

10 February 2017

Ms Anne Pearson
Chief Executive
Australian Energy Market Commission
PO Box A2449
Sydney South, NSW, 1235

Consultation Paper – Proposed Savings and Transitional Rule (Transmission Connection and Planning Arrangements) Rule 2016 (ERC0192)

Dear Ms Pearson,

Energy Networks Australia welcomes the opportunity to make a submission to the Australian Energy Market Commission's (AEMC's) *Consultation Paper – Proposed Savings and Transitional Rule (Consultation Paper): National Electricity Amendment (Transmission Connection and Planning Arrangements) Rule 2016*, published on 12 January 2017 (**draft Rule**).

Energy Networks Australia is the national industry body representing businesses operating Australia's electricity transmission and distribution and gas distribution networks. Member businesses provide energy to virtually every household and business in Australia.

Draft Determination

Energy Networks Australia acknowledges that the scope of this consultation focusses on the implementation of the AEMC's draft Rule rather than the policy intent of the draft Rule itself. It is important therefore, to emphasise Energy Networks Australia's submission to the *Draft Determination National Electricity Amendment (Transmission Connection and Planning Arrangements) Rule 2016 (Draft Determination)*¹.

¹ [Energy Networks Australia submission to AEMC – Draft Determination National Electricity Amendment \(Transmission Connection and Planning Arrangements\) Rule 2016, 27 January 2017](#)

Energy Networks Australia's submission to the Draft Determination supported the intent of the proposed reforms. However, Energy Networks Australia also sought further clarification regarding the operation of the transmission connection framework across a range of more complex connection scenarios including clarification of functions, roles and responsibilities of relevant market participants. The submission noted that premature finalisation of the Rule, without fully considering how it will be implemented, creates the potential for unforeseen operational consequences, with potential follow-on implications for the safe and reliable operation of the electricity system.

The submission therefore recommended that the AEMC avoid introducing the new framework until the practical effect of its application in key areas is sufficiently clear and understood by National Electricity Market (NEM) participants.

Energy Networks Australia also welcomes the Commission's indication in the Paper that it is open to a potential delay to the final determination, when it states:

“Under the current statutory timeline, the AEMC is due to publish a final determination and final rule on this rule change request by 9 March 2017. If the AEMC published the final determination and final rule later than that date, the commencement and implementation dates in the savings and transitional Rules would be adjusted accordingly” (page 2).

Consultation Paper

Energy Networks Australia makes the following submissions to the draft Rule, based on its current understanding of the AEMC's proposed transitional arrangements outlined in the Consultation Paper and member engagement with the AEMC.

Energy Networks Australia's submissions to the Consultation Paper and draft Rule seek further clarification regarding transitional arrangements for certain existing connection agreements in place, and connection enquiries underway, prior to the commencement of the amending Rule.

Existing connection agreements

Energy Networks Australia notes that the Consultation Paper contemplates connection agreements entered into before 2006 are likely to cover the provision of prescribed transmission services for a connection and may be adequately covered by transitional arrangements under Clause 11.6.11. Therefore, clause 11.6.11 is unchanged by the draft Rule. However, Energy Networks Australia notes the Consultation Paper does not contemplate the scenario where amendments are required to existing connection agreements for

unregulated services². Energy Networks Australia submits that clarification is required regarding transitional arrangements for dealing with amendments to connections for unregulated services.

Connection enquiries underway

Energy Networks Australia also notes the intention of clause 11.xx.5(b) of the proposed savings and transitional Rule (refer to footnote 20 on page 13 of the Consultation Paper). The clause specifies that a connection applicant who has made an enquiry under clause 5.3.2 of the Rules for a particular connection before the commencement date is not prevented from withdrawing that connection enquiry and making a new connection enquiry for that connection on or after the commencement date.

As the AEMC states, at page 13:

“Submitting a new connection enquiry may be beneficial to the connecting party because, under the amending Rule, it would have increased bargaining power when negotiating with the TNSP. This is because the amending Rule strengthens the principles and process by which connecting parties negotiate for the provision of negotiated transmission services, and allows for the contestability in the provision of some services for a connection, provided that certain criteria are met”

Energy Networks Australia members therefore anticipate the likely scenario of a large volume of connection enquiries being withdrawn and re-submitted on, or not long after the commencement date. Energy Networks Australia anticipates this could result in a significant volume of enquiries being simultaneously lodged, requiring TNSPs to respond to a large volume of enquiries within the existing short prescribed Rules timeframes.

Member businesses would like to ensure practical arrangements can be established to manage any detrimental consequences of these anticipated increases in connection applications, so as to avoid potential TNSP non-compliance with these prescribed timeframes. Therefore, Energy Networks Australia suggests the draft Rule include transitional arrangements that exempt TNSPs from compliance with current response timeframe obligations, immediately following the commencement date of the Rule, for a reasonable period. For example, a three-month ‘grace’ or transition period could be utilised to avoid the unintended consequence of non-compliance with prescribed timeframes.

² Connection agreements for unregulated services entered into prior to the Economic Regulation of Transmission Services rule change, made in 2006, which introduced Chapter 6A of the Rules.

Should you have any additional queries, please feel free to contact Norman Jip, Energy Network Australia's Senior Program Manager - Transmission on (02) 6272 1521 or njip@energynetworks.com.au.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'John Bradley', is positioned above the typed name.

John Bradley
Chief Executive Officer