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## Minister for Energy and Resources

Our Ref: SU504574

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

1 Spring Street  
GPO Box 4440  
Melbourne Victoria 3001  
Telephone: (03) 9658 4660  
Facsimile: (03) 9658 4631  
ABN 42 579 412 233  
DX: 210404

Our Ref:

Dear Dr Tamblyn,

### NATIONAL TRANSMISSION PLANNING ARRANGEMENTS

I write to you in response to the Australian Energy Market Commission's (AEMC) Issues Paper on the review of National Transmission Planning (NTP) arrangements.

I note that the Ministerial Council on Energy (MCE) has instructed the AEMC to develop an implementation plan for the NTP function. This function is to be carried out by the Australian Energy Market Operator (AEMO), which is concurrently being developed by the MCE's Market Operator Working Group (MOWG).

In the issues paper, the AEMC asked whether "it is correct to assume that the scope of the NTP must be limited to a sub-set of 'national' planning issues if it is to be consistent with the MCE's directions".

In view of the interdependency of all parts of the national transmission grid, it would be artificial to impose a definition of 'national' transmission flow paths upon the scope of transmission planning.

Instead, it would be appropriate that the AEMO be able to define the scope of the National Transmission Network Development Plan as it considers appropriate, while having regard to the need to maintain regional reliability and planning standards. This would give effect to the objective of delivery of a "coordinated and efficient national transmission grid" as sought by MCE.

In Victoria the independent transmission planner has full responsibility for transmission planning across the shared network and this has produced good outcomes for Victoria. Victoria considers that its model for independent transmission planning should not be overlooked in developing the national planning function.

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The issues paper also posed the question as to the form and composition of the NTP, seeking input on governance arrangements at the board and staff level. It is my understanding that the governance arrangements for the AEMO, which is to include the transmission planning function, are being developed by MOWG. It is unclear as to whether, if at all, the AEMC's consideration of these issues is being undertaken in co-ordination with MOWG. The extent to which separate governance arrangements for the planning function are required within the AEMO, that advice should be provided to the MOWG as a matter of urgency.

Thank you for of the opportunity to provide input on these issues. Should you require more information, please contact Mr Raif Sarcich in the Energy and Earth Resources Policy Division of the Department of Primary Industries on telephone (03) 9658 4160.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Batchelor', written in a cursive style.

**Peter Batchelor MP**  
**Minister for Energy and Resources**

21 /2008