



National Electricity Amendment (Distribution Network Planning and Expansion Framework) Rule 2012 No. 5

under the National Electricity Law as applied by:

- (a) the National Electricity (South Australia) Act 1996;
- (b) the Electricity (National Scheme) Act 1997 of the Australian Capital Territory;
- (c) the Electricity - National Scheme (Queensland) Act 1997 of Queensland;
- (d) the Electricity - National Scheme (Tasmania) Act 1999 of Tasmania;
- (e) the National Electricity (New South Wales) Act 1997 of New South Wales;
- (f) the National Electricity (Victoria) Act 2005 of Victoria; and
- (g) the Australian Energy Market Act 2004 of the Commonwealth.

The Australian Energy Market Commission makes the following Rule under the National Electricity Law.

John Pierce
Chairman
Australian Energy Market Commission

National Electricity Amendment (Distribution Network Planning and Expansion Framework) Rule 2012 No. 5

1 Title of Rule

This Rule is the *National Electricity Amendment (Distribution Network Planning and Expansion Framework) Rule 2012 No.5.*

2 Commencement

Schedules 1 - 4 and Schedule 6 of this Rule commence operation on 1 January 2013. Schedule 5 of this Rule commences on 1 January 2014.

3 Amendment of the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 1.

4 Amendment of the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 2.

5 Amendment of the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 3.

6 Amendment of the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 4.

7 Amendment of the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 5.

8 Savings and Transitional Amendments to the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 6.

Schedule 1 Amendment to the National Electricity Rules

(Clause 3)

[1] Clause 3.13.3 Standing data

In clause 3.13.3(c)(1), omit "5.6.1" and substitute "5.11.1".

[2] Clause 3.13.3 Standing data

In clause 3.13.3(q)(4), omit "*Annual Planning Reports*" and substitute "*Transmission Annual Planning Reports*".

[3] Chapter title New title for Chapter 5

In Chapter 5, omit the Chapter title "Network Connection" wherever occurring and insert "Network Connection, Planning and Expansion" in each case.

[4] Chapter 5 Network Connection

In Chapter 5, after the Chapter heading, insert:

Part A Network Connection

[5] Clause 5.1.2 Purpose

In clauses 5.1.2(a), 5.1.2(a)(2)(iv), (b) and (d), omit "Chapter" and insert "Part A".

[6] Clause 5.1.2 Purpose

Omit clauses 5.1.2(e)(1) to (8) and substitute:

- (1) clause 5.2.3(b);
- (2) clause 5.2.6;
- (3) rule 5.4AA;
- (4) clause 5.7.6;
- (5) clause 5.7.7 (except clause 5.7.7(c));
- (6) rule 5.11;
- (7) clause 5.12.1;
- (8) clause 5.12.2 (except clause 5.12.2(b)(2));
- (9) clause 5.14.1;
- (10) schedule 5.1, clause S5.1.2.3;

(11) schedule 5.3, clause S5.3.5.

[7] Clause 5.1.2 Purpose

In clause 5.1.2(f), omit subparagraphs (1) to (4) and substitute:

- (1) clause 5.16.4;
- (2) clause 5.16.5;
- (3) rule 5.18;
- (4) rule 5.19.

[8] Clause 5.1.3 Principles

In clause 5.1.3, omit "Chapter" and insert "Part A".

[9] Various references to rule 5.6

In clauses 5.2.3(d)(4), 5.2.3(g)(3), 5.2.4(b)(3) and 5.2.5(b)(3), omit "rule 5.6" and substitute "Part B of Chapter 5".

[10] New Clause 5.2.6 Obligations of AEMO

After clause 5.2.5, insert:

5.2.6 Obligations of AEMO

- (a) *AEMO* must provide to *Network Service Providers* on request, a copy of any report provided to *AEMO* by a *Network Service Provider* under clause 5.2.3(d)(12). If a *Registered Participant* reasonably considers that it is or may be adversely affected by a development or change in another *region*, the *Registered Participant* may request the preparation of a report by the relevant *Network Service Provider* as to the technical impacts of the development or change. If so requested, the *Network Service Provider* must prepare such a report and provide a copy of it to *AEMO*, the *Registered Participant* requesting the report and, on request, any other *Registered Participant*.

[11] New Rule 5.4AA Network support payments and functions

After clause 5.4A insert:

5.4AA Network support payments and functions

- (a) When negotiating the amount of a *network support payment* with an *Embedded Generator*, the *Transmission Network Service Provider* must take into account the:
 - (1) nature of the *network* support services being provided by the *Embedded Generator*; and
 - (2) extent to which the *Embedded Generator* is being, or will be, compensated for providing those *network* support services by receiving *avoided Customer TUOS charges*.
- (b) Where the relevant *Transmission Network Service Provider* or *Distribution Network Service Provider* decides to implement a *generation* option as an alternative to *network augmentation*, the *Network Service Provider* must:
 - (1) register the *generating unit* with *AEMO* and specify that the *generating unit* may be periodically used to provide a *network* support function and will not be eligible to set *spot prices* when *constrained on* in accordance with clause 3.9.7; and
 - (2) include the cost of this *network* support service in the calculation of *transmission service* and *distribution service* prices determined in accordance with Chapter 6 or Chapter 6A, as the case may be.

[12] Rule 5.5A SENE Design and Costing Study

Omit Rule 5.5A, including the heading, and substitute "[Deleted]".

[13] Rule 5.6 Planning and Development of Network

Omit Rule 5.6, including the heading, and substitute "[Deleted]".

[14] Rule 5.6A National Transmission Planning

Omit Rule 5.6A, including the heading, and substitute "[Deleted]".

[15] Schedule 5.1.2.3 Network service between regions

In S5.1.2.3, omit "rules 5.6 and 5.6A" and substitute "Part B of Chapter 5".

[16] Schedule 5.1.9 Protection systems and fault clearance times

In S5.1.9(j), omit "new network investment" and substitute "investments".

[17] Various references to clause 5.6.6

In clause 6A.6.6(e)(13) and 6A.6.7(e)(13), omit "clause 5.6.6" and substitute "5.16.4".

[18] Clause 8.2.1 Application and guiding principles

In clause 8.2.1(h)(13), omit "5.6.6A" and substitute "5.16.5 or 5.17.5".

**[19] Clause 9.37.5 Forecasts for connection points to
transmission network (clause 5.6.1)**

In the heading of clause 9.37.5, omit "clause 5.6.1" and substitute "clause 5.11.1".

**[20] Clause 9.37.5 Forecasts for connection points to
transmission network (clause 5.6.1)**

In clause 9.37.5, omit "5.6.1(d)" and substitute "5.11.1(d)".

[21] Chapter 10 Glossary

In paragraph (a)(3)(iii) of the definition of "*considered project*", omit "*Annual Planning Report*" and substitute "*Transmission Annual Planning Report*".

Schedule 2 Amendment to the National Electricity Rules

(Clause 4)

[1] Chapter 5 Network Connection

After rule 5.9, insert:

Part B Network Planning and Expansion

5.10 Network development generally

5.10.1 Content of Part B

- (a) Clause 5.10.2 sets out local definitions used in Part B.
- (b) Clause 5.11.1 sets out obligations regarding forecasts for connection points to the *transmission network*.
- (c) Clause 5.11.2 sets out the obligations of *Network Service Providers* relating to the identification of network limitations.
- (d) Clause 5.12 sets out planning and reporting obligations for *Transmission Network Service Providers*.
- (e) Clause 5.13 sets out planning and reporting obligations for *Distribution Network Service Providers*.
- (f) Clause 5.14 sets out joint planning obligations of *Network Service Providers*.
- (g) Clause 5.15 relates to regulatory investment tests generally.
- (h) Clause 5.16 relates to the *regulatory investment test for transmission*.
- (i) Clause 5.17 relates the *regulatory investment test for distribution*.
- (j) Clause 5.18 relates to the construction of *funded augmentations*.
- (k) Clause 5.19 relates to Scale Efficient Network Extensions.
- (l) Clause 5.20 relates to *AEMO's* National Transmission Planning responsibilities.
- (m) Clause 5.21 sets out *AEMO's* obligations to *publish* information and guidelines and provide advice regarding network development.
- (n) Clause 5.22 relates to the *AEMC's last resort planning powers*.

5.10.2 Definitions

In this Part B and schedules 5.8 and 5.9:

asset management means the development and implementation of plans and processes, encompassing management, financial, consumer, engineering, information technology and other business inputs to ensure assets achieve the expected level of performance and minimise costs to consumers over the expected life cycle of the assets.

cost threshold means a cost threshold specified in clause 5.15.3(b) or 5.15.3(d) (as relevant).

cost threshold determination means a final determination under clause 5.15.3(i).

cost threshold review means a review conducted under clause 5.15.3(e).

credible option has the meaning given to it in clause 5.15.2(a).

demand side engagement document means the document *published* by the *Distribution Network Service Provider* under clause 5.13.1(g).

demand side engagement register means a facility by which a person can register with a *Distribution Network Service Provider* their interest in being notified of developments relating to *distribution network* planning and expansion.

demand side engagement strategy means the strategy developed by a *Distribution Network Service Provider* under clause 5.13.1(e) and described in its demand side engagement document.

design fault level means the maximum level of fault current that a *facility* can sustain while maintaining operation at an acceptable *performance standard*.

dispute notice has the meaning given in clause 5.16.5(c)(1) and 5.17.5(c)(1).

disputing party has the meaning given in clause 5.16.5(c) and 5.17.5(c).

distribution asset means the apparatus, equipment and plant, including *distribution lines*, *substations* and sub-transmission lines, of a *distribution system*.

draft project assessment report means the report prepared under clause 5.17.4(i).

final project assessment report means the report prepared under clauses 5.17.4(o) or (p).

firm delivery capacity means the maximum allowable output or load of a *network* or *facility* under *single contingency* conditions, including any short term overload capacity having regard to external factors, such as ambient temperature, that may affect the capacity of the *network* or *facility*.

forward planning period means the period determined by the *Distribution Network Service Provider* under clause 5.13.1(a)(1).

identified need means the objective a *Network Service Provider* (or in the case of a need identified through joint planning under clause 5.14.1(d)(3) or clause 5.14.2(a), a group of *Network Service Providers*) seeks to achieve by investing in the *network*.

joint planning project means a project the purpose of which is to address a need identified under clause 5.14.1(d)(3) or clause 5.14.2(a).

load transfer capacity means meeting the *load* requirements for a *connection point* by the reduction of *load* or group of *loads* at the *connection point* and increasing the *load* or group of *loads* at a different *connection point*.

network option means a means by which an identified need can be fully or partly addressed by expenditure on a transmission asset or a distribution asset which is undertaken by a *Network Service Provider*.

non-network option means a means by which an identified need can be fully or partly addressed other than by a network option.

non-network options report means the report prepared under clause 5.17.4(b).

non-network provider means a person who provides non-network options.

normal cyclic rating means the normal level of allowable *load* on a primary distribution feeder having regard to external factors, such as ambient temperature and wind speed, that may affect the capacity of the primary distribution feeder.

potential credible option means an option which a RIT-D proponent or RIT-T proponent (as the case may be) reasonably considers has the potential to be a credible option based on its initial assessment of the identified need.

potential transmission project means investment in a transmission asset of a *Transmission Network Service Provider* which:

- (a) is an *augmentation*; and
- (b) is designed to address limitations in respect of a *distribution network* notified under clause 5.11.2(b); and

- (c) is estimated by the *Transmission Network Service Provider* to have an estimated capital cost in excess of \$5 million (as varied in accordance with a cost threshold determination); and
- (d) the *AEMC* identifies as likely, if constructed, to relieve forecast constraints in respect of *national transmission flow paths* between *regional reference nodes*.

preferred option has the meaning given in clause 5.16.1(b) and 5.17.1(b).

primary distribution feeder means a *distribution line* connecting a sub-transmission asset to either other *distribution lines* that are not sub-transmission lines, or to distribution assets that are not sub-transmission assets.

project assessment conclusions report means the report prepared under clause 5.16.4(t) or (u).

project assessment draft report means the report prepared under clause 5.16.4(j).

project specification consultation report means the report prepared under clause 5.16.4(b).

reconfiguration investment has the meaning given to it in clause 5.16.3(a)(5).

regulatory investment test for distribution application guidelines means the guidelines developed and *published* by the *AER* in accordance with clause 5.17.2 as in force from time to time, and include amendments made in accordance with clause 5.17.2(e).

regulatory investment test for transmission application guidelines means the guidelines developed and *published* by the *AER* in accordance with clause 5.16.2 as in force from time to time, and include amendments made in accordance with clause 5.16.2(e).

reliability corrective action means investment by a *Transmission Network Service Provider* or a *Distribution Network Service Provider* in respect of its *transmission network* or *distribution network* for the purpose of meeting the service standards linked to the technical requirements of schedule 5.1 or in *applicable regulatory instruments* and which may consist of network options or non-network options.

replacement transmission network asset mean a proposed new asset of a *Transmission Network Service Provider* which the relevant *Transmission Network Service Provider* reasonably estimates to have an estimated capital cost in excess of \$5 million (as varied in accordance with a cost threshold determination) and which will replace any existing

element of its *transmission network*. For the avoidance of doubt, if the cost of replacing any existing element also results in an *augmentation* to the *network*, then such an asset must be included in this definition where the *Transmission Network Service Provider* has estimated that the asset will have an estimated capital cost in excess of \$5 million.

RIT-D project means:

- (a) a project the purpose of which is to address an identified need identified by a *Distribution Network Service Provider*; or
- (b) a joint planning project that is not a RIT-T project.

RIT-D proponent means the *Network Service Provider* applying the *regulatory investment test for distribution* to a RIT-D project to address an identified need. The RIT-D proponent may be:

- (a) if the identified need is identified during joint planning under clause 5.14.1(d)(3), a *Distribution Network Service Provider* or a *Transmission Network Service Provider*; or
- (b) in any other case, a *Distribution Network Service Provider*.

RIT-T project means:

- (a) a project the purpose of which is to address an identified need identified by a *Transmission Network Service Provider*; or
- (b) a joint planning project if:
 - (1) at least one potential credible option to address the identified need includes investment in a *network* or non-network option on a *transmission network* (other than *dual function assets*) with an estimated capital cost greater than the cost threshold that applies under clause 5.16.3(a)(2); or
 - (2) the *Network Service Providers* affected by the joint planning project have agreed that the *regulatory investment test for transmission* should be applied to the project.

