



Australian Energy Market Commission

Comments on the

**AEMC National Transmission Planning
Arrangements**

by

The Major Energy Users Inc

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**The content and conclusions reached are entirely the work of the Major Energy Users
Inc and its consultants.**

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Executive Summary

The Major Energy Users Inc (MEU), representing large energy users across the NEM, the Northern Territory and Western Australia welcomes the opportunity to present views to the AEMC on its Issues Paper relating to National Transmission Planning Arrangements.

The MEU strongly considers that there is a need for an effective national and independent transmission planner and for a national in independently derived national planning document.

MEU comments are briefly presented in this submission response to the major specific questions and issues raised in the AEMC Issues Paper.

1. Introduction

The Major Energy Users Inc. comprises large energy using members operating across the NEM jurisdictions, as well as in the Northern Territory and Western Australia.

In view of the very substantial number of current reviews across the NEM in which the MEU has been required to participate as a key stakeholder, the comments on the AEMC's National Transmission Planning Arrangements Issues Paper are necessarily brief, but hopefully cogent. The following MEU comments follow the questions and issues raised in the Issues Paper.

The MEU notes that the origin of the need for national transmission planning arises from a very clear view by MCE and others advising MCE (such as ERIG) that the current structure of the electricity transmission planning function is almost entirely focused on intra-regional issues. NEMMCo has had instituted within it the Inter-regional planning committee (IRPC) which is to address augmentations brought to it rather than to develop ideas of its own (i.e. it is not proactive).

In assessing the reasons behind the need for national planning there are two very fundamental issues that must be recognized:

1. The transmission system provides the backbone of the electricity market. It provides the ability for generators to be located remotely from consumption and it provides the only ability for interstate trade in electricity.
2. An AC electricity transmission system is not a point-to-point arrangement such as gas transmission. In an AC transmission system, a small change in one region of the network can have quite significant impacts on electricity flows in another part of the network.

When these two issues are taken together, it becomes totally apparent that there is a need for a national and independent view on the development of the interconnected electricity system.

The absence of a national overview of the interconnected system shows starkly when reviewing actual examples of the augmentation of the network since deregulation in the mid to late 1990s. The most obvious of these is the Murraylink project. Here, the NSW, Victorian and SA transmission businesses decided to cooperate and build the AC based SA/NSW link (SNI). At the same time, a private consortium decided to build a DC connection between Victoria and SA – Murraylink. The outcome of this debacle was:-

- The building of a DC link that was consistently constrained from operating at rated capacity due to inadequacies in the Victorian and SA networks
- A Supreme Court case that effectively focused on the development processes and overview provided by the IRPC
- The failure of Murraylink as a market driven interconnection and its subsequent conversion to a regulated connection at a loss to the developers and a cost premium to consumers.
- The effective demise of the concept of independently owned and managed market based investment in electricity transmission.

- Augmentation of adjacent networks is still needed (but is not being provided) in order for this development to achieve its full potential.

If there had been an independent planner overseeing the implementation of greater interconnection between NSW and SA, then an entirely different solution would have resulted with a detailed view as to what was needed for full and consistent transfer of energy, at a cost significantly less than what consumers now have to bear.

In counterpoint to this debacle, the NSW and Queensland governments identified a need for stronger interconnection between NSW and Queensland (QNI). A well thought out approach was implemented, with the necessary augmentations being built within each regional network. The QNI has been a major success and without it NSW electricity consumers would have seen significant shortage of supply in the latter part of this decade.

It is with this direct experience of two projects that it is quite clear that there is a need for a strong well resourced body to identify needs, oversee the development and implement (when necessary) augmentations to the interconnected transmission network so that the single market objective of the NEL can be achieved – that the transmission network is developed to benefit the long term interests of consumers.

As a result, the MEU has approached its response to the AEMC issues paper using this background as the basis of its comments and observations.

