



Recovery of network support payments

AEMC starts consultation on rule change request

The AEMC has commenced a first round of public consultation on a rule change request from SP AusNet relating to how network service providers can recover for costs of network support service arrangements that defer distribution network augmentation and transmission connection assets.

Details of the rule change request

Transmission and distribution businesses are able to recover costs relating to network support service arrangements through their revenue allowance, or possibly also as a nominated pass through. In addition, transmission businesses are able to recover costs associated with network support service arrangements that defer network augmentation via specific network support pass throughs part way through a regulatory control period.

SP AusNet seeks to extend the transmission network support pass through arrangements to distribution. It states this would better align incentives distribution businesses have to enter into network support service arrangements with those that transmission businesses have.

SP AusNet also considers that both transmission and distribution businesses should be given the ability to recover costs associated with network support service arrangements that defer connection assets via specific network support pass throughs.

By providing for these pass throughs, SP AusNet considers network and non-network solutions would be treated on a more equal footing.

SP AusNet considers that network support arrangements are a particular issue for Victorian DNSPs who are responsible for planning connection assets used to connect transmission and distribution networks.

Background

A network support arrangement is an arrangement between a network business and an embedded generator. Where there are forecast constraints on a network, the embedded generator can be contracted to provide supply as an alternative to building additional lines. It may be considered beneficial if it is more cost effective than the network solution, leading to lower charges to network customers and end users.

Consultation process

A consultation paper has been prepared to facilitate public consultation on this rule change request. This paper:

- sets out a summary of, and a background to, the rule change request
- identifies a number of questions and issues to facilitate the consultation on the rule change request; and
- outlines the process for making submissions.

Submissions on the consultation paper and rule change request are due by 10 May 2013.

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