RIT-T proponent means the *Network Service Provider* applying the *regulatory investment test for transmission* to a RIT-T project to address an identified need. The RIT-T proponent may be:

- (a) if the identified need is identified during joint planning under clause 5.14.1(d)(3), a *Distribution Network Service Provider* or a *Transmission Network Service Provider*; or
- (b) in any other case, a *Transmission Network Service Provider*.

sub-transmission means any part of the power system which operates to deliver electricity from the *transmission system* to the *distribution network*

and which may form part of the *distribution network*, including zone substations.

sub-transmission line means a power line connecting a sub-transmission asset to either the *transmission system* or another sub-transmission asset.

system limitation means a limitation identified by a *Distribution Network Service Provider* under clause 5.13.1(d)(2).

total capacity means the theoretical maximum allowable output or *load* of a *network* or *facility* with all network components and equipment intact.

transmission asset means the apparatus, equipment and plant, including *transmission lines* and *substations* of a *transmission system*.

transmission-distribution connection point means:

- (a) subject to paragraph (b), the agreed point of supply established between a *transmission network* and a *distribution network*;
- (b) in relation to the *declared transmission system* of an *adoptive jurisdiction*, the agreed point of supply between the transmission assets of the *declared transmission system operator* and a *distribution network*.

zone substation means a *substation* for the purpose of connecting a *distribution network* to a sub-transmission *network*.

5.10.3 Interpretation

The terms *Network Service Provider*, *Transmission Network Service Provider* and *Distribution Network Service Provider* when used in rules 5.11 to 5.17 and schedules 5.8 and 5.9 are not intended to refer to, and are not to be read or construed as referring to, any *Network Service Provider* in its capacity as a *Market Network Service Provider*.

5.11 Forecasts of connection to transmission network and identification of system limitations

5.11.1 Forecasts for connection to transmission network

- (a) The relevant *Network Service Provider* must give at least 40 *business days* written notice to each relevant *Registered Participant* of the annual date by which the *Registered Participant* must provide the relevant *Network Service Provider* with the short and long term electricity *generation*, *market network service* and *load* forecast information listed in schedule 5.7 in relation to each *connection point* which *connects* the *Registered Participant* to a *transmission network* of that *Network Service Provider* and any other relevant

information as reasonably required by the *Network Service Provider*.

- (b) Details of planned future *generating units, market network services and loads*, being details regarding the proposed commencing date, *active power capability and reactive power capability, power transfer capability*, operating times/seasons and special operating requirements, must be given by each relevant *Registered Participant* to the relevant *Network Service Provider* on reasonable request.
- (c) Each relevant *Registered Participant* must use reasonable endeavours to provide accurate information under paragraph (a) which must include details of any factors which may impact on *load forecasts or proposed facilities for generation or market network services*.
- (d) If the *Network Service Provider* reasonably believes any forecast information to be inaccurate, the *Network Service Provider* may modify that forecast information and must advise the relevant *Registered Participant* and *AEMO* in writing of this action and the reason for the modification. The *Network Service Provider* is not responsible for any adverse consequences of this action or for failing to modify forecast information under this paragraph (d).

5.11.2 Identification of network limitations

Each *Network Service Provider* must:

- (a) extrapolate the forecasts provided to it by *Registered Participants* for the purpose of planning;
- (b) if the analysis required by paragraph (a) indicates that any relevant technical limits of the *transmission or distribution systems* will be exceeded, either in normal conditions or following the contingencies specified in schedule 5.1, notify any affected *Registered Participants* and *AEMO* of these limitations; and
- (c) notify any affected *Registered Participants* and *AEMO* of the expected time for undertaking proposed corrective action which may consist of:
 - (1) *dual function assets* or an investment in a *transmission network* designed to address limitations in respect of a *distribution network* notified under paragraph (b); and
 - (2) network options or non-network options or modifications to *connection facilities*, designed to address the limitations notified under paragraph (b).

5.12 Transmission annual planning process

5.12.1 Transmission annual planning review

- (a) Each *Transmission Network Service Provider* must analyse the expected future operation of its *transmission networks* over an appropriate planning period, taking into account the relevant forecast *loads*, any future *generation*, *market network service*, demand side and *transmission* developments and any other relevant data.
- (b) Each *Transmission Network Service Provider* must conduct an annual planning review which must:
 - (1) incorporate the forecast *loads* as submitted or modified in accordance with clause 5.11.1; and
 - (2) include a review of the adequacy of existing *connection points* and relevant parts of the *transmission system* and planning proposals for future *connection points*; and
 - (3) take into account the most recent *NTNDP*; and
 - (4) consider the potential for *augmentations*, or non-*network alternatives to augmentations*, that are likely to provide a net economic benefit to all those who produce, consume and transport electricity in the *market*.
- (c) The minimum planning period for the purposes of the annual planning review is 10 years for *transmission networks*.

5.12.2 Transmission Annual Planning Report

- (a) Subject to paragraph (b), by 30 June each year all *Transmission Network Service Providers* must *publish* an *Transmission Annual Planning Report* setting out the results of the annual planning review conducted in accordance with clause 5.12.1.
- (b) If a *Network Service Provider* is a *Transmission Network Service Provider* only because it owns, operates or controls *dual function assets* then it may *publish* its *Transmission Annual Planning Report* in the same document and at the same time as its *Distribution Annual Planning Report*.
- (c) The *Transmission Annual Planning Report* must set out:
 - (1) the forecast *loads* submitted by a *Distribution Network Service Provider* in accordance with clause 5.11.1 or as modified in accordance with clause 5.11.1(d);

- (2) planning proposals for future *connection points*;
- (3) a forecast of *constraints* and inability to meet the *network* performance requirements set out in schedule 5.1 or relevant legislation or regulations of a *participating jurisdiction* over 1, 3 and 5 years;
- (4) in respect of information required by subparagraph (3), where an estimated reduction in forecast *load* would defer a forecast *constraint* for a period of 12 months, include:
 - (i) the year and months in which a *constraint* is forecast to occur;
 - (ii) the relevant *connection points* at which the estimated reduction in forecast *load* may occur;
 - (iii) the estimated reduction in forecast *load* in MW needed; and
 - (iv) a statement of whether the *Transmission Network Service Provider* plans to issue a request for proposals for *augmentation* or a non-network option identified by the annual planning review conducted under clause 5.12.1(b) and if so, the expected date the request will be issued;
- (5) for all proposed *augmentations* to the *network* the following information, in sufficient detail relative to the size or significance of the project and the proposed operational date of the project:
 - (i) project/asset name and the month and year in which it is proposed that the asset will become operational;
 - (ii) the reason for the actual or potential *constraint*, if any, or inability, if any, to meet the *network* performance requirements set out in schedule 5.1 or relevant legislation or regulations of a *participating jurisdiction*, including *load* forecasts and all assumptions used;
 - (iii) the proposed solution to the *constraint* or inability to meet the *network* performance requirements identified in subparagraph (ii), if any;
 - (iv) total cost of the proposed solution;
 - (v) whether the proposed solution will have a *material inter-network impact*. In assessing whether an *augmentation* to the *network* will have a *material inter-network impact* a *Transmission Network Service*

Provider must have regard to the objective set of criteria *published* by *AEMO* in accordance with clause 5.21 (if any such criteria have been *published* by *AEMO*); and

- (vi) other reasonable network options and non-network options considered to address the actual or potential *constraint* or inability to meet the *network* performance requirements identified in subparagraph (ii), if any. Other reasonable *network* and non-network options include, but are not limited to, *interconnectors*, *generation* options, demand side options, *market network service* options and options involving other *transmission* and *distribution networks*;
- (6) the manner in which the proposed *augmentations* relate to the most recent *NTNDP* and the development strategies for current or potential *national transmission flow paths* that are specified in that *NTNDP*;
- (7) for all proposed replacement transmission network assets:
 - (i) a brief description of the new replacement transmission network asset project, including location;
 - (ii) the date from which the *Transmission Network Service Provider* proposes that the proposed new replacement transmission network asset will become operational;
 - (iii) the purpose of the proposed new replacement transmission network asset;
 - (iv) a list of any reasonable network options or non-network options to the proposed new replacement transmission network asset which are being, or have been, considered by the *Transmission Network Service Provider* (if any). Those alternatives include, but are not limited to, *interconnectors*, *generation* options, demand side options, *market network service* options and options involving other *transmission* or *distribution networks*; and
 - (v) the *Transmission Network Service Provider's* estimated total capitalised expenditure on the proposed new replacement transmission network asset; and
- (8) any information required to be included in an *Transmission Annual Planning Report* under clause 5.16.3(c) in relation to a *network* investment which is determined to be required to address an urgent and unforeseen *network* issue.

5.13 Distribution annual planning process

5.13.1 Distribution annual planning review

Scope

- (a) *A Distribution Network Service Provider* must:
 - (1) subject to paragraph (b), determine an appropriate forward planning period for its distribution assets; and
 - (2) analyse the expected future operation of its *network* over the forward planning period in accordance with this clause 5.13.1.
- (b) The minimum forward planning period for the purposes of the *distribution* annual planning review is 5 years.
- (c) The *distribution* annual planning review must include all assets that would be expected to have a material impact on the *Distribution Network Service Provider's network* over the forward planning period.

Requirements

- (d) Each *Distribution Network Service Provider* must, in respect of its *network*:
 - (1) prepare forecasts covering the forward planning period of *maximum demands* for:
 - (i) sub-transmission lines;
 - (ii) zone substations; and
 - (iii) to the extent practicable, primary distribution feeders, having regard to:
 - (iv) the number of customer *connections*;
 - (v) *energy* consumption; and
 - (vi) estimated total output of known *embedded generating units*;
 - (2) identify, based on the outcomes of the forecasts in subparagraph (1), limitations on its *network*, including limitations caused by one or more of the following factors:
 - (i) forecast *load* exceeding total capacity;
 - (ii) the requirement for asset refurbishment or replacement;

- (iii) the requirement for *power system security* or *reliability* improvement;
 - (iv) design fault levels being exceeded;
 - (v) the requirement for *voltage* regulation and other aspects of quality of supply to other *Network Users*; and
 - (vi) the requirement to meet any *regulatory obligation or requirement*;
- (3) identify whether corrective action is required to address any system limitations identified in subparagraph (2) and, if so, identify whether the *Distribution Network Service Provider* is required to:
- (i) carry out the requirements of the *regulatory investment test for distribution*; and
 - (ii) carry out demand side engagement obligations as required under paragraph (f); and
- (4) take into account any *jurisdictional electricity legislation*.

Demand side engagement obligations

- (e) Each *Distribution Network Service Provider* must develop a strategy for:
 - (1) engaging with non-network providers; and
 - (2) considering non-network options.
- (f) A *Distribution Network Service Provider* must engage with non-network providers and consider non-network options for addressing system limitations in accordance with its demand side engagement strategy.
- (g) A *Distribution Network Service Provider* must document its demand side engagement strategy in a demand side engagement document which must be *published* by no later than 31 August 2013.
- (h) A *Distribution Network Service Provider* must include the information specified in schedule 5.9 in its demand side engagement document.
- (i) A *Distribution Network Service Provider* must review and *publish* a revised demand side engagement document at least once every three years.

- (j) A *Distribution Network Service Provider* must establish and maintain a facility by which parties can register their interest in being notified of developments relating to *distribution network* planning and expansion. A *Distribution Network Service Provider* must have in place a facility under this paragraph (j) no later than the date of publication of the *Distribution Network Service Provider's* demand side engagement document under paragraph (g).

5.13.2 Distribution Annual Planning Report

- (a) For the purposes of this clause 5.13.2:

DAPR date means for a *Distribution Network Service Provider*:

- (1) the date by which it is required to *publish* a *Distribution Annual Planning Report* under *jurisdictional electricity legislation*; or
 - (2) if no such date is specified in *jurisdictional electricity legislation*, 31 December.
- (b) By the DAPR date each year, a *Distribution Network Service Provider* must *publish* the *Distribution Annual Planning Report* setting out the results of the *distribution* annual planning review for the forward planning period.

Note

Under clause 5.12.2(b), if a person is a *Transmission Network Service Provider* only because it owns, operates or controls *dual function assets* then it may *publish* its *Transmission Annual Planning Report* in the same document and at the same time as its *Distribution Annual Planning Report* under this clause 5.13.2.

- (c) A *Distribution Network Service Provider* must include the information specified in schedule 5.8 in its *Distribution Annual Planning Report*.
- (d) Despite paragraph (c), a *Distribution Network Service Provider* is not required to include in its *Distribution Annual Planning Report* information required in relation to transmission-distribution connection points if it is required to do so under *jurisdictional electricity legislation*.
- (e) As soon as practicable after it *publishes* a *Distribution Annual Planning Report* under paragraph (b), a *Distribution Network Service Provider* must *publish* on its website the contact details for a suitably qualified staff member of the *Distribution Network Service Provider* to whom queries on the report may be directed.

5.14 Joint planning

5.14.1 Joint planning obligations of Transmission Network Service Providers and Distribution Network Service Providers

- (a) Subject to paragraphs (b) and (c):
- (1) each *Distribution Network Service Provider* must conduct joint planning with each *Transmission Network Service Provider* of the *transmission networks* to which the *Distribution Network Service Provider's networks* are *connected*; and
 - (2) each *Transmission Network Service Provider* must conduct joint planning with each *Distribution Network Service Provider* of the *distribution networks* to which the *Transmission Network Service Provider's networks* are *connected*.
- (b) In the case of the *declared shared network* of an *adoptive jurisdiction*, the relevant *declared transmission system operator*, the relevant *Distribution Network Service Provider*, AEMO and any *interested party* that has informed AEMO of its interest in the relevant plans, shall conduct joint planning.
- (c) For the purposes of this clause 5.14.1, a *Transmission Network Service Provider* does not include a *Network Service Provider* that is a *Transmission Network Service Provider* only because it owns, controls or operates *dual function assets*.
- (d) The relevant *Distribution Network Service Provider* and *Transmission Network Service Provider* must:
- (1) assess the adequacy of existing *transmission* and *distribution networks* and the assets associated with transmission-distribution connection points over the next five years and to undertake joint planning of projects which relate to both *networks* (including, where relevant, *dual function assets*);
 - (2) use best endeavours to work together to ensure efficient planning outcomes and to identify the most efficient options to address the needs identified in accordance with subparagraph (4);
 - (3) identify any limitations or constraints:
 - (i) that will affect both the *Transmission Network Service Provider's* and *Distribution Network Service Provider's network*; or

- (ii) which can only be addressed by corrective action that will require coordination by the *Transmission Network Service Provider* and the *Distribution Network Service Provider*; and
- (4) where the need for a joint planning project is identified under subparagraph (3):
 - (i) jointly determine plans that can be considered by relevant *Registered Participants*, *AEMO*, *interested parties*, and parties registered on the demand side engagement register of each *Distribution Network Service Provider* involved in joint planning;
 - (ii) determine whether the joint planning project is a RIT-T project or a RIT-D project; and
 - (iii) may agree on a lead party to be responsible for carrying out the *regulatory investment test for transmission* or the *regulatory investment test for distribution* (as the case may be) in respect of the joint planning project.
- (e) If a *Network Service Provider*, as the lead party for one or more *Network Service Providers*, undertakes the *regulatory investment test for transmission* or the *regulatory investment test for distribution* (as the case may be) in respect of a joint planning project, the other *Network Service Providers* will be taken to have discharged their obligation to undertake the relevant test in respect of that project.