2. Evidence-based review

(Section 1.2) The Commission seeks views on:

- *Its proposed approach to the Review and its decision making criteria; and*
- *The materiality of the problems being addressed in this Review*

- Implicit in the questions posed by the AEMC is that the AEMC seeks assurance that the status quo might be considered adequate and that a national planning function is not really needed. The MEU considers that this is not an issue for the AEMC to decide, as the MCE has already decided that a national transmission planning function is required.
- The MEU agrees with the approach to the Review and the decision making criteria.
- An evidence-based review is in general supported. Note, however, that the transmission businesses have little or no incentive to voluntarily provide evidence of current planning problems, nor do they necessarily have an interest in addressing inter-regional augmentations, and therefore there is expected to be support amongst the existing TNSPs for maintaining the status quo and so reducing the benefits that the NTP approach is expected to bring.

The MEU sees that effectively maintaining the status quo is not an acceptable outcome of this review.

3. Context for the National Transmission Planning Review

- The MEU agrees with the AEMC Issues Paper concerning the benefits arising from a **National** institution responsible for transmission planning. It is important, however, to emphasise the benefits from having an **independent** institution. This is an issue that was pointed out by the MEU and other stakeholders in submissions to ERIG – for example, concerns that as transmission planning was mainly by asset owners, transmission planning favoured intra-regional investments and lacked inter-regional dimensions; and implications arising included uncertainty and bias. That ERIG accepted these views and included in its recommendations that the national planner needed to be **independent** of existing TNSPs on the basis that such independence provided certainty that the augmentations proposed would be in the best “long term interests of consumers.”
- Currently, whilst the MEU agrees that under the new Chapter 6A Rules there are strong financial incentives on a TNSP to invest in its own assets, the MEU does not agree with the assertion that current regulatory Rules provide incentives for transmission businesses to make efficient investments or to act efficiently where assets of other TNSPs might be involved such as with inter-regional augmentation to increase inter-regional flows. Further, experience in the NEM shows a disinclination to invest in the early years of a regulatory period and an inclination to invest in the years immediately prior to the new regulatory period.
- Therefore, as there are at best only limited financial incentives on a TNSP to develop a Regulatory Test which might result in a TNSP achieving a smaller share of a development than it would otherwise prefer, an **independent** institution increases supervision and oversight of planning decisions in the national interest (rather than a sectoral interest as at present) in addition to facilitation of **national** coordination.

4. Functions of the National Transmission Planner

The AEMC seeks comment on the following three areas with questions listed below:

- The appropriate boundary between national planning and regional planning;
- The breadth (in terms of scenarios) and depth (in terms of level of detail on investment options or solutions) included in the NTNDP; and
- The areas where the NTNDP, and the wider function that might be undertaken by the NTP, can add most value to the planning process.

It must be emphasized here that the benefits of a national planning institution are improved national coordination and independence of action.

4.1 Boundary between National and Local Planning

It is noted that the AEMC's Issues Paper contains the MCE decision conveyed to the AEMC viz:-

"...the new arrangements will be designed to provide an appropriate balance between the delivery of a co-coordinated and efficient national transmission grid and local and regional reliability and planning requirements" (p19)

On the other hand, the AEMC points out that:-

"This distinction between 'national' and 'regional' planning provides clear guidance that the NTNDP will not cover all transmission planning issues, but rather a sub-set of planning issues relating to elements of the network which have national significance" (p19)

It seems as though the AEMC, through posing the above questions, has concluded(?) that the role of the National Planning institution and the coverage of the National Planning document should be limited to assets that are 'national' in nature and that other assets should reside with the TNSP with no involvement of the national body.

The MEU does not agree that the MCE decision should be read as narrowly as the AEMC has assumed. There must be some flexibility provided to the National Planning body, in consultation with the regional TNSPs, to define the scope of the National Planning Document. This could be based on a cost-benefit test, including resourcing issues. The MEU does not believe there is much to gain (but much to lose) by prescribing a threshold in the Rules as suggested by the AEMC.

