TNSP, transitional Chapter 6A is modified in accordance with the following:
 - (i) the following clauses are omitted: clauses 6A.14.1(5B), (5C), (5D), S6A.1.3(4)(vi), (4A), (4B) and (4C); and
 - (ii) clauses 6A.6.2, 6A.6.4, 6A.7.2(i)(4), 6A.7.3(j)(4), 6A.13.2(a) and 6A.14.3(b) of former Chapter 6A replace clauses 6A.6.2, 6A.6.4, 6A.7.2(i)(4), 6A.7.3(j)(4), 6A.13.2(a) and 6A.14.3(b) of transitional Chapter 6A.
- (b) For the purposes of transitional Chapter 6A (as modified in accordance with paragraph (a)), "**weighted average cost of capital**" for a *Transmission Network Service Provider* for a *regulatory control period* means the return on capital for that *Transmission Network Service Provider* for that *regulatory control period* as calculated in accordance with clauses 6A.6.2(b) to (e) of former Chapter 6A.
- (c) The *AER* must not, at any time after the commencement date, carry out a review under clause 6A.6.2(f) to (j) or clause 6A.6.4(b) to (f) of transitional Chapter 6A (as modified in accordance with paragraph (a)).

11.54.2 Framework and Approach Paper for subsequent regulatory control period

As part of its consultation, under clause 6A.10.1A(e) of current Chapter 6A, in relation to the *framework and approach paper* that is to apply in respect of the *revenue determination* for the subsequent regulatory control period of the Victorian TNSP, the AER must consult with the Victorian TNSP with respect to its then-proposed *Capital Expenditure Incentive Guidelines*.