5.14.2 Joint planning obligations of Distribution Network Service Providers and Distribution Network Service Providers

- (a) *Distribution Network Service Providers* must undertake joint planning with other *Distribution Network Service Providers* where there is a requirement to consider the need for any *augmentation* or non-network options that affect more than one *Distribution Network Service Provider's network*.
- (b) *Distribution Network Service Providers* involved in joint planning may agree on a lead party to be responsible for carrying out the *regulatory investment test for distribution* in respect of the joint planning project.
- (c) If a *Distribution Network Service Provider*, as the lead party for one or more *Distribution Network Service Providers*, undertakes the *regulatory investment test for distribution* in respect of a joint planning project, the other *Distribution Network Service Providers* will be taken to have discharged their obligation to undertake the *regulatory investment test for distribution* in respect of that project.

5.15 Regulatory investment tests generally

5.15.1 Interested parties

In clauses 5.16.4, 5.16.5, 5.17.4 and 5.17.5, *interested party* means a person including an end user or its *representative* who, in the *AER's* opinion, has the potential to suffer a material and adverse *National Electricity Market* impact from the investment identified as the preferred option in the project assessment conclusions report or the final project assessment report (as the case may be).

5.15.2 Identification of a credible option

- (a) A credible option is an option (or group of options) that:
- (1) addresses the identified need;
 - (2) is (or are) commercially and technically feasible; and
 - (3) can be implemented in sufficient time to meet the identified need,
- and is (or are) identified as a credible option in accordance with paragraphs (b) or (d) (as relevant).
- (b) In applying the *regulatory investment test for transmission*, the RIT-T proponent must consider, in relation to a RIT-T project other than those described in clauses 5.16.3(a)(1)-(7), all options that could reasonably be classified as credible options taking into account:
- (1) energy source;
 - (2) technology;
 - (3) ownership;
 - (4) the extent to which the credible option enables *intra-regional* or *inter-regional* trading of electricity;
 - (5) whether it is a network option or a non-network option;
 - (6) whether the credible option is intended to be regulated;
 - (7) whether the credible option has a proponent; and
 - (8) any other factor which the RIT-T proponent reasonably considers should be taken into account.
- (c) In applying the *regulatory investment test for distribution*, the RIT-D proponent must consider, in relation to a RIT-D project other

than those described in clauses 5.17.3(a)(1)-(6), all options that could reasonably be classified as credible options, without bias as to:

- (1) energy source;
 - (2) technology;
 - (3) ownership; and
 - (4) whether it is a network option or a non-network option.
- (d) The absence of a proponent does not exclude an option from being considered a credible option.

5.15.3 Review of costs thresholds

Regulatory investment test for transmission thresholds

- (a) Every 3 years the *AER* must undertake a review of the changes in the input costs used to calculate the estimated capital costs in relation to:

- (1) replacement transmission network assets; and
- (2) transmission investment as referred to in paragraphs (b)(2) to (6),

for the purposes of determining whether the cost thresholds specified in paragraph (b) need to be changed to maintain the appropriateness of the cost thresholds over time by adjusting those cost thresholds to reflect any increase or decrease in the input costs since:

- (3) July 2009 in respect of the first cost threshold review; and
 - (4) the date of the previous review in respect of every subsequent cost threshold review.
- (b) For the purposes of paragraph (a), the cost thresholds for review are the following amounts:
- (1) in excess of \$5 million in relation to replacement transmission network assets;
 - (2) of less than \$5 million referred to in clause 5.16.3(a)(2);
 - (3) of less than \$5 million referred to in clause 5.16.3(a)(4);
 - (4) of less than \$5 million referred to in clause 5.16.3(a)(5);
 - (5) of less than \$35 million referred to in clause 5.16.4(z1)(1); and

- (6) in excess of \$5 million in relation to investment in transmission assets of the type referred to in the definition of potential transmission project in clause 5.10.2.

Regulatory investment test for distribution costs thresholds

- (c) Subject to paragraph (f)(2), every 3 years, and at the same time as it undertakes its review of the cost thresholds for *regulatory investment test for transmission* under paragraph (a), the *AER* must undertake a review of the changes in the input costs used to calculate the estimated capital costs in relation to:

- (1) projects subject to the *regulatory investment test for distribution*; and
- (2) the cost threshold for committed investments that are to address a refurbishment or replacement need, or an urgent and unforeseen *network* need subject to the *Distribution Annual Planning Report*,

for the purposes of determining whether the costs thresholds specified in paragraph (d) need to be changed to maintain the appropriateness of the cost thresholds over time by adjusting those cost thresholds to reflect any increase or decrease in the input costs since:

- (3) 1 January 2013 in respect of the first cost threshold review; and
 - (4) the date of the previous review in respect of every subsequent cost threshold review.
- (d) For the purposes of paragraph (c), the cost thresholds for review are the following amounts:
 - (1) \$5 million referred to in clause 5.17.3(a)(2);
 - (2) \$5 million referred to in clause 5.17.3(a)(6);
 - (3) \$10 million referred to in clause 5.17.4(n)(2);
 - (4) \$20 million referred to in clause 5.17.4(s);
 - (5) \$2 million referred to in S5.8(g).

Cost threshold reviews

- (e) Each cost threshold review is to be commenced by the *AER* by 31 July of the relevant year.
- (f) The first review of the cost thresholds for: :

- (1) the *regulatory investment test for transmission* under paragraph (a) must be initiated in 2012; and
 - (2) the *regulatory investment test for distribution* under paragraph (c) must be initiated in 2015.
- (g) Within six weeks following the commencement of a cost threshold review, the *AER* must *publish* a draft determination outlining:
- (1) whether the *AER* has formed the view that any of the cost thresholds need to be amended to reflect increases or decreases in the input costs to ensure that the appropriateness of the cost thresholds is maintained over time;
 - (2) its reasons for determining whether the cost thresholds need to be varied to reflect increases or decreases in the input costs;
 - (3) if there is to be a variation in a cost threshold, the amount of the new cost threshold and the date the new cost threshold will take effect; and
 - (4) its reasons for determining the amount of the new cost threshold.
- (h) At the same time as it *publishes* the draft determination under paragraph (f), the *AER* must *publish* a notice seeking submissions on the draft determination. The notice must specify the period within which written submissions can be made (the cost threshold consultation period) which must be no less than 5 weeks from the date of the notice.
- (i) The *AER* must consider any written submissions received during the cost threshold consultation period in making its final determination in respect of the matters outlined in paragraph (g).
- (j) The final determination on cost thresholds must be made and *published* by the *AER* within 5 weeks following the end of the cost threshold consultation period.
- (k) The *AER* may *publish* a draft determination under paragraph (g), a notice under paragraph (h), or a final determination under paragraph (j) for any cost threshold reviews under paragraphs (a) and (c) as a single document.

5.15.4 Costs determinations

- (a) Where the *AER* engages a consultant to assist in making a determination under clauses 5.16.5, 5.16.6 or 5.17.5 the *AER* may make a costs determination.
- (b) Where a costs determination is made, the *AER* may:

- (1) render the RIT-T proponent or the RIT-D proponent (as the case may be) an invoice for the costs; or
- (2) determine that the costs should:
 - (i) be shared by all the parties to the dispute, whether in the same proportion or differing proportions; or
 - (ii) be borne by a party or parties to the dispute other than the RIT-T proponent or the RIT-D proponent (as the case may be) whether in the same proportion or differing proportions; and
 - (iii) the *AER* may render invoices accordingly.
- (c) If an invoice is rendered under subparagraph (b)(2)(iii), the *AER* must specify a time period for the payment of the invoice that is no later than 30 *business days* from the date the *AER* makes a determination under paragraph (a).

5.16 Regulatory investment test for transmission

5.16.1 Principles

- (a) The *AER* must develop and *publish* the *regulatory investment test for transmission* in accordance with the *transmission consultation procedures* and this rule 5.16.1.
- (b) The purpose of the *regulatory investment test for transmission* is to identify the credible option that maximises the present value of net economic benefit to all those who produce, consume and transport electricity in the *market* (the preferred option). For the avoidance of doubt, a preferred option may, in the relevant circumstances, have a negative net economic benefit (that is, a net economic cost) where the identified need is for reliability corrective action.
- (c) The *regulatory investment test for transmission* must:
 - (1) be based on a cost-benefit analysis that is to include an assessment of reasonable scenarios of future supply and demand if each credible option were implemented compared to the situation where no option is implemented;
 - (2) not require a level of analysis that is disproportionate to the scale and likely impact of each of the credible options being considered;
 - (3) be capable of being applied in a predictable, transparent and consistent manner;

- (4) require the RIT-T proponent to consider the following classes of market benefits that could be delivered by the credible option:
 - (i) changes in fuel consumption arising through different patterns of *generation dispatch*;
 - (ii) changes in voluntary *load* curtailment;
 - (iii) changes in involuntary *load shedding*, with the market benefit to be considered using a reasonable forecast of the value of electricity to consumers;
 - (iv) changes in costs for parties, other than the RIT-T proponent, due to:
 - (A) differences in the timing of new *plant*;
 - (B) differences in capital costs; and
 - (C) differences in the operating and maintenance costs;
 - (v) differences in the timing of expenditure;
 - (vi) changes in *network* losses;
 - (vii) changes in *ancillary services* costs;
 - (viii) competition benefits;
 - (ix) any additional option value (where this value has not already been included in the other classes of market benefits) gained or foregone from implementing that credible option with respect to the likely future investment needs of the *market*; and
 - (x) other classes of market benefits that are:
 - (A) determined to be relevant by the RIT-T proponent and agreed to by the *AER* in writing before the date the relevant project specification consultation report is made available to other parties under clause 5.16.4; or
 - (B) specified as a class of market benefit in the *regulatory investment test for transmission*;
- (5) require a RIT-T proponent to include a quantification of all classes of market benefits which are determined to be material in the RIT-T proponent's reasonable opinion;

- (6) require a RIT-T proponent to consider all classes of market benefits as material unless it can, in the project assessment draft report, or in respect of a proposed preferred option which is subject to the exemption contained in clause 5.16.4(z1), in the project specification consultation report, provide reasons why:
 - (i) a particular class of market benefit is likely not to affect materially the outcome of the assessment of the credible options under the *regulatory investment test for transmission*; or
 - (ii) the estimated cost of undertaking the analysis to quantify the market benefit is likely to be disproportionate to the scale, size and potential benefits of each credible option being considered in the report;
- (7) with respect to the classes of market benefits set out in subparagraphs (4)(ii) and (iii), ensure that, if the credible option is for reliability corrective action, the quantification assessment required by paragraph (5) will only apply insofar as the market benefit delivered by the credible option exceeds the minimum standard required for reliability corrective action;
- (8) require the RIT-T proponent to quantify the following classes of costs:
 - (i) costs incurred in constructing or providing the credible option;
 - (ii) operating and maintenance costs in respect of the credible option;
 - (iii) the cost of complying with laws, regulations and applicable administrative requirements in relation to the construction and operation of the credible option; and
 - (iv) any other class of costs that are:
 - (A) determined to be relevant by the RIT-T proponent and agreed to by the *AER* in writing before the date the relevant project specification consultation report is made available to other parties under clause 5.16.4; or
 - (B) specified as a class of cost in the *regulatory investment test for transmission*;

- (9) provide that any cost or market benefit which cannot be measured as a cost or market benefit to *Generators, Distribution Network Service Providers, Transmission Network Service Providers* or consumers of electricity may not be included in any analysis under the *regulatory investment test for transmission*;
- (10) specify:
 - (i) the method or methods permitted for estimating the magnitude of the different classes of market benefits;
 - (ii) the method or methods permitted for estimating the magnitude of the different classes of costs;
 - (iii) the method or methods permitted for estimating market benefits which may occur outside the region in which the *networks* affected by the RIT-T project are located; and
 - (iv) the appropriate method and value for specific inputs, where relevant, for determining the discount rate or rates to be applied;
- (11) specify that a sensitivity analysis is required of any modelling relating to the cost-benefit analysis; and
- (12) reflect that the credible option that maximises the present value of net economic benefit to all those who produce, consume or transport electricity in the market may, in some circumstances, have a negative net economic benefit (that is, a net economic cost) where the identified need is for reliability corrective action.

5.16.2 Regulatory investment test for transmission application guidelines

- (a) At the same time as the *AER* develops and *publishes* a proposed *regulatory investment test for transmission* under the *transmission consultation procedure*, the *AER* must also develop and *publish* guidelines for the operation and application of the *regulatory investment test for transmission* (the regulatory investment test for transmission application guidelines) in accordance with the *transmission consultation procedures* and this rule 5.16.
- (b) The regulatory investment test for transmission application guidelines must:
 - (1) give effect to and be consistent with this clause 5.16.2 and clauses 5.15.2, 5.16.3, 5.16.4 and 5.16.5; and

- (2) provide guidance on:
 - (i) the operation and application of the *regulatory investment test for transmission*;
 - (ii) the process to be followed in applying the *regulatory investment test for transmission*; and
 - (iii) how disputes raised in relation to the *regulatory investment test for transmission* and its application will be addressed and resolved.
- (c) The *regulatory investment test for transmission* application guidelines must provide guidance and worked examples as to:
 - (1) what constitutes a credible option;
 - (2) acceptable methodologies for valuing the costs of a credible option;
 - (3) what may constitute an externality under the *regulatory investment test for transmission*;
 - (4) the classes of market benefits to be considered for the purposes of clause 5.16.1(c)(4);
 - (5) the suitable modelling periods and approaches to scenario development;
 - (6) the acceptable methodologies for valuing the market benefits of a credible option referred to clause 5.16.1(c)(4), including the option value, competition benefits and market benefits that accrue across regions;
 - (7) the appropriate approach to undertaking a sensitivity analysis for the purposes of clause 5.16.1(c)(11);
 - (8) the appropriate approaches to assessing uncertainty and risks; and
 - (9) when a person is sufficiently committed to a credible option for reliability corrective action to be characterised as a proponent for the purposes of clause 5.15.2(b)(7).
- (d) The *AER* must ensure that there is a *regulatory investment test for transmission* and *regulatory investment test for transmission* application guidelines in force at all times.
- (e) The *AER* may, from time to time, amend or replace the *regulatory investment test for transmission* and *regulatory investment test for transmission* application guidelines in accordance with the

transmission consultation procedures, provided the *AER publishes* any amendments to, or replacements of, the *regulatory investment test for transmission* or regulatory investment test for transmission application guidelines at the same time.