In addition, if there is a purpose in separating "national" and "regional;" elements, with the National Planning Body restricted to the former, then it is important to ensure the NTP has oversight of the planning on an independent basis to ensure e.g. economic efficiency and public interest criteria, including ensuring there are no inter-jurisdictional impediments. Therefore the MEU considers that the NTP would not only ensure efficient inter-regional investment, but also oversight intra-regional investment. Nationally consistent approaches will be crucial to promoting efficient investments.

In this regard it is essential to recognise that intra-regional actions in an AC system can have a major impact on the ability of inter-regional assets to provide the desired outcome. With this in mind, the MEU considers that the NTP must have the power to over-sight activities of regional TNSPs

4.2 Planning beyond electricity transmission

The MEU considers that the SOO and the NTNDP should be integrated as there should be a single, national body that is responsible for planning

strategic monopoly infrastructure, and that a single document is prepared – having two separate documents can lead to confusion, enabling some to use any differences in a dissembling manner. MEU members are major consumers of gas and electricity, with some scope for substitution between energy sources. An integrated plan, providing integrated information is essential for decision making by major energy users on downstream industrial activities.

The AEMC has questioned whether NCAS should be covered in the NTNDP. In the MEU's view, because NCAS can be provided by monopoly networks, as well as other participants, information on NCAS and the efficiency of provision of NCAS, should be evaluated as integral to the planning process.

4.3 Main Grid and other options

The MEU agrees that the NTP and NTNDP should have a focus only on augmentation. Including refurbishment could raise the NTP's responsibilities and the materiality of the benefits would need to be established, although it is noted that unless refurbishment occurs as it is needed, then the reliability of the interconnected network will be compromised.

Distribution connections are currently co-coordinated within distribution businesses and that should remain unchanged. Only where there is a significant change to the demand at a distribution connection point should there be involvement of NTP, and then only to the extent that the NTP should be made aware of the change so that it can make appropriate adjustments to its plans.

4.4 Formal planning responsibilities of the NTP

The AEMC correctly raises a concern to avoid the NTP duplicating the function of TNSPs and the issue of the accountability of TNSPs for their planning decisions. One way forward may be to empower the NTP to perform an advisory and co-ordination function over-sighting TNSPs, with the latter retaining formal planning responsibilities.

There is still the need for the NTP to advise a TNSP that actions it makes could impact on the carrying capacity of the interconnected network. In theory, this would require the NTP to have powers to direct a TNSP to ensure that the overall network is maintained in a secure state. To overcome this need, the NTP should have the responsibility to advise the AER which does have some (limited) powers over a TNSP to achieve an outcome that would be in the interests of the greater good.

The key is that the NTP should publish independent information on a transparent basis. This should strengthen the accountability of all TNSPs, and at the same time, not reduce their responsibilities for planning.

4.5 Level of detail of the NTNDP

The MCE has required that the activities to be performed by the NTP to extend beyond the current planning functions of NEMMCO and the IRPC

(including other jurisdictional planning bodies, such as VENCORP and SA's ESIPC). As previously suggested, the NTP should also provide oversight over the TNSPs planning decisions and to take an independent, national and consistent perspective. Accordingly, the key issue is to ensure that the NTP has the resources, funding and information to undertake its national, independent role, able to ensure that TNSPs planning decisions are consistent with the NTNDP. Of course, the NTP should operate in a transparent way and to be accountable, which will mean stakeholders, including the AER and consumers, will have access to make useful inputs.

It is difficult at this stage, to address how many scenarios the NTP should consider. This is an operational issue. It is sufficient that NTP must be required to consult with stakeholders and the AEMC should not, at this stage, be prescriptive as to the detail of its approach to planning.

