

Ref: 379/168/18
Letter No: MT739

RECEIVED

-- 1 MAR 2006

24 February 2006



Australian Energy Market Commission
PO Box H166
Australia Square NSW 1215

Email : submissions@aemc.gov.au
Facsimile : (02) 8296 7899

LAST RESORT PLANNING POWER – RULE CHANGE PROPOSAL

Thank you for the opportunity to comment on the proposed *National Electricity Amendment (Transmission Last Resort Planning) Rule 2005*. CS Energy agrees with the Ministerial Council on Energy's view that appropriate transmission planning is vital to the NEM. A corollary to that is the need for a last resort, non-market, mechanism for promoting inter-regional transmission investment where regular market arrangements have failed.

CS Energy has two concerns with the detail of this proposal:

Transparency of reasons for exercise

The proposed Rule requires the AEMC to publish a statement of reasons for exercising the last resort planning power. To improve transparency of this process the statement of reasons should include identifying the failures in the regular market processes that required this intervention.

Appropriateness of the directed party

It is appropriate that the AEMC have a suitable discretion and breadth of choice in selecting the most appropriate party to be directed to undertake the Regulatory Test. The most appropriate party will usually be a TNSP or planning body who is most affected by the potential project and has the expertise to effectively and efficiently undertake the regulatory test required. If the AEMC identifies good reasons that the most affected party should not be directed then the next most affected party should be directed, and so on. There is no justification that, for example, the AEMC might reasonably direct a generator, retailer or MNSP. The proposed Rule should be amended to place appropriate limits on the AEMC's range of choices.

Nothing in this submission is considered confidential.

Yours faithfully

R. Roduner
GENERAL MANAGER OPERATIONS

Enquiries: John Barbera
Telephone 07 3222 9370
Facsimile 07 3222 9343