- (f) An amendment referred to in paragraph (e) does not apply to a current application of the *regulatory investment test for transmission* and the regulatory investment test for transmission application guidelines under the *Rules* by RIT-T proponent.
- (g) For the purposes of paragraph (f), a "current application" means any action or process initiated under the *Rules* which relies on or is referenced to the *regulatory investment test for transmission* and/or the regulatory investment test for transmission application guidelines and is not completed at the date of the relevant amendment to the *regulatory investment test for transmission* and/or the regulatory investment test for transmission application guidelines.

5.16.3 Investments subject to the regulatory investment test for transmission

- (a) A RIT-T proponent must apply the *regulatory investment test for transmission* to a RIT-T project except in circumstances where:
 - (1) the RIT-T project is required to address an urgent and unforeseen *network* issue that would otherwise put at risk the *reliability* of the *transmission network* as described in paragraph (b);
 - (2) the estimated capital cost of the most expensive option to address the identified need which is technically and economically feasible is less than \$5 million (as varied in accordance with a cost threshold determination);
 - (3) the proposed expenditure relates to maintenance or replacement and is not intended to augment the *transmission network* (including replacement transmission network assets);
 - (4) the maintenance or replacement expenditure also results in an *augmentation* to the *network*, and the estimated capital cost for the *augmentation* component of the proposed expenditure is less than \$5 million (as varied in accordance with a cost threshold determination);
 - (5) the proposed relevant *network* investment is an investment undertaken by a *Transmission Network Service Provider* which:
 - (i) re-routes one or more paths of a *network* for the long term; and

- (ii) has a substantial primary purpose other than the need to *augment a network*,

(a reconfiguration investment) and which the RIT-T proponent reasonably estimates to have an estimated capital cost of less than \$5 million (as varied in accordance with a cost threshold determination) or which has, or is likely to have, no material impact on *network* users;
 - (6) the identified need can only be addressed by expenditure on a *connection asset* which provides services other than *prescribed transmission services* or *standard control services*;
or
 - (7) the cost of addressing the identified need is to be fully recovered through charges other than charges in respect of *prescribed transmission services* or *standard control services*.
- (b) For the purposes of paragraph (a)(1), a RIT-T project will be required to address an urgent and unforeseen *network* issue that would otherwise put at risk the *reliability* of the *transmission network* if:
- (1) it is necessary that the assets or services to address the issue be operational within 6 months of the issue being identified;
 - (2) the event or circumstances causing the identified need was not reasonably foreseeable by, and was beyond the reasonable control of, the *Network Service Provider(s)* that identified the identified need;
 - (3) a failure to address the identified need is likely to materially adversely affect the *reliability* and *secure operating state* of the *transmission network*; and
 - (4) it is not a *contingent project*.
- (c) If a proposed relevant *network* investment is determined to be required to address an urgent and unforeseen *network* issue as described in paragraph (b), and the *Network Service Provider* making the investment is a *Transmission Network Service Provider*, then the *Transmission Network Service Provider* must provide the following information in its next *Transmission Annual Planning Report* following the identification of the need for the relevant *network* investment:
- (1) the date when the proposed relevant *network* investment became or will become operational;
 - (2) the purpose of the proposed relevant *network* investment; and

- (3) the total cost of the proposed relevant *network* investment.
- (d) With the exception of *funded augmentations*, for each RIT-T project to which the *regulatory investment test for transmission* does not apply in accordance with subparagraphs (a)(1)-(7), the *Network Service Providers* affected by the RIT-T project must ensure, acting reasonably, that the investment required to address the identified need is planned and developed at least cost over the life of the investment.
- (e) A RIT-T proponent must not treat different parts of an integrated solution to an identified need as distinct and separate options for the purposes of determining whether the *regulatory investment test for transmission* applies to each of those parts.

5.16.4 Regulatory investment test for transmission procedures

- (a) If a RIT-T project is subject to the *regulatory investment test for transmission* under clause 5.16.3, then the RIT-T proponent must consult all *Registered Participants*, *AEMO* and *interested parties* on the RIT-T project in accordance with this clause 5.16.4.

Project specification consultation report

- (b) A RIT-T proponent must prepare a report (the project specification consultation report), which must include:
 - (1) a description of the identified need;
 - (2) the assumptions used in identifying the identified need (including, in the case of proposed reliability corrective action, why the RIT-T proponent considers reliability corrective action is necessary);
 - (3) the technical characteristics of the identified need that a non-network option would be required to deliver, such as:
 - (i) the size of *load* reduction or additional supply;
 - (ii) location; and
 - (iii) operating profile;
 - (4) if applicable, reference to any discussion on the description of the identified need or the credible options in respect of that identified need in the most recent *NTNDP*;
 - (5) a description of all credible options of which the RIT-T proponent is aware that address the identified need, which may include, without limitation, alternative *transmission* options, *interconnectors*, *generation*, *demand* side

- management, *market network services* or other network options;
- (6) for each credible option identified in accordance with subparagraph (5), information about:
- (i) the technical characteristics of the credible option;
 - (ii) whether the credible option is reasonably likely to have a *material inter-network impact*;
 - (iii) the classes of market benefits that the RIT-T proponent considers are likely not to be material in accordance with clause 5.16.1(c)(6), together with reasons of why the RIT-T proponent considers that these classes of market benefits are not likely to be material;
 - (iv) the estimated construction timetable and commissioning date; and
 - (v) to the extent practicable, the total indicative capital and operating and maintenance costs.
- (c) The RIT-T proponent must make the project specification consultation report available to all *Registered Participants*, *AEMO* and other *interested parties*.
- (d) The RIT-T proponent must:
- (1) provide a summary of the project specification consultation report to *AEMO* within 5 *business days* of making the project specification consultation report; and
 - (2) upon request by an *interested party*, provide a copy of the project specification consultation report to that person within 3 *business days* of the request.
- (e) Within 3 *business days* of receipt of the summary, *AEMO* must *publish* the summary of the project specification consultation report on its website.
- (f) The RIT-T proponent must seek submissions from *Registered Participants*, *AEMO* and *interested parties* on the credible options presented, and the issues addressed, in the project specification consultation report.
- (g) The period for consultation referred to in paragraph (f) must be not less than 12 weeks from the date that *AEMO publishes* the summary of the project specification consultation report on its website.

- (h) A RIT-T proponent that is a *Transmission Network Service Provider* may discharge its obligation under paragraph (c) to make the project specification consultation report available by including the project specification consultation report as part of its *Transmission Annual Planning Report*.
- (i) A RIT-T proponent that is a *Distribution Network Service Provider* may discharge its obligation under paragraph (c) to make the project specification consultation report available by including the project specification consultation report as part of its *Distribution Annual Planning Report*.

Project assessment draft report

- (j) If one or more *Network Service Providers* wishes to proceed with a RIT-T project, within 12 months of the end date of the consultation period referred to in paragraph (g), or such longer time period as is agreed in writing by the *AER*, the RIT-T proponent for the relevant RIT-T project must prepare a report (the project assessment draft report), having regard to the submissions received, if any, under paragraph (f) and make that report available to all *Registered Participants*, *AEMO* and *interested parties*.
- (k) The project assessment draft report must include:
 - (1) a description of each credible option assessed;
 - (2) a summary of, and commentary on, the submissions to the project specification consultation report;
 - (3) a quantification of the costs, including a breakdown of operating and capital expenditure, and classes of material market benefit for each credible option;
 - (4) a detailed description of the methodologies used in quantifying each class of material market benefit and cost;
 - (5) reasons why the RIT-T proponent has determined that a class or classes of market benefit are not material;
 - (6) the identification of any class of market benefit estimated to arise outside the *region* of the *Transmission Network Service Provider* affected by the RIT-T project, and quantification of the value of such market benefits (in aggregate across all regions);
 - (7) the results of a net present value analysis of each credible option and accompanying explanatory statements regarding the results;
 - (8) the identification of the proposed preferred option;

- (9) for the proposed preferred option identified under subparagraph (8), the RIT-T proponent must provide:
 - (i) details of the technical characteristics;
 - (ii) the estimated construction timetable and commissioning date;
 - (iii) if the proposed preferred option is likely to have a *material inter-network impact* and if the *Transmission Network Service Provider* affected by the RIT-T project has received an *augmentation technical report*, that report; and
 - (iv) a statement and the accompanying detailed analysis that the preferred option satisfies the *regulatory investment test for transmission*.
- (l) If a *Network Service Provider* affected by a RIT-T project elects to proceed with a project which is for reliability corrective action, it can only do so where the proposed preferred option has a proponent. The RIT-T proponent must identify that proponent in the project assessment draft report.
- (m) A RIT-T proponent that is a *Transmission Network Service Provider* may discharge its obligation under paragraph (j) to make the project assessment draft report available by including the project assessment draft report as part of its *Transmission Annual Planning Report* provided that report is *published* within 12 months of the end date of the consultation period required under paragraph (g) or within 12 months of the end of such longer time period as is agreed by the *AER* in writing under paragraph (j).
- (n) A RIT-T proponent that is a *Distribution Network Service Provider* may discharge its obligation under paragraph (j) to make the project assessment draft report available by including the project assessment draft report as part of its *Distribution Annual Planning Report* provided that report is *published* within 12 months of the end date of the consultation period required under paragraph (g) or within 12 months of the end of such longer time period as is agreed by the *AER* in writing under paragraph (j).
- (o) The RIT-T proponent must:
 - (1) provide a summary of the project assessment draft report to *AEMO* within 5 *business days* of making the project assessment draft report; and

- (2) upon request by an *interested party*, provide a copy of the project assessment draft report to that person within 3 *business days* of the request.
- (p) Within 3 *business days* of receipt of the summary, *AEMO* must *publish* the summary of the project assessment draft report on its website.
- (q) The RIT-T proponent must seek submissions from *Registered Participants*, *AEMO* and *interested parties* on the preferred option presented, and the issues addressed, in the project assessment draft report.
- (r) The period for consultation referred to in paragraph (q) must be not less than 6 weeks from the date that *AEMO publishes* the summary of the report on its website.
- (s) Within 4 weeks after the end of the consultation period required under paragraph (r), at the request of an *interested party*, a *Registered Participant* or *AEMO* (each being a relevant party for the purposes of this paragraph), the relevant *Network Service Provider* must meet with the relevant party if a meeting is requested by two or more relevant parties and may meet with a relevant party if after having considered all submissions, the relevant *Network Service Provider*, acting reasonably, considers that the meeting is necessary.

Project assessment conclusions report

- (t) As soon as practicable after the end of the consultation period on the project assessment draft report referred to in paragraph (r), the RIT-T proponent must, having regard to the submissions received, if any, under paragraph (q) and the matters discussed at any meetings held, if any, under paragraph (s), prepare and make available to all *Registered Participants*, *AEMO* and *interested parties* and *publish* a report (the project assessment conclusions report).
- (u) If:
 - (1) the RIT-T proponent is exempt from making a project assessment draft report under paragraph (z1); and
 - (2) a *Network Service Provider* affected by a RIT-T project, within 12 months of the end date of the period for consultation referred to in paragraph (g), or within 12 months of the end date of such longer time period as is agreed in writing by the *AER* elects to proceed with the proposed *transmission investment*,

the relevant *Network Service Provider* must, having regard to the submissions received, if any, under paragraph (g) as soon as practicable prepare and make available to all *Registered*

Participants, AEMO and interested parties and *publish* a report (the project assessment conclusions report).

- (v) The project assessment conclusions report must set out:
 - (1) the matters detailed in the project assessment draft report as required under paragraph (k); and
 - (2) a summary of, and the RIT-T proponent's response to, submissions received, if any, from *interested parties* sought under paragraph (q).
- (w) The RIT-T proponent must:
 - (1) provide a summary of the project assessment conclusions report to *AEMO* within 5 *business days* of making the project assessment conclusions report; and
 - (2) upon request by an *interested party*, provide a copy of the project assessment conclusions report to that person within 3 *business days* of the request.
- (x) Within 3 *business days* of receipt of the summary, *AEMO* must *publish* the summary of the project assessment conclusions report on its website.
- (y) A RIT-T proponent that is a *Transmission Network Service Provider* may discharge its obligation under paragraph (t) and (u) to make the project assessment conclusions report available by including the project assessment conclusions report as part of its *Transmission Annual Planning Report* provided that the report is *published* within 4 weeks from the date of making available the project assessment conclusions report under paragraph (t) or (u), as the case may be.
- (z) A RIT-T proponent that is a *Distribution Network Service Provider* may discharge its obligation under paragraph (t) and (u) to make the project assessment conclusions report available by including the project assessment conclusions report as part of its *Distribution Annual Planning Report* provided that the report is *published* within 4 weeks from the date of making available the project assessment conclusions report under paragraph (t) or (u), as the case may be.