The following additional comments are provided in the format used by the AEMC

Section 3.1

<i>The Commission is interested in views on</i>	MEU comments
<i>Whether the Commission 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 direction</i>	<p>The MEU considers that the AEMC has unnecessarily proscribed the scope of the NTP. The NTP must be fully aware of the needs and capabilities of the regional networks in order to facilitate interconnection (see comments in section 1). Therefore the NTP must be involved to some degree in all aspects of network augmentation.</p> <p>The MEU considers that the MCE direction does encompass necessary involvement in regional network planning but only to the extent that such involvement is to changes at distribution connection points.</p> <p>In addition, the NTP must be aware of the interdependence of electricity transmission and generation functions, particularly with reference to fuel sources. In particular the MEU notes that there is a trend towards greater use of natural gas for power generation. As a result the MEU considers that the NTP must have some involvement and exposure to the trends in national gas transmission planning</p>
<i>Whether a definition of 'national' that limits NTP scope to planning issues which relate to constraints which (materially) involve interconnector flows is practical and workable?</i>	<p>In an AC system there can be no separate definition for interconnection and intra-connection. Because of the physics of an AC system, "national" must mean exactly that, and the planning function not just be related to interconnection. With this in mind the MEU considers that the NTP must be involved well beyond the "interconnection" element</p>
<i>Whether the current definition of National</i>	<p>This is a detailed element and should be left to the NTP to decide on what it needs to carry out its functions in the most</p>

<i>Transmission Flow Paths should be used in defining the scope of the NTP functions?</i>	effective and efficient manner
<i>What other practical options exist for clearly and unambiguously defining the scope of planning issues within the scope of the NTP.</i>	<p>The ambiguity referred to by the AEMC arises because of the AEMC approach. It must be realised the network owners are private companies and must serve their shareholders. Therefore the TNSPs (including the owners of the DC links), do not have a requirement to act in the public interest but in the interest of their shareholders. This even applies in the case of the government owned Tasmanian, NSW and Queensland TNSPs,</p> <p>The MEU considers that a national planner needs to oversee all aspects of transmission planning to ensure that the entire interconnected network is as effective and efficient as can be achieved. The NTP is the only party charged with addressing the public interest.</p>

Section 3.2.2

<i>The Commission seeks views on:</i>	MEU comments
<i>What range of scenarios should be required to be considered within the NTNDP?</i>	The NTP must have the power to assess the impact on the carrying capacity of the interconnected system as a result of any change to the network initiated by a TNSP. It must have the power to ensure that no action by a single TNSP can cause an impact on other TNSP networks or on the carrying capacity of the interconnected network
<i>What level of detail should the NTNDP include in relation to options for, or solutions to, planning issues within its scope?</i>	It should address the impacts of all changes made to the network, to assess the needs of the interconnected network and to recommend (implement?) needed augmentations to meet the needs of the interconnected network
<i>In what specific ways might the NTP add value through greater involvement in the planning process, and how material would this added value be?</i>	<p>The NTP involvement will provide improved quality and understanding of the needs of the interconnected network and add to the confidence that the alternatives examined are properly costed and evaluated</p> <p>Consistency of approach that will result also adds value to the process</p>

Section 3.3.1

<i>The Commissions seeks comments on</i>	MEU comments
<i>To what degree should the three areas of power generation, gas transmission, and electricity distribution be in the scope of the national plan, and what specific functions should the NTP have to give effect to this?</i>	<p>The new Chapter 6A Rules do not provide a strong incentive on generation location. In future, the impact of generation location will be increasingly impacted by supplies of natural gas. Distribution needs to be involved only to the extent that it impacts on the amounts of electricity needed at each connection point and the timing of these demands</p> <p>The MEU considers that the NTP should determine for itself what the extent it needs to be involved in these various aspects. To arbitrarily constrain the NTP will lead to inappropriate outcomes</p>
<i>To what extent should planning of embedded generation, demand side management and NCAS provision be within in the scope of the Plan, and what specific functions should the NTP have in this regard?</i>	<p>Where there is a significant impact on the demand at a connection point with a DB, this impact must be assessed by the NTP.</p>
<i>In what specific ways might the NTP add value if its remit were wider than electricity transmission planning, and how material would this added value be?</i>	<p>As noted earlier with the greater dependence on gas fired generation, there is a need to assess the impacts of gas supply arrangements on generation, just as is carried out with the SoO by NEMMCo now.</p>

