

27 May 2008

Dr John Tamblyn
Chairman
Australian energy Market Commission
PO Box A2449
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BY EMAIL: submissions@aemc.gov.au

Dear Dr Tamblyn

NATIONAL TRANSMISSION PLANNING ARRANGEMENTS COMMENT ON THE AEMC'S DRAFT REPORT

The Energy Users Association of Australia (EUAA) thanks the Australian Energy Market Commission (AEMC) for providing it with an opportunity to comment on the Draft Report into the design and specification of the role of the National Transmission Planner (NTP). The EUAA has been very proactive in making a number of detailed submissions to the NTP consultation process leading up to the publication of the Draft Report.

We are disappointed that at this stage the AEMC has come up with a relatively minimalist specification of requirements for the National Transmission Network Development Plan (NTNDP). These minimalist requirements appear to provide the AEMO and the NTP with a fair degree of latitude in how they deliver the NTNDP. Apart from the inclusion of scenarios and a development strategy associated with each scenario, there is little specification of the outputs that might be required from the NTNDP process, relative to what could or should have been included. This concentration on process, consultation and inputs is appropriate, but a commensurate focus on the outputs of the NTNDP we consider would have contributed to the NTNDP being of much greater use to interested stakeholders, the Australian Energy Regulator in the regulatory review process, and demand-side aggregators looking for efficient ways to relieve constraints.

We fear that the NTNDP may end up being too remote from practical use for anyone but the "insiders" who have access to the confidential market information that can be used to assess network performance and constraint risks. There is nothing to help demand side planning or embedded generation assess its market opportunity until the regulatory investment test process begins, which is rather late in the planning process. Again, there is no "output" database, apart from the NTNDP report itself.

We consider that further review of the NTP function should contain a review of the output of the NTP process and outputs and the usefulness to end users. We consider that there is substantial room for improvement in this area in relation to signaling the need and timing for future investment as affected by investment in embedded generation and demand side options. The 'Value Function' (VF) described in our submissions has,

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disappointingly, not been adopted in the draft report. Alternatively, there is no equivalent facility in the Draft Report that will enable integrated supply and demand planning by other than TNSPs. It is not clear that the NTNDP will be any different from the Annual Planning Statements except that it will cover more scenarios and a longer time frame. We consider that the VF concept has been sufficiently developed and should again be considered in a review of the NTP function. The VF in our view would add significant value to the NTP's activities for end users and other stakeholders by allowing them to identify and evaluate alternative demand side resources relative to the alternative economic present value costs of network development.

If you have any further questions in relation to this submission, please contact Mr Jeremy Romanes, Manager, Policy and Regulation on (03) 9898 3900 or at Jeremy.romanes@euaa.com.au in the first instance.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Roman Domanski', with a stylized flourish at the end.

Roman Domanski
Executive Director