Exemption from drafting a project assessment draft report for RIT-T projects without material market benefits

- (z1) A RIT-T proponent is exempt from paragraphs (j) to (s) if:
 - (1) the estimated capital cost of the proposed preferred option is less than \$35 million (as varied in accordance with a cost threshold determination);

- (2) the relevant *Network Service Provider* has identified in its project specification consultation report:
 - (i) its proposed preferred option;
 - (ii) its reasons for the proposed preferred option; and
 - (iii) that its RIT-T project has the benefit of this exemption;
 - (3) the RIT-T proponent considers, in accordance with clause 5.16.1(c)(6), that the proposed preferred option and any other credible option in respect of the identified need will not have a material market benefit for the classes of market benefit specified in clause 5.16.1(c)(4) except those classes specified in clauses 5.16.1(c)(4)(ii) and (iii), and has stated this in its project specification consultation report; and
 - (4) the RIT-T proponent forms the view that no submissions were received on the project specification consultation report which identified additional credible options that could deliver a material market benefit;
- (z2) The RIT-T proponent must address in the project assessment conclusions report any issues that were raised in relation to a proposed preferred option to which paragraph (z1) applies during the consultation on the project specification consultation report.

5.16.5 Disputes in relation to application of regulatory investment test for transmission

- (a) *Registered Participants, the AEMC, Connection Applicants, Intending Participants, AEMO and interested parties* may, by notice to the *AER*, dispute conclusions made by the RIT-T proponent in the project assessment conclusions report in relation to:
 - (1) the application of the *regulatory investment test for transmission*;
 - (2) the basis on which the RIT-T proponent has classified the preferred option as being for reliability corrective action; or
 - (3) the RIT-T proponent's assessment regarding whether the preferred option will have a *material inter-network impact*, in accordance with any criteria for a *material inter-network impact* that are in force at the time of the preparation of the project assessment conclusions report.
- (b) A dispute under this clause 5.16.5 may not be raised in relation to any matters set out in the project assessment conclusions report which:

- (1) are treated as externalities by the *regulatory investment test for transmission*; or
 - (2) relate to an individual's personal detriment or property rights.
- (c) Within 30 days of the date of *publication* of the project assessment conclusions report under clause 5.16.4 (t), (u), (y) or (z) (as the case may be), the party disputing a conclusion made in the project assessment conclusions report (a disputing party) must:
- (1) give notice of the dispute in writing setting out the grounds for the dispute (the dispute notice) to the *AER*; and
 - (2) at the same time, give a copy of the dispute notice to the RIT-T proponent.
- (d) Subject to paragraph (f)(3), within 40 days of receipt of the dispute notice or within an additional period of up to 60 days where the *AER* notifies *interested parties* that the additional time is required to make a determination because of the complexity or difficulty of the issues involved, the *AER* must either:
- (1) reject any dispute by written notice to the person who initiated the dispute if the *AER* considers that the grounds for the dispute are misconceived or lacking in substance; and
 - (2) notify the RIT-T proponent that the dispute has been rejected; or
 - (3) subject to paragraph (f), make and *publish* a determination:
 - (i) directing the RIT-T proponent to amend the matters set out in the project assessment conclusions report; or
 - (ii) stating that, based on the grounds of the dispute, the RIT-T proponent will not be required to amend the project assessment conclusions report.
- (e) The RIT-T proponent must comply with an *AER* determination made under paragraph (d)(3)(i) within a timeframe specified by the *AER* in its determination.
- (f) In making a determination under paragraph (d)(3), the *AER*:
- (1) must only take into account information and analysis that the RIT-T proponent could reasonably be expected to have considered or undertaken at the time that it performed the *regulatory investment test for transmission*;
 - (2) must *publish* its reasons for making a determination;

- (3) may request further information regarding the dispute from the disputing party or the RIT-T proponent in which case the period of time for rejecting a dispute or making a determination under paragraph (d) is extended by the time it takes the relevant party to provide the requested further information to the *AER*;
 - (4) may disregard any matter raised by the disputing party or the RIT-T proponent that is misconceived or lacking in substance; and
 - (5) where making a determination under subparagraph (d)(3)(i), must specify a reasonable timeframe for the RIT-T proponent to comply with the *AER*'s direction to amend the matters set out in the project assessment conclusions report.
- (g) The *AER* may only make a determination under subparagraph (d)(3)(i) if it determines that:
- (1) the RIT-T proponent has not correctly applied the *regulatory investment test for transmission* in accordance with the *Rules*;
 - (2) the RIT-T proponent has erroneously classified the preferred option as being for reliability corrective action;
 - (3) the RIT-T proponent has not correctly assessed whether the preferred option will have a *material inter-network impact*; or
 - (4) there was a manifest error in the calculations performed by the RIT-T proponent in applying the *regulatory investment test for transmission*.
- (h) A disputing party or the RIT-T proponent (as the case may be) must as soon as reasonably practicable provide any information requested under paragraph (f)(3) to the *AER*.
- (i) The relevant period of time in which the *AER* must make a determination under paragraph (d)(3) is automatically extended by the period of time taken by the RIT-T proponent or a disputing party to provide any additional information requested by the *AER* under this clause 5.16.5, provided:
- (1) the *AER* makes the request for the additional information at least 7 *business days* prior to the expiry of the relevant period; and
 - (2) the RIT-T proponent or the disputing party provides the additional information within 14 *business days* of receipt of the request.

5.16.6 Determination that preferred option satisfies the regulatory investment test for transmission

- (a) After the expiry of the 30 day period referred to in clause 5.16.5(c) and where a preferred option is not for reliability corrective action, the RIT-T proponent may request, in writing to the *AER*, that the *AER* make a determination as to whether the preferred option satisfies the *regulatory investment test for transmission*.
- (b) The *AER*:
 - (1) must, within 120 *business days* of receipt of the request from the applicant, subject to paragraph (c), make and *publish* a determination, including reasons for its determination;
 - (2) must use the findings and recommendations in the project assessment conclusions report in making its determination under subparagraph (1);
 - (3) may request further information from the RIT-T proponent; and
 - (4) may have regard to any other matter the *AER* considers relevant.
- (c) The relevant period of time in which the *AER* must make a determination under paragraph (b) is automatically extended by the period of time taken by the RIT-T proponent to provide any additional information requested by the *AER* under this clause 5.16.6, provided:
 - (1) the *AER* makes the request for the additional information at least 7 *business days* prior to the expiry of the relevant period; and
 - (2) the RIT-T proponent provides the additional information within 14 *business days* of receipt of the request.

5.17 Regulatory investment test for distribution

5.17.1 Principles

- (a) The *AER* must develop and *publish* the *regulatory investment test for distribution* in accordance with the *distribution consultation procedures* and this clause 5.17.1.
- (b) The purpose of the *regulatory investment test for distribution* is to identify the credible option that maximises the present value of the net economic benefit to all those who produce, consume and transport electricity in the *National Electricity Market* (the preferred

option). For the avoidance of doubt, a preferred option may, in the relevant circumstances, have a negative net economic benefit (that is, a net economic cost) where the identified need is for reliability corrective action.

- (c) The *regulatory investment test for distribution* must:
- (1) be based on a cost-benefit analysis that must include an assessment of reasonable scenarios of future supply and demand;
 - (2) not require a level of analysis that is disproportionate to the scale and likely impact of each of the credible options being considered;
 - (3) be capable of being applied in a predictable, transparent and consistent manner;
 - (4) require the RIT-D proponent to consider whether each credible option could deliver the following classes of market benefits:
 - (i) changes in voluntary *load* curtailment;
 - (ii) changes in involuntary *load shedding* and *customer* interruptions caused by *network* outages, using a reasonable forecast of the value of electricity to *customers*;
 - (iii) changes in costs for parties, other than the RIT-D proponent, due to differences in:
 - (A) the timing of new *plant*;
 - (B) capital costs; and
 - (C) the operating and maintenance costs;
 - (iv) differences in the timing of expenditure;
 - (v) changes in load transfer capacity and the capacity of *Embedded Generators* to take up *load*;
 - (vi) any additional option value (where this value has not already been included in the other classes of market benefits) gained or foregone from implementing the credible option with respect to the likely future investment needs of the *National Electricity Market* ;
 - (vii) changes in *electrical energy losses*; and

- (viii) any other class of market benefit determined to be relevant by the *AER*.
- (5) with respect to the classes of market benefits set out in subparagraphs (4)(i) and (ii), ensure that, if a credible option is for reliability corrective action, the consideration and any quantification assessment of these classes of market benefits will only apply insofar as the market benefit delivered by that credible option exceeds the minimum standard required for reliability corrective action;
- (6) require the RIT-D proponent to consider whether the following classes of costs would be associated with each credible option and, if so, quantify the:
 - (i) financial costs incurred in constructing or providing the credible option;
 - (ii) operating and maintenance costs over the operating life of the credible option;
 - (iii) cost of complying with laws, regulations and applicable administrative requirements in relation to the construction and operation of the credible option; and
 - (iv) any other financial costs determined to be relevant by the *AER*.
- (7) require a RIT-D proponent, in exercising judgement as to whether a particular class of market benefit or cost applies to each credible option, to have regard to any submissions received on the non-network options report and/or draft project assessment report where relevant;
- (8) provide that any market benefit or cost which cannot be measured as a market benefit or cost to persons in their capacity as *Generators, Distribution Network Service Providers, Transmission Network Service Providers* or consumers of electricity must not be included in any analysis under the *regulatory investment test for distribution*; and
- (9) specify:
 - (i) the method or methods permitted for estimating the magnitude of the different classes of market benefits;
 - (ii) the method or methods permitted for estimating the magnitude of the different classes of costs;

- (iii) the appropriate method and value for specific inputs, where relevant, for determining the discount rate or rates to be applied;
 - (iv) that a sensitivity analysis is required for modelling the cost-benefit analysis; and
 - (v) that the credible option that maximises the present value of net economic benefit to all those who produce, consume or transport electricity in the *National Electricity Market* may, in some circumstances, be a negative net economic benefit (that is, a net economic cost) where the identified need is for reliability corrective action.
- (d) A RIT-D proponent may, under the *regulatory investment test for distribution*, quantify each class of market benefits under paragraph (c)(4) where the RIT-D proponent considers that:
- (1) any applicable market benefits may be material; or
 - (2) the quantification of market benefits may alter the selection of the preferred option.
- (e) The *regulatory investment test for distribution* permits a single assessment of an integrated set of related and similar investments.

5.17.2 Regulatory investment test for distribution application guidelines

- (a) At the same time as the *AER* develops and *publishes* a proposed *regulatory investment test for distribution* under the *distribution consultation procedure*, the *AER* must also develop and *publish* guidelines for the operation and application of the *regulatory investment test for distribution* in accordance with the *distribution consultation procedures* and this clause 5.17.2.
- (b) The regulatory investment test for distribution application guidelines must:
- (1) give effect to and be consistent with this clause 5.17.2 and clauses 5.15.2, 5.17.3, 5.17.4 and 5.17.5; and
 - (2) provide guidance on:
 - (i) the operation and application of the *regulatory investment test for distribution*;
 - (ii) the process to be followed in applying the *regulatory investment test for distribution*;

- (iii) what will be considered to be a material and adverse *National Electricity Market* impact for the purposes of the definition of *interested parties* in clause 5.15.1.
 - (iv) how disputes raised in relation to the *regulatory investment test for distribution* and its application will be addressed and resolved.
- (c) The regulatory investment test for distribution application guidelines must provide guidance and worked examples as to:
 - (1) how to make a determination under clause 5.17.4(c);
 - (2) what constitutes a credible option;
 - (3) the suitable modelling periods and approaches to scenario development;
 - (4) the classes of market benefits to be considered for the purposes of clause 5.17.1(c)(4);
 - (5) the acceptable methodologies for valuing the market benefits of a credible option referred to in clause 5.17.1(c)(4);
 - (6) acceptable methodologies for valuing the costs of a credible option referred to in clause 5.17.1(c)(6);
 - (7) the appropriate approach to undertaking a sensitivity analysis for the purposes of clause 5.17.1(c)(9)(iv);
 - (8) the appropriate approaches to assessing uncertainty and risks; and
 - (9) what may constitute an externality under the *regulatory investment test for distribution*.
- (d) The *AER* must develop and *publish* the first *regulatory investment test for distribution* and regulatory investment test for distribution application guidelines by 31 August 2013, and there must be a *regulatory investment test for distribution* and regulatory investment test for distribution application guidelines in force at all times after that date.
- (e) The *AER* may, from time to time, amend or replace the *regulatory investment test for distribution* and regulatory investment test for distribution application guidelines in accordance with the *distribution consultation procedures*, provided the *AER publishes* any amendments to, or replacements of, the *regulatory investment test for distribution* or regulatory investment test for distribution application guidelines at the same time.

- (f) An amendment referred to in paragraph (e) does not apply to a current application of the *regulatory investment test for distribution* and the regulatory investment test for distribution application guidelines under the *Rules* by a RIT-D proponent.
- (g) For the purposes of paragraph (f), a “current application” means any action or process initiated under the *Rules* which relies on or is referenced to the *regulatory investment test for distribution* and/or the regulatory investment test for distribution application guidelines and is not completed at the date of the relevant amendment to the *regulatory investment test for distribution* and/or the regulatory investment test for distribution application guidelines.
- (h) The *AER* may *publish* the *regulatory investment test for distribution*, the regulatory investment test for distribution application guidelines, the *regulatory investment test for transmission* and the regulatory investment test for transmission application guidelines in a single document.

5.17.3 Projects subject to the regulatory investment test for distribution

- (a) A RIT-D proponent must apply the *regulatory investment test for distribution* to a RIT-D project except in circumstances where:
 - (1) the RIT-D project is required to address an urgent and unforeseen *network* issue that would otherwise put at risk the reliability of the *distribution network* or a significant part of that *network* as described in paragraph (c);
 - (2) the estimated capital cost to the *Network Service Providers* affected by the RIT-D project of the most expensive potential credible option to address the identified need is less than \$5 million (as varied in accordance with a cost threshold determination);
 - (3) the cost of addressing the identified need is to be fully recovered through charges other than charges in respect of *standard control services* or *prescribed transmission services*;
 - (4) the identified need can only be addressed by expenditure on a *connection asset* which provides services other than *standard control services* or *prescribed transmission services*;
 - (5) the RIT-D project is related to the refurbishment or replacement of existing assets and is not intended to *augment* a *network*; or
 - (6) the refurbishment or replacement expenditure also results in an *augmentation* to the *network*, and the estimated capital cost of the most expensive potential credible option to address the

identified need in respect of the *augmentation* component is less than \$5 million (as varied in accordance with a cost threshold determination).