Section 3.3.2

<i>The Commission seeks views on</i>	MEU comments
<i>Whether the coverage of network assets for the NTNDP be limited to main grid augmentations, and if so, how should “main grid” be defined?</i>	<p>The NTNDP needs to address all aspects of the interconnected network up to the points of connection with DBs. To limit the NTP upstream of these points has the potential to reduce the effectiveness of the process envisaged</p>
<i>The appropriateness of applying a threshold test (\$ value or MW) to determining the coverage of network assets in the NTNDP?</i>	<p>It is not the \$value that necessarily impacts the carrying capacity of the interconnected network. Thus a \$value is an inappropriate measure for setting involvement of NTP. The determinant should be the impact on the carrying capacity of the network</p>

Section 3.4.2.2

<i>The Commission seeks views on:</i>	MEU comment
<i>Whether the forecast period for the NTNDP should be longer than the minimum ten years?</i>	At this stage 10 years would seem appropriate but this is an aspect that needs to be reviewed at an agreed time in the future, possibly 2 years after the establishment of NTP

Section 3.4.2.3

<i>The Commission seeks views on:</i>	MEU comments
<i>The relationships between the NTNDP and other planning documents</i>	The NTP should determine the way the various documents inter-relate. There will be a need to assess the benefits each document plays in the process and where there is overlap for that overlap to be addressed by the NTP in consultation with AEMC once the extent of overlap can be determined. There must be only one planning document as the proliferation of documents will be detrimental to the outcomes

Section 3.4.2.4

<i>The Commission seeks views on:</i>	MEU comment
<i>Whether the NTNDP also contain research on issues relating to transmission network planning?</i>	This is a matter for NTP to address when it develops its detailed roles. If research is necessary it would wrong for NTP not to be able to carryout such research

Section 3.5

<i>The Commission seeks comments on</i>	MEU comment
<i>The possible options for additional involvement for the NTP with respect to the planning carried out by the JPBs</i>	This is really the issue of what is the relationship between ESIPC and NTP to be, as VENC Corp functions are to be integrated into AEMO and therefore the NTP. The MEU sees that there may be a role of ESIPC to carryout what government

	owned TNSPs do for their regions The SA government established ESIPC and there is no doubt it will decide what its future will be.
<i>Whether making TNSP provide statements to explain any deviations from the National Plan would impinge on the TNSPs accountability and would be beneficial to market participants</i>	This is a detail issue to address as and when it occurs. To decide at this stage is premature and based purely on conjecture.

Section 3.6

<i>The Commission seeks views on:</i>	MEU comments
<i>How should the current IRPC functions be incorporated into new national planning transmission arrangements?</i>	It would appear that the NTP and IRPC have overlapping functions. The NTP is being established to carryout independently the needs of the interconnected network, whereas the IRPC was responsible for assessing proposals brought to it. The NTP must assess the viability of alternatives so the role of the IRPC is effectively diminished by the actions of NTP
<i>It is necessary and/or beneficial for the NTP to have advice from the state JPBs in exercising the IRPC functions, especially the technical work performed under the umbrella of the IRPC?</i>	The NTP should seek advice from all impacted parties. On this basis it should seek input from all but in the final analysis it must make its own decisions reflecting its independence
<i>Should such functions be transferred to the NTP?</i>	Yes
<i>Are there other similar functions that could be transferred to the NTP?</i>	The NTP is independent and is a sensible location for activities which require such independence. If the activity impacts on the interconnected network then it should be transferred to NTP
<i>Whether such additional functions be assigned to the NTP?</i>	See above

5. Project Assessment and Consultation Process

5.1 Interaction between the RT and NTP

The MEU has consistently considered that the current Regulatory Test is an inadequate tool on which to base major investments. It is conflicted between its two limbs and allows the TNSP to use the limb it sees allows it to implement a network solution. Separation of the limbs of the RT can lead to suboptimal outcomes and a move towards a single test (RIT) is supported.

