

AUSTRALIAN ENERGY MARKET COMMISSION USING COMPETITION TO BUILD NEW TRANSMISSION AT THE BEST PRICE

TRANSMISSION CONNECTION AND PLANNING ARRANGEMENTS
FINAL DETERMINATION 23 MAY 2017

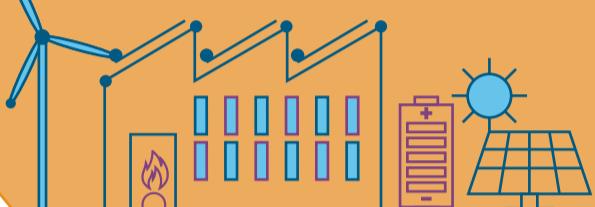
Benefits of the final rule

An estimated 30 to 50 new large-scale generators will be seeking to connect to the transmission network by 2020.

More competition in connection arrangements, increased transparency of the connections process, and a stronger negotiating framework will help deliver the most efficient solutions for expanding the network as a truly national grid.

The changes could lead to savings of over \$100 million in the next three years, ultimately minimising the long-term costs of electricity for consumers.

New generators and major users seeking to enter the market



Transmission connection arrangements improvements:



Introducing contestability for the design, construction and ownership of assets on the transmission network used for connection



Clarifying aspects of the connection process



Improving transparency of information for connection applicants



Strengthening principles for negotiations between connecting parties and transmission businesses



Introducing an 'engineering expert' to provide advice on technical aspects of a connection

Transmission network planning improvements:



Requiring annual planning reports to include information on network constraints, forecasting methodology and key changes since the last report



Introducing a new guideline to support consistency across annual planning reports



Introducing a requirement for transmission businesses to consider investment options in another transmission business's region so options are not limited by geography or state boundaries

What are transmission networks?

Transmission networks form the "backbone" of the National Electricity Market. They include towers, high-voltage wires, transformers, switching equipment, and monitoring and communications equipment. They connect generators to large customers and to the distribution system. There are transmission networks in each state and territory, with cross-border interconnectors that link the networks of eastern and southern Australia together.



Towers

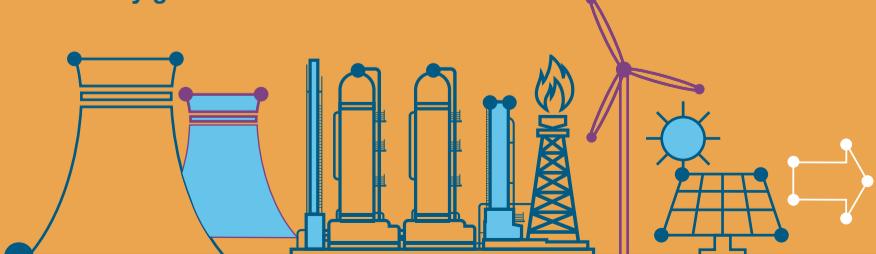


Transformers



Switching, monitoring & communications equipment

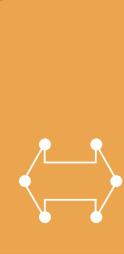
Electricity generators



Transmission network



Distribution network



Consumers



Final determination

The final rule will provide more choice, control and certainty for connecting parties, while at the same time making it clear that transmission businesses are accountable for a reliable, safe and secure network.

Transmission connection arrangements*

allow parties to connect to the transmission network. This involves building transmission lines and substations that connect generators, major users and distribution businesses to the network.

The final rule will increase competition in building new infrastructure. It will require transmission businesses to be accountable for the safety and reliability of the transmission network - even if some parts of it are built and owned by other businesses.

Transmission network planning

relates to how investment needs are determined.

The final rule will improve the planning framework by requiring transmission businesses to take a consistent and more transparent approach when planning new infrastructure. It will also encourage better coordination among transmission businesses when they're considering investment options in a different region.

* The changes to connection arrangements will not apply to Victoria, where the regulatory regime for transmission connections is overseen by AEMO.