- (b) If a potential credible option to address an identified need includes expenditure on a *dual function asset*, the project must be assessed under the *regulatory investment test for distribution* unless the identified need was identified through joint planning under rule 5.14 and the project to address the identified need is a RIT-T project.
- (c) For the purposes of paragraph (a)(1), a RIT-D project will be required to address an urgent and unforeseen *network* issue that would otherwise put at risk the *reliability* of the *distribution network* or a significant part of that *network* if:
 - (1) it is necessary that the assets or services to address the issue be operational within six months of the issue being identified;
 - (2) the event or circumstances causing the identified need was not reasonably foreseeable by, and was beyond the reasonable control of, the *Network Service Provider(s)* that identified the identified need; and
 - (3) a failure to address the identified need is likely to materially adversely affect the *reliability* and *secure operating state* of the *distribution network* or a significant part of that *network*.
- (d) With the exception of *negotiated distribution services* and *negotiated transmission services*, for each RIT-D project to which the *regulatory investment test for distribution* does not apply in accordance with paragraph (a)(1)-(6), the *Network Service Providers* affected by the RIT-D project must ensure, acting reasonably, that the investment required to address the identified need is planned and developed at least cost over the life of the investment.
- (e) A RIT-D proponent must not treat different parts of an integrated solution to an identified need as distinct and separate options for the purposes of determining whether the *regulatory investment test for distribution* applies to each of those parts.

5.17.4 Regulatory investment test for distribution procedures

- (a) If a RIT-D project is subject to the *regulatory investment test for distribution* under clause 5.17.3, then the RIT-D proponent must consult with the following persons on the RIT-D project in accordance with this clause 5.17.4:
 - (1) all *Registered Participants*, *AEMO*, *interested parties* and non-network providers; and

- (2) if the RIT-D proponent is a *Distribution Network Service Provider*, persons registered on its demand side engagement register.

Screening for non-network options

- (b) Subject to paragraph (c), a RIT-D proponent must prepare and *publish* a non-network options report under paragraph (e) if a RIT-D project is subject to the *regulatory investment test for distribution* under clause 5.17.3.
- (c) A RIT-D proponent is not required to comply with paragraph (b) if it determines on reasonable grounds that there will not be a non-network option that is a potential credible option, or that forms a significant part of a potential credible option, for the RIT-D project to address the identified need.
- (d) If a RIT-D proponent makes a determination under paragraph (c), then as soon as possible after making the determination it must *publish* a notice setting out the reasons for its determination, including any methodologies and assumptions it used in making its determination.

Non-network options report

- (e) A non-network options report must include:
 - (1) a description of the identified need;
 - (2) the assumptions used in identifying the identified need (including, in the case of proposed reliability corrective action, why the RIT-D proponent considers reliability corrective action is necessary);
 - (3) if available, the relevant annual deferred *augmentation* charge associated with the identified need;
 - (4) the technical characteristics of the identified need that a non-network option would be required to deliver, such as:
 - (i) the size of *load* reduction or additional *supply*;
 - (ii) location;
 - (iii) contribution to *power system security* or *reliability*;
 - (iv) contribution to *power system* fault levels as determined under clause 4.6.1; and
 - (v) the operating profile;

- (5) a summary of potential credible options to address the identified need, as identified by the RIT-D proponent, including network options and non-network options.
- (6) for each potential credible option, the RIT-D proponent must provide information, to the extent practicable, on:
 - (i) a technical definition or characteristics of the option;
 - (ii) the estimated construction timetable and commissioning date (where relevant); and
 - (iii) the total indicative cost (including capital and operating costs); and
- (7) information to assist non-network providers wishing to present alternative potential credible options including details of how to submit a *non-network* proposal for consideration by the RIT-D proponent.
- (f) The non-network options report must be *published* in a timely manner having regard to the ability of parties to identify the scope for, and develop, alternative potential credible options or variants to the potential credible options.
- (g) At the same time as *publishing* the non-network options report, the RIT-D proponent, if it is a *Distribution Network Service Provider*, must notify persons registered on its demand side engagement register of the report's *publication*.
- (h) *Registered Participants, AEMO, interested parties, non-network providers* and (if relevant) persons registered on the *Distribution Network Service Provider's* demand side engagement register must be provided with not less than three months in which to make submissions on the non-network options report from the date that the RIT-D proponent *publishes* the report.

Draft project assessment report

- (i) If one or more *Network Service Providers* wishes to proceed with a RIT-D project following a determination under paragraph (c) or the *publication* of a non-network options report then the RIT-D proponent, having regard, where relevant, to any submissions received on the non-network options report, must prepare and *publish* a draft project assessment report within:
 - (1) 12 months of:
 - (i) the end of the consultation period on a non-network options report; or

- (ii) where a non-network options report is not required, the publication of a notice under paragraph (d); or
- (2) any longer time period as agreed to in writing by the *AER*.
- (j) The draft project assessment report must include the following:
 - (1) a description of the identified need for the investment;
 - (2) the assumptions used in identifying the identified need (including, in the case of proposed reliability corrective action, reasons that the RIT-D proponent considers reliability corrective action is necessary);
 - (3) if applicable, a summary of, and commentary on, the submissions on the non-network options report;
 - (4) a description of each credible option assessed;
 - (5) where a *Distribution Network Service Provider* has quantified market benefits in accordance with clause 5.17.1(d), a quantification of each applicable market benefit for each credible option;
 - (6) a quantification of each applicable cost for each credible option, including a breakdown of operating and capital expenditure;
 - (7) a detailed description of the methodologies used in quantifying each class of cost and market benefit;
 - (8) where relevant, the reasons why the RIT-D proponent has determined that a class or classes of market benefits or costs do not apply to a credible option;
 - (9) the results of a net present value analysis of each credible option and accompanying explanatory statements regarding the results;
 - (10) the identification of the proposed preferred option;
 - (11) for the proposed preferred option, the RIT-D proponent must provide:
 - (i) details of the technical characteristics;
 - (ii) the estimated construction timetable and commissioning date (where relevant);
 - (iii) the indicative capital and operating cost (where relevant);

- (iv) a statement and accompanying detailed analysis that the proposed preferred option satisfies the *regulatory investment test for distribution*; and
 - (v) if the proposed preferred option is for reliability corrective action and that option has a proponent, the name of the proponent; and
- (12) contact details for a suitably qualified staff member of the RIT-D proponent to whom queries on the draft report may be directed.
- (k) The RIT-D proponent must *publish* a request for submissions on the matters set out in the draft project assessment report, including the proposed preferred option, from:
 - (1) *Registered Participants, AEMO, non-network providers and interested parties*; and
 - (2) if the RIT-D proponent is a *Distribution Network Service Provider*, persons on its demand side engagement register.
- (l) If the proposed preferred option has the potential to, or is likely to, have an adverse impact on the quality of service experienced by consumers of electricity, including:
 - (1) anticipated changes in voluntary *load* curtailment by consumers of electricity; or
 - (2) anticipated changes in involuntary *load shedding* and customer interruptions caused by *network* outages,then the RIT-D proponent must consult directly with those affected customers in accordance with a process reasonably determined by the RIT-D proponent.
- (m) The consultation period on the draft project assessment report must not be less than six weeks from the *publication* of the report.

Exemption from the draft project assessment report

- (n) A RIT-D proponent is not required to prepare and *publish* a draft project assessment report under paragraph (i) if:
 - (1) the RIT-D proponent made a determination under paragraph (c) and has *published* a notice under paragraph (d); and
 - (2) the estimated capital cost to the *Network Service Providers* affected by the RIT-D project of the proposed preferred option is less than \$10 million (varied in accordance with a cost threshold determination).

Final project assessment report

- (o) As soon as practicable after the end of the consultation period on the draft project assessment report, the RIT-D proponent must, having regard to any submissions received on the draft project assessment report, *publish* a final project assessment report.
- (p) If the RIT-D project is exempt from the draft project assessment report stage under paragraph (n), the RIT-D proponent must *publish* the final project assessment report as soon as practicable after the publication of the notice under paragraph (d).
- (q) At the same time as *publishing* the final project assessment report, a RIT-D proponent that is a *Distribution Network Service Provider* must notify persons on its demand side engagement register of the report's *publication*.
- (r) The final project assessment report must set out:
 - (1) if a draft project assessment report was prepared:
 - (i) the matters detailed in that report as required under paragraph (j); and
 - (ii) a summary of any submissions received on the draft project assessment report and the RIT-D proponent's response to each such submission; and
 - (2) if no draft project assessment report was prepared, the matters specified in paragraph (j).
- (s) If the preferred option outlined in the final project assessment report has an estimated capital cost to the *Network Service Providers* affected by the RIT-D project of less than \$20 million (varied in accordance with a cost threshold determination), the RIT-D proponent may discharge its obligations to *publish* its final project assessment report under paragraphs (o) and (p) by including the final project assessment report as part of its *Distribution Annual Planning Report* (where the RIT-D proponent is a *Distribution Network Service Provider*) or its *Transmission Annual Planning Report* (where the RIT-D proponent is a *Transmission Network Service Provider*).

Reapplication of regulatory investment test for distribution

- (t) If:
 - (1) a RIT-D proponent has *published* a final project assessment report in respect of a RIT-D project;
 - (2) a *Network Service Provider* still wishes to undertake the RIT-D project to address the identified need; and

- (3) there has been a material change in circumstances which, in the reasonable opinion of the RIT-D proponent means that the preferred option identified in the final project assessment report is no longer the preferred option,

then the RIT-D proponent must reapply the *regulatory investment test for distribution* to the RIT-D project, unless otherwise determined by the *AER*.

- (u) For the purposes of paragraph (t), a material change in circumstances may include, but is not limited to, a change to the key assumptions used in identifying:
 - (1) the identified need described in the final project assessment report; or,
 - (2) the credible options assessed in, the final project assessment report.
- (v) When making a determination under paragraph (t) the *AER* must have regard to:
 - (1) the credible options (other than the preferred option) identified in the final project assessment report;
 - (2) the change in circumstances identified by the RIT-D proponent; and
 - (3) whether a failure to promptly undertake the RIT-D project is likely to materially affect the *reliability* and *secure operating state* of the *distribution network* or a significant part of that *network*.

5.17.5 Disputes in relation to application of regulatory investment test for distribution

- (a) *Registered Participants*, the *AEMC*, *Connection Applicants*, *Intending Participants*, *AEMO*, *interested parties*, and non-network providers may, by notice to the *AER*, dispute conclusions made by the RIT-D proponent in the final project assessment report on the grounds that:
 - (1) the RIT-D proponent has not applied the *regulatory investment test for distribution* in accordance with the *Rules*; or
 - (2) there was a manifest error in the calculations performed by the RIT-D proponent in applying the *regulatory investment test for distribution*.

- (b) A dispute under this clause 5.17.5 may not be raised in relation to any matters set out in the final project assessment report which:
 - (1) are treated as externalities by the *regulatory investment test for distribution*; or
 - (2) relate to an individual's personal detriment or property rights.
- (c) Within 30 days of the date of *publication* of the final project assessment report under clause 5.17.4(o), (p) or (s) (as the case may be), the party disputing matters in the final project assessment report (a disputing party) must:
 - (1) give notice of the dispute in writing setting out the grounds for the dispute (the dispute notice) to the *AER*; and
 - (2) at the same time, give a copy of the dispute notice to the RIT-D proponent.
- (d) Subject to paragraph (h), within 40 days of receipt of the dispute notice or within an additional period of up to 60 days where the *AER* notifies a relevant party that the additional time is required to make a determination because of the complexity or difficulty of the issues involved, the *AER* must either:
 - (1) reject any dispute by written notice to the person who initiated the dispute if the *AER* considers that the grounds for the dispute are invalid, misconceived or lacking in substance; and
 - (2) notify the RIT-D proponent that the dispute has been rejected; or
 - (3) subject to paragraph (f) and (g), make and *publish* a determination:
 - (i) directing the RIT-D proponent to amend the matters set out in the final project assessment report; or
 - (ii) stating that, based on the grounds of the dispute, the RIT-D proponent will not be required to amend the final project assessment report.
- (e) A RIT-D proponent must comply with an *AER* determination made under subparagraph (d)(3)(i) within a timeframe specified by the *AER* in its determination.
- (f) In making a determination under paragraph (d)(3), the *AER*:
 - (1) must only take into account information and analysis that the RIT-D proponent could reasonably be expected to have considered or undertaken at the time that it performed the *regulatory investment test for distribution*;

- (2) must *publish* its reasons for making a determination;
 - (3) may disregard any matter raised by the disputing party or the RIT-D proponent that is misconceived or lacking in substance; and
 - (4) where making a determination under subparagraph (d)(3)(i), must specify a reasonable timeframe for the RIT-D proponent to comply with the *AER's* direction to amend the matters set out in the final project assessment report.
- (g) The *AER* may only make a determination under subparagraph (d)(3)(i) if it determines that:
- (1) the RIT-D proponent has not correctly applied the *regulatory investment test for distribution* in accordance with the *Rules*; or
 - (2) there was a manifest error in the calculations performed by the RIT-D proponent in applying the *regulatory investment test for distribution*.
- (h) The *AER* may request additional information regarding the dispute from the disputing party or the RIT-D proponent in which case the period of time for rejecting a dispute under paragraph (d)(1) or making a determination under paragraph (d)(3) is automatically extended by the time it takes the relevant party to provide the additional information to the *AER* provided:
- (1) the *AER* makes the request for additional information at least seven days prior to the expiry of the relevant period; and
 - (2) the RIT-D proponent or disputing party provides the additional information within 14 days of receipt of the request under subparagraph (1).
- (i) A disputing party or the RIT-D proponent (as the case may be) must as soon as reasonably practicable provide any information requested under paragraph (h) to the *AER*.

5.18 Construction of funded augmentations

- (a) The term *Transmission Network Service Provider* when used in this rule 5.18 is not intended to refer to, and is not to be read or construed as referring to, any *Transmission Network Service Provider* in its capacity as a *Market Network Service Provider*.
- (b) A *Transmission Network Service Provider* who proposes to construct a *funded augmentation* must make available to all *Registered Participants* and *AEMO* a notice which must set out:

- (1) a detailed description of the proposed *funded augmentation*;
 - (2) all relevant technical details concerning the proposed *funded augmentation*, the impact of the *funded augmentation* on the relevant *transmission network's Transmission Network Users* and the construction timetable and commissioning date for the *funded augmentation*;
 - (3) an *augmentation technical report* prepared by AEMO if, and only if, the *funded augmentation* is reasonably likely to have a *material inter-network impact* and the *Transmission Network Service Provider* has not received consent to proceed with construction from all *Transmission Network Service Providers* whose *transmission networks* are materially affected by the *funded augmentation*. In assessing whether a *funded augmentation* is reasonably likely to have a *material inter-network impact*, the *Transmission Network Service Provider* must have regard to the objective set of criteria published by AEMO (if any such criteria have been published by AEMO).
- (c) The *Transmission Network Service Provider* must provide a summary of the notice prepared in accordance with paragraph (b) to AEMO. Within 3 *business days* of receipt of the summary, AEMO must *publish* the summary on its website.
- (d) The *Transmission Network Service Provider* must consult with any *interested parties*, in accordance with the *Rules consultation procedures*, on any matter set out in the notice prepared in accordance with paragraph (b).