One of the main disadvantages of the current RT is that it addresses issues purely on a regional basis, without incorporating national impacts in the Test. A move to the NTP would allow the RT to be modified to incorporate the national impact of a proposal which currently is implicitly excluded, as a regional TNSP can only take assessment of the impacts it sees.

Under the new Rules, there is an ex ante approach to setting capex for TNSPs and the ability to introduce after a regulatory reset, new projects (contingent projects). The regulatory oversight of TNSP activities has been significantly constrained and allows TNSPs a much wider ability to undertake investments which will be in the interests of the TNSP, rather than in the interests of the entire network and its basic function which is to deliver power from generators to consumers in the most cost effective way.

The MEU supports the concept of the RIT having a national focus rather than a regional focus, and that the separation between refurbishment and augmentation be eliminated. This will have less impact than first thought. If there is just refurbishment or just augmentation then the Test effects will be unchanged. The difference will be where there is combined augmentation and refurbishment and to address the issue in a combined way is a sensible change.

The AEMC seeks comments on four options for involvement of NTP in the RIT process. These are:-

- Lead a process of co-coordinating and disseminating information on good practice in undertaking the RIT;
- Recommend or specify certain elements of a methodology to be applied in undertaking the RIT;
- Ensure compliance with how the RIT is applied; or
- Take primary responsibility for undertaking the RIT in certain circumstances

In principle, the MEU sees that NTP might undertake all of these functions, although in undertaking and establishing guidelines it may seek assistance from the AER and AEMC. In addressing RITs which cover more than one TNSP, it probably is best suited to actually undertake the development of an RIT. Where an RIT is totally within the ambit of a regional TNSP, then it is suggested that the regional TNSP undertake the RIT.

Certainly the MEU sees a role for the NTP being involved with assessments of RITs developed by regional TNSPs so that the national implications of a proposed

investment is fully and properly assessed. A failure to assess the national implications could be to the disadvantage of consumers.

5.2 NTP and Last Resort Planning

The MEU considers that the allocation of Last Resort Planning to AEMC in 2005 was an interim step, pending the appointment of a national planner. In theory the role of NTP should eliminate the need for LRP, but as the NTP does not have total control over every aspect of the transmission function, especially the responsibilities within a TNSP, there is still a need for the power to initiate action if there is clear evidence that the regional TNSP has failed to implement its proper functions.

On this basis the MEU considers that not only is there a continuing (but probably a lesser need than before) for LRP powers but that these powers should be vested in NTP.

6. Revenue and Pricing Framework

The MEU concurs that there is little to be gained by aligning revenue resets, and potentially much to lose. The benefits that ERIG discusses of aligning revenue resets can be readily achieved by:

- NTP publishing a report on an annual basis which is to be used by TNSPs in the development of their revenue proposals. The report would provide a national view as to the needs of the interconnected network, including augmentations that cross regional boundaries, and require concurrent action by adjacent TNSPs
- NTP providing “fearless” and independent advice to the AER on each revenue proposal from TNSPs, but that there an ability (as used by AER now when receiving advice from ESIPC) that it is not bound to accept that advice, although it should have very valid reasons not to have done so
- The introduction of “contingent projects” allowing the AER to permit certain augmentations to proceed subject to certain triggers, one of which might be that the NTP considers a project it to proceed

The outcome of such an approach would reduce uncertainty (such as the ill-fated SNI interconnection) inherent in the current arrangements.

An outcome of having a national approach to augmentation as will result from NTP activities is the need to address the allocation of costs, especially where costs might be incurred in one region for the benefit of parties in another region.