5.19 SENE Design and Costing Study

5.19.1 Definitions

In this rule 5.19:

forecast generation scenarios means different assumptions made by the *Transmission Network Service Provider* conducting a SENE Design and Costing Study about the likely timing and capacity of future *connections* of *generating systems* in the geographic area relevant to the study and the probability of that capacity materialising.

Scale Efficient Network Extension means an *augmentation* to a *transmission network* which is capable of facilitating the future *connection* to the *transmission network* of two or more *generating systems* in the same geographic area that have different owners, operators or controllers.

SENE Design and Costing Study means a study undertaken by a *Transmission Network Service Provider* in accordance with this rule 5.19 which compares the cost of forecast *connections* of *generating systems* to

a *transmission network augmented* by a Scale Efficient Network Extension and the cost of those forecast *connections connecting* to the *national grid* in the same geographic area in the absence of the Scale Efficient Network Extension.

SENE Study Proponent means a person that makes a request under clause 5.19.2(a).

SENE study information means:

- (a) any data or information provided to a *Transmission Network Service Provider* by a *Network Service Provider* under clause 5.19.5 for the purposes of a SENE Design and Costing Study;
- (b) any data or information provided to a *Transmission Network Service Provider* by a person for the purposes of a SENE Design and Costing Study, provided that the person has registered its interest in response to an invitation under clause 5.19.3(e)(3); and
- (c) any data or information contained in a SENE Design and Costing Study published under clause 5.19.6.

5.19.2 Interpretation

In this rule 5.19:

- (a) a reference to a *Transmission Network Service Provider* does not include a *Distribution Network Service Provider* in its capacity as owner, controller or operator of a *dual function asset*; and
- (b) a reference to a *transmission network* does not include *dual function assets*.

5.19.3 Request for SENE Design and Costing Study

- (a) Any person may request a *Transmission Network Service Provider* to undertake a SENE Design and Costing Study in relation to the construction of a Scale Efficient Network Extension for *connection* to its *transmission network*.
- (b) If the *Transmission Network Service Provider* receives a request under paragraph (a), the *Transmission Network Service Provider* must undertake a SENE Design and Costing Study if the following conditions are satisfied:
 - (1) at the time the study is requested, the *Transmission Network Service Provider* is not undertaking another SENE Design and Costing Study in relation to the same geographic area;

- (2) it has agreed the scope and timing of the SENE Design and Costing Study with the SENE Study Proponent in accordance with paragraph (c); and
 - (3) the SENE Study Proponent or any other person or group of persons (which may include the SENE Study Proponent) has agreed to pay all the reasonable costs incurred by the *Transmission Network Service Provider* in undertaking the study, including any costs it incurs in meeting its obligation under clause 5.19.5(b).
- (c) The *Transmission Network Service Provider*:
- (1) must in accordance with clause 5.19.4, negotiate with the SENE Study Proponent in good faith to reach agreement on the cost, scope and timeframes for undertaking the SENE Design and Costing Study; and
 - (2) without limiting subparagraph (1), must not unreasonably withhold its consent to undertake a SENE Design and Costing Study in accordance with the scope and timeframes for the study proposed by the SENE Study Proponent.
- (d) The *Transmission Network Service Provider* must undertake the SENE Design and Costing Study in accordance with the agreement reached with the SENE Study Proponent under paragraph (c).
- (e) As soon as practicable after the conditions referred to in paragraph (b) are satisfied in relation to a SENE Design and Costing Study, the relevant *Transmission Network Service Provider* must publish on its website a notice of the commencement of the study. A notice under this paragraph (e) must:
- (1) specify the geographic area that is being considered in the study;
 - (2) specify the dates agreed between the *Transmission Network Service Provider* and the SENE Study Proponent for completion of the study and any other milestones for the study;
 - (3) invite any person who may be interested in providing SENE study information to the *Transmission Network Service Provider* to register their interest by written notice to the *Transmission Network Service Provider* within a period specified in the notice, being a period not less than 10 *business days* from the date the notice is published; and
 - (4) include a statement to the effect that by registering with the *Transmission Network Service Provider* in accordance with subparagraph (3), the person is giving consent to the use and

disclosure of the SENE study information subsequently provided by that person in accordance with clause 5.19.7.

5.19.4 Content of SENE Design and Costing Study

In negotiating the scope of the SENE Design and Costing Study with the SENE Study Proponent under clause 5.19.3(c), the *Transmission Network Service Provider* must consider the following matters:

- (a) the construction of future *generating systems* and the capacity of those *generating systems* in the relevant geographic area that are considered likely to require *connection* to the *national grid*, based on forecast generation scenarios;
- (b) having regard to each forecast generation scenario:
 - (1) the most appropriate location of the point of *connection* of the Scale Efficient Network Extension to the present *transmission network*;
 - (2) the configuration of the Scale Efficient Network Extension including the point at which *generating systems* may connect to the Scale Efficient Network Extension;
 - (3) the capacity and technical specifications of the Scale Efficient Network Extension;
 - (4) indicative development, operating and other costs for the Scale Efficient Network Extension, based on an indicative timetable for development of the Scale Efficient Network Extension;
 - (5) opportunities for developing the Scale Efficient Network Extension incrementally;
 - (6) the likely impact of the Scale Efficient Network Extension on its *transmission network*, including the type and estimated cost of any other *augmentation* that would be required to ensure that the Scale Efficient Network Extension did not increase congestion on its *transmission network*;
 - (7) a comparison between:
 - (i) the estimated total project expenditure (excluding any revenue impact) of forecast *connections* of *generating systems* to the *Transmission Network Service Provider's network* as *augmented* by a Scale Efficient Network Extension; and
 - (ii) the estimated total project expenditure (excluding any revenue impact) of forecast *connections* of *generating*

systems to the Transmission Network Service Provider's network, or, if different, the Local Network Service Provider's network, in the same geographic area in the absence of the Scale Efficient Network Extension; and

- (c) the most recent *NTNDP* and the *Transmission Network Service Provider's* most recent *Transmission Annual Planning Report* (to the extent relevant).

5.19.5 Co-operation of other Network Service Providers

- (a) A *Network Service Provider* must co-operate with any *Transmission Network Service Provider* that is undertaking a SENE Design and Costing Study to enable that *Transmission Network Service Provider* to undertake the study expeditiously and consider the matters referred to in clause 5.19.4.
- (b) A *Transmission Network Service Provider* may request data or information (including *confidential information*) or assistance from another *Network Service Provider* for the purposes of undertaking a SENE Design and Costing Study but must meet the reasonable costs of the *Network Service Provider* in complying with the request.
- (c) A *Network Service Provider* may, but is not required to, provide such data, information or assistance as requested under paragraph (b). If a *Network Service Provider* provides such information or data it must identify any information or data that is *confidential information*.

5.19.6 Publication of SENE Design and Costing Study report

As soon as practicable after the SENE Design and Costing Study is completed, the *Transmission Network Service Provider* that undertook the study must publish on its website a report of the study that includes:

- (a) a description of the scope of the SENE Design and Costing Study;
- (b) a description of the Scale Efficient Network Extension for each forecast generation scenario considered in the study, including its configuration;
- (c) any assumptions made as part of the study;
- (d) a summary of the key matters considered as part of the SENE Design and Costing Study; and
- (e) the study's conclusions as well as an explanation of the reasoning which underlies those conclusions.

5.19.7 Provision and use of information

- (a) The SENE study information must:
- (1) be prepared, given and used in good faith; and
 - (2) not be disclosed or made available by the relevant *Transmission Network Service Provider* to a third party except as set out in this clause 5.19.7 or in accordance with rule 8.6 as if it were *confidential information* for the purposes of that rule.
- (b) A *Transmission Network Service Provider* conducting a SENE Design and Costing Study may disclose SENE study information to another *Network Service Provider* if the relevant *Transmission Network Service Provider* considers the data or information is materially relevant to that provider for the purposes of providing information or assistance under clause 5.19.5.
- (c) If a *Transmission Network Service Provider* intends to disclose information under paragraph (b), it must first advise the relevant information provider of the extent of the disclosure, unless the information may be disclosed in accordance with rule 8.6.
- (d) A *Transmission Network Service Provider* may:
- (1) use SENE study information to prepare the relevant SENE Design and Costing Study or any future SENE Design and Costing Study; and
 - (2) subject to paragraph (e), include SENE study information in a report published under clause 5.19.6.
- (e) A *Transmission Network Service Provider* must not include in a report published under clause 5.19.6, SENE study information which the relevant *Network Service Provider* has identified as *confidential information* under clause 5.19.5(c).

5.20 National transmission planning

In this rule:

NSCAS trigger date means for any *NSCAS gap* identified in clause 5.20.2(c)(8)(i), the date that the *NSCAS gap* first arises.

NSCAS tender date means for any *NSCAS gap* identified in clause 5.20.2(c)(8)(i), the date or indicative date that *AEMO* would need to act so as to call for offers to acquire *NSCAS* to meet that *NSCAS gap* by the relevant *NSCAS trigger date* in accordance with clause 3.11.3(c)(4).

5.20.1 Preliminary consultation

- (a) By no later than 30 January each year, *AEMO* must *publish*:
 - (1) a document that sets out the *NTNDP inputs* that it proposes to use for the preparation or revision of the *NTNDP* for the following calendar year; and
 - (2) a document (the **statement of material issues**):
 - (i) summarising the issues *AEMO* considers to be the material issues involved in the preparation or revision of the *NTNDP* for the following calendar year; and
 - (ii) giving an indication of *AEMO's* preliminary views on how those issues should be resolved.
- (b) At the same time as it *publishes* the documents referred to in paragraph (a), *AEMO* must *publish* an invitation for written submissions to be made to *AEMO* within a period (at least 30 *business days*) specified in the invitation on:
 - (1) the proposed *NTNDP inputs*; and
 - (2) the content of the *NTNDP* as it applies for the current year, including the location of the current and potential *national transmission flow paths* identified in the *NTNDP*; and
 - (3) the issues raised in the statement of material issues.
- (c) A person may make a written submission to *AEMO* on the proposed *NTNDP inputs*, the content of the *NTNDP* as it applies for the current year, or an issue raised in the statement of material issues within the period specified in the invitation.

5.20.2 Publication of NTNDP

- (a) By no later than 31 December each year, *AEMO* must *publish* the *NTNDP* for the following year.
- (b) In preparing the *NTNDP* that is to be *published* under paragraph (a), *AEMO* must:
 - (1) take into account the submissions made in response to the invitation referred to in clause 5.20.1(b); and
 - (2) consider the following matters:
 - (i) the quantity of electricity that flowed, the periods in which the electricity flowed, and *constraints* on the *national transmission flow paths* over the previous year;

- (ii) the forecast quantity of electricity that is expected to flow, the periods in which the electricity is expected to flow, and the magnitude and significance of future *network losses* and *constraints*, on the current and potential *national transmission flow paths* over the year in which the *NTNDP* is to apply or some other period to which a scenario that is used for the purposes of the *NTNDP* applies;
 - (iii) the projected capabilities of the *national transmission grid*, and the *network support and control ancillary services* required to support the existing and future capabilities of the *national transmission grid*, under each of the scenarios that is being used for the purposes of the *NTNDP*;
 - (iv) relevant intra-jurisdictional developments and any incremental works that may be needed to co-ordinate *national transmission flow path* planning with intra-jurisdictional planning;
 - (v) such other matters as *AEMO*, in consultation with the *participating jurisdictions*, considers appropriate; and
- (3) have regard to the following documents:
- (i) the most recent *Transmission Annual Planning Reports* that have been *published*;
 - (ii) the most recent *statement of opportunities* that has been *published*;
 - (iii) the most recent gas statement of opportunities published under the National Gas Law;
 - (iv) the current revenue determination for each *Transmission Network Service Provider*;
 - (v) any other documents that *AEMO* considers relevant.
- (c) An *NTNDP* that is *published* under paragraph (a) must:
- (1) consider and assess an appropriate course for the efficient development of the *national transmission grid* for a planning horizon of at least 20 years from the beginning of the year in which the *NTNDP* applies; and
 - (2) take into account all *transmission elements* which are part of, or materially affect, the transmission capability of any current or potential *national transmission flow paths*; and

- (3) take into account all *NSCAS* provided; and
- (4) identify a range of credible scenarios for the geographic pattern of the demand for, and supply of, electricity for the planning horizon of the *NTNDP*; and
- (5) identify the location of current *national transmission flow paths* and specify their transmission capability; and
- (6) identify the location of the potential *national transmission flow paths* over the planning horizon of the *NTNDP* under each of the scenarios referred to in subparagraph (3); and
- (7) specify a development strategy for each current and potential *national transmission flow path* in accordance with clause 5.20.3; and
- (8) include an assessment that identifies:
 - (i) any *NSCAS gap*; and
 - (ii) for any *NSCAS gap* identified in subparagraph (i) required to maintain *power system security* and reliability of *supply* of the *transmission network* in accordance with the *power system security and reliability standards*, the relevant *NSCAS* trigger date;
 - (iii) for any *NSCAS gap* identified in subparagraph (i) required to maintain *power system security* and reliability of *supply* of the *transmission network* in accordance with the *power system security and reliability standards*, the relevant *NSCAS* tender date;
- (9) report on *NSCAS* acquired by *AEMO* in the previous *NTNDP* year; and
- (10) include a summary of the information specified in rule 3.7A in relation to congestion on each current *national transmission flow path*; and
- (11) include a consolidated summary of the *augmentations* proposed by each *Transmission Network Service Provider* in the most recent *Transmission Annual Planning Reports* they have *published* and an analysis of the manner in which the proposed *augmentations* relate to the *NTNDP* and any previous *NTNDP*; and
- (12) summarise the material issues arising from the submissions received in response to the invitation referred to in clause 5.20.1(b), explain how those issues have been addressed in the

NTNDP and give reasons for not addressing any of those issues in the *NTNDP*.