The MEU considers that this is a very important issue that needs to be addressed, but that it is not an issue for consideration under the NTP assessment. The MEU considers that AEMC has to address this issue separately. In its commentary of the new Chapter 6A Rules, the AEMC noted that MCE was to be briefed by the AEMC on the need for policy direction in the matter of cost allocations between regions.

The MEU agrees that this is the most appropriate approach and not one for the establishment of NTP

7. Governance Arrangements

The MEU is of the view that NTP will be an element of AEMO, and not as the AEMC seems to indicate, a separate entity. This is an important distinction.

The MEU has been intimately involved in the debates regarding the establishment of AEMO and throughout the discussions it has been a consistent view that NTP would be an element of AEMO.

The briefing paper on the development and implementation of AEMO to SCO/MCE supports this assumption in that it states draft implementation plan in section 6.2:-

“6.2 Incorporating new functions [of AEMO]

The National Transmission Planner (NTP) is to form part of AEMO's operations and in accordance with COAG's timeline is to be operational by June 2009. This function is currently being developed by the AEMC which has signalled that a final report on arrangements for the NTP will be provided to MCE no later than 30 June 2008. The AEMO Board and the ISC [Implementation Steering Committee] will need to work closely with the AEMC to ensure that the NTP can be readily integrated into AEMO and that the Law and Rules governing its operation are consistent with those relevant to AEMO as a whole. The incoming AEMO Board will need to take action to ready staff and other resources to undertake these expanded functions.”

This implementation plan has been effectively approved by MCE. On this basis any discussion on NTP governance made on the assumption that NTP will be a separate entity is immaterial, as the governance of NTP will be that already agreed for AEMO.

Once AEMO is formed the Board and management of AEMO will develop the internal governance necessary for NTP to be suitably ring-fenced to the extent necessary for it to have sufficient independence to carryout its functions.

8. Implementation of NTP

The MEU considers that as NTP is an element of AEMO, the heads of power for AEMO to carryout its functions in relation to NTP should be included in the NEL. All other detailed aspects of the NTP functions should be in the Rules as this allows easier modifications to the functions should such be necessary.

As with all Rules, there must be a formal process for making a Rule change for NTP functions.

Provision of information is essential for NTP to carryout its role and the Rules should require NTP to be able to access sufficient and accurate information necessary for its

needs. However as NTP is an element of AEMO it will have access to all the information AEMO would normally gather (much as NEMMCo does currently

The MEU suggests that the information gathering powers currently held by NEMMCo should be assessed by the new Board of AEMO and if these are considered insufficient, then the Board of AEMO should implement a Rule change to increase the amount of data it considers necessary.

AEMO will not be functioning prior to July 1 2009 so the requirement for NTP to publish its first reports prior to then is not possible. However work on the first report could be commenced prior to June 2009 as the AEMO Board will be required to develop AEMO during the financial year 08/09. On this basis the first NTNDP could be published prior to the summer of 09/10.

There is a need to assess the degree of information and detail inherent in NTNDP, but as a matter of principle there should not be a proliferation of separate documents. On this basis the NTNDP should incorporate the SoO and ANTs. Each TNSP/JPB should continue to develop its own APR and the key elements of these be incorporated into the annual NTNDP. On this basis it would seem that these documents should be produced for 2009 year. The NTP can then integrate these into the 09/10 NTNDP.

The MEU observes that the cut-over of planning functions from NEMMCo to AEMO/NTP is an issue for the AEMO Implementation Steering committee, and not for AEMC.

The AEMC seeks a view as to the preferred model for NTP activities (Table 8.1). The MEU preferred model for NTP is as follows

Function	MEU preference
Duration	Initially set at 10 years but with ability to increase duration
Scenarios	Model 4
How is 'national' defined?	Model 4
How specific?	Model 4
Over what range of assets?	Model 4
NTP involvement in regulatory Test	Model 4, but LRP power retained for intra-regional needs
NTP ancillary Functions	Model 4
Governance	As determined for AEMO Model 1