- (d) *AEMO* must *publish* the first *NTNDP* (the *NTNDP* for 2011) no later than 31 December 2010.
- (e) If, after the *publication* of the most recent *NTNDP*, *AEMO* becomes aware of information that shows the *NTNDP* to be incorrect in a material respect, *AEMO* must *publish* a correction of the *NTNDP* as soon as practicable.

5.20.3 Development strategies for national transmission flow paths

A development strategy for a current or potential *national transmission flow path* that is specified in accordance with clause 5.20.2(c)(7) must:

- (a) be proposed for each of the scenarios referred to in clause 5.20.2(c)(4); and
- (b) to the extent reasonably practicable and appropriate, be consistent with:
 - (1) the co-optimisation of *network* and non-*network* investment; and
 - (2) the maximisation of net economic benefit to all those who produce, consume and transport electricity to the *market*; and
 - (3) the service standards that are linked to the technical requirements of schedule 5.1 or in *applicable regulatory instruments*; and
- (c) take into account the following matters:
 - (1) the current or likely capacity of the *national transmission flow path*, and the need to increase that capacity to relieve current or likely *constraints* and congestion points; and
 - (2) technically feasible *network* and non-*network* options (including additional *generation* and demand side options) for relieving current or likely *constraints* or congestion points; and
 - (3) possible market benefits associated with each of the options identified under subparagraph (2); and
- (d) include a high level assessment as to:
 - (1) which of the options, or combination of options, identified under paragraph (c)(2) provides the most efficient strategy for

the development of the *national transmission grid* under each of the scenarios referred to in clause 5.20.2(c)(4); and

- (2) the manner in which each such option, or combination of options, relates to the overall development of the *power system*.

5.20.4 NTNDP database

- (a) *AEMO* must establish, maintain and make available to the public a database (the *NTNDP database*) that includes *NTNDP inputs* used by it in preparing the most recent *NTNDP*.
- (b) The *NTNDP inputs* for an *NTNDP* include:
 - (1) assumptions made about the cost of fuel used for the generation of electricity (including gas and coal); and
 - (2) the conversion factors used to relate the consumption of a given quantity of fuel to the production of electricity using that quantity of fuel; and
 - (3) assumptions about the capital costs associated with the generation of electricity; and
 - (4) prevailing location of generation capacity; and
 - (5) assumptions about the price of carbon; and
 - (6) electricity demand forecasts.
- (c) *AEMO* may establish a part of the database for the inclusion of *confidential information*.
- (d) A part of the database established for *confidential information* is not to be accessible to the public.

Note:

The disclosure of *protected information* to the public may however be authorised under the *National Electricity Law*.

5.20.5 Jurisdictional planning bodies and jurisdictional planning representatives

- (a) A *jurisdictional planning body* must provide assistance *AEMO* reasonably requests in connection with the performance of its *NTP functions*.
- (b) If there is no *jurisdictional planning body* or no *jurisdictional planning representative* for a *participating jurisdiction*, *AEMO* may

assume the functions of such a body or representative under the *Rules*.

5.21 AEMO's obligation to publish information and guidelines and provide advice

- (a) In carrying out its *NTP functions*, *AEMO* must:
- (1) *publish* an objective set of criteria for assessing whether a proposed *transmission network augmentation* is reasonably likely to have a *material inter-network impact*; and
 - (2) prepare and *publish augmentation technical reports* on proposed *transmission network augmentations* that are reasonably likely to have a *material inter-network impact*; and
 - (3) *publish* guidelines to assist *Registered Participants* to determine when an *inter-network test* may be required; and
 - (4) provide advice to the *AEMC* as requested about the exercise of the *last resort planning power*.
- (b) *AEMO* must develop and *publish*, and may vary from time to time, an objective set of criteria for assessing whether a proposed *transmission network augmentation* is reasonably likely to have a *material inter-network impact*. In developing (or varying) the objective set of criteria, *AEMO* must:
- (1) proceed in accordance with the *Rules consultation procedures*; and
 - (2) have regard to:
 - (i) the relevant guiding objectives and principles provided by the *AEMC*; and
 - (ii) the advice of *jurisdictional planning representatives*.
- (c) The *AEMC* must provide *AEMO* with guiding objectives and principles for the development by *AEMO* of the objective set of criteria for assessing whether or not a proposed *transmission network augmentation* is reasonably likely to have a *material inter-network impact*.
- (d) If *AEMO* receives a written request for an *augmentation technical report* on a proposed *transmission network augmentation* that is reasonably likely to have a *material inter-network impact*, or *AEMO* decides in the course of exercising its functions under Chapter 8, Part H, that a proposed *transmission network augmentation* is

reasonably likely to have a *material inter-network impact*, *AEMO* must:

- (1) immediately undertake a review of all matters referred to it by the *Transmission Network Service Provider* in order to assess the proposed *augmentation*; and
- (2) consult with, and take into account the recommendations of, the *jurisdictional planning representatives* in relation to the proposed *augmentation*; and
- (3) make a determination as to:
 - (i) the performance requirements for the equipment to be *connected*; and
 - (ii) the extent and cost of *augmentations* and changes to all affected *transmission networks*; and
 - (iii) the possible material effect of the new *connection* on the *network power transfer capability* including that of other *transmission networks*; and
- (4) within 90 *business days* of the date of the request or decision (or some other period agreed between the *Transmission Network Service Provider* and *AEMO*), *AEMO* must *publish* an *augmentation technical report* that sets out:
 - (i) *AEMO's* determination; and
 - (ii) the reasons for the determination (including a statement of any information and assumptions on which the determination is based).

A request for an *augmentation technical report* on a proposed *transmission network augmentation* must be accompanied by sufficient information to enable *AEMO* to make a proper assessment of the proposed *augmentation* and *AEMO's* reasonable fees covering the direct costs and expenses of preparing the report.

- (e) *AEMO* may, for the purpose of preparing an *augmentation technical report*, by written notice request a *Transmission Network Service Provider* to provide *AEMO* with additional information reasonably available to it and the *Transmission Network Service Provider* must comply with the request.
- (f) The period for *AEMO* to *publish* an *augmentation technical report* will be automatically extended by the time taken by the *Transmission Network Service Provider* to provide additional information requested by *AEMO*.

- (g) If the objective set of criteria developed and published under paragraph (b) is changed after a project assessment draft report has been made available to *Registered Participants* and *AEMO*, the relevant *Transmission Network Service Provider* is entitled to choose whether the new criteria, or the criteria that existed when the project assessment draft report was made available to *Registered Participants* and *AEMO*, are to be applied.

5.22 Last resort planning power

- (a) In this rule 5.22:

directed party means one or more *Registered Participants* directed by the *AEMC* in accordance with this rule 5.22 and may include:

- (1) a single *Registered Participant*;
- (2) two or more *Registered Participants* who are directed by the *AEMC* to jointly and co-operatively comply with a direction under paragraph (c).

direction notice is a notice issued under paragraph (i).

Purpose

- (b) The purpose of a *last resort planning power* is to ensure timely and efficient *inter-regional transmission* investment for the long term interests of consumers of electricity.

AEMC last resort planning power

- (c) The *AEMC* may, in accordance with this rule 5.22, direct one or more *Registered Participants*:
- (1) to identify a potential transmission project and apply the *regulatory investment test for transmission* to that project; or
 - (2) to apply the *regulatory investment test for transmission* to a potential transmission project identified by the *AEMC*.
- (d) The *AEMC* must exercise a *last resort planning power*:
- (1) consistently with the purpose referred to in paragraph (b); and
 - (2) in accordance with the *last resort planning power guidelines*.

Advice from AEMO

- (e) The *AEMC* may request advice from *AEMO* in relation to the exercise of the *last resort planning power*, in accordance with the *last resort planning power guidelines*.

Relevant considerations

- (f) In deciding whether or not to exercise a *last resort planning power* the *AEMC* must take into account:
 - (1) advice provided by *AEMO*;
 - (2) the *NTNDP* for the current and the previous year;
 - (3) *Transmission Annual Planning Reports* published by *Transmission Network Service Providers* under clause 5.12.2; and
 - (4) other matters that are relevant in all the circumstances.
- (g) In deciding whether or not to exercise the *last resort planning power* the *AEMC* must:
 - (1) identify a problem relating to *constraints* in respect of *national transmission flow paths* between *regional reference nodes* or a potential transmission project (**the problem** or **the project**);
 - (2) make reasonable inquiries to satisfy itself that there are no current processes underway for the application of the *regulatory investment test for transmission* in relation to the problem or the project;
 - (3) consider whether there are other options, strategies or solutions to address the problem or the project, and must be satisfied that all such other options are unlikely to address the problem or the project in a timely manner;
 - (4) be satisfied that the problem or the project may have a significant impact on the efficient operation of the *market*; and
 - (5) be satisfied that but for the *AEMC* exercising the *last resort planning power*, the problem or the project is unlikely to be addressed.

Direction notice

- (h) The *AEMC* must exercise a *last resort planning power* by giving a direction notice in writing to a directed party that states:
 - (1) the relevant action under paragraph (c) that the directed party is required to undertake; and
 - (2) the *AEMC's* reasons for exercising the *last resort planning power*.
- (i) A direction notice given by the *AEMC* under paragraph (h) may specify one or more of the following:

- (1) one or more alternative projects which a directed party must consider when applying the *regulatory investment test for transmission* to potential transmission projects;
 - (2) the time period within which the application of the *regulatory investment test for transmission* must be carried out by a directed party; or
 - (3) consultation and publication requirements that are in addition to those required by the *regulatory investment test for transmission*.
- (j) The *AEMC* must *publish* the direction notice referred to in paragraph (h) on its website.
- (k) A directed party must comply with:
- (1) a direction notice;
 - (2) the requirements of the *last resort planning power guidelines*; and
 - (3) the requirements for the application of the *regulatory investment test for transmission*.
- (l) If a directed party (an earlier directed party) fails to comply with a direction notice, the *AEMC* may:
- (1) in accordance with this rule 5.22, give a direction notice to a *Registered Participant* other than the earlier directed party; and
 - (2) inform the *AER* of the earlier directed party's failure to comply with the direction notice.

Annual reporting for last resort planning power

- (m) The *AEMC* must report annually on the matters which the *AEMC* has considered during that year in deciding whether or not to exercise the *last resort planning power*, and may include the information in its Annual Report published under s.27 of the *Australian Energy Market Commission Establishment Act 2004* (SA).

Last resort planning power guidelines

- (n) The *AEMC* must develop and *publish* guidelines (the *last resort planning power guidelines*) for or with respect to:
- (1) the processes to be followed by the *AEMC* in exercising the *last resort planning power*;

- (2) the advice to be provided to the *AEMC* by *AEMO*, including the terms of reference for any such advice;
 - (3) the matters that *AEMO* and the *AEMC* may consider in recommending or nominating a person as an appropriate directed party; and
 - (4) the provision of information to the *AEMC* in relation to the exercise of the *last resort planning power*.
- (o) The *AEMC* must develop and *publish* the *last resort planning power guidelines* in accordance with the *transmission consultation procedures*.
 - (p) The *AEMC* must develop and *publish* the first *last resort planning power guidelines* by 1 January 2008 and there must be such guidelines available at all times after that date.
 - (q) The *AEMC* may from time to time and in accordance with the *transmission consultation procedures*, amend or replace the *last resort planning power guidelines*.

Schedule 3 Amendments to the National Electricity Rules

(Clause 5)

[1] Schedule 5.8 Contents of Distribution Annual Planning Report (clause 5.13.2(c))

After schedule 5.7 insert:

Schedule 5.8 Distribution Annual Planning Report

Note

The local definitions in clause 5.10.2 apply to this schedule.

For the purposes of clause 5.13.2(c), the following information must be included in a *Distribution Annual Planning Report*:

- (a) information regarding the *Distribution Network Service Provider* and its *network*, including:
 - (1) a description of its *network*;
 - (2) a description of its operating environment;
 - (3) the number and types of its distribution assets;
 - (4) methodologies used in preparing the *Distribution Annual Planning Report*, including methodologies used to identify system limitations and any assumptions applied; and
 - (5) analysis and explanation of any aspects of forecasts and information provided in the *Distribution Annual Planning Report* that have changed significantly from previous forecasts and information provided in the preceding year;
- (b) forecasts for the forward planning period, including at least:
 - (1) a description of the forecasting methodology used, sources of input information, and the assumptions applied;
 - (2) *load* forecasts:
 - (i) at the transmission-distribution connection points;
 - (ii) for sub-transmission lines; and
 - (iii) for zone substations,including, where applicable, for each item specified above:

- (iv) total capacity;
 - (v) firm delivery capacity for summer periods and winter periods;
 - (vi) *peak load* (summer or winter and an estimate of the number of hours per year that 95% of *peak load* is expected to be reached);
 - (vii) *power factor* at time of *peak load*;
 - (viii) load transfer capacities; and
 - (ix) generation capacity of known *embedded generating units*;
- (3) forecasts of future transmission-distribution connection points (and any associated *connection assets*), sub-transmission lines and zone substations, including for each future transmission-distribution connection point and zone substation:
- (i) location;
 - (ii) future *loading level*; and
 - (iii) proposed commissioning time (estimate of month and year);
- (4) forecasts of the *Distribution Network Service Provider's* performance against any reliability targets in a *service target performance incentive scheme*; and
- (5) a description of any factors that may have a material impact on its *network*, including factors affecting:
- (i) fault levels;
 - (ii) *voltage* levels;
 - (iii) other *power system security* requirements;
 - (iv) the quality of *supply* to other *Network Users* (where relevant); and
 - (v) ageing and potentially unreliable assets;
- (c) information on system limitations for sub-transmission lines and zone substations, including at least:
- (1) estimates of the location and timing (month(s) and year) of the system limitation;

- (2) analysis of any potential for load transfer capacity between *supply* points that may decrease the impact of the system limitation or defer the requirement for investment;
 - (3) impact of the system limitation, if any, on the capacity at transmission-distribution connection points;
 - (4) a brief discussion of the types of potential solutions that may address the system limitation in the forward planning period, if a solution is required; and
 - (5) where an estimated reduction in forecast *load* would defer a forecast system limitation for a period of at least 12 months, include:
 - (i) an estimate of the month and year in which a system limitation is forecast to occur as required under subparagraph (1);
 - (ii) the relevant *connection points* at which the estimated reduction in forecast *load* may occur; and
 - (iii) the estimated reduction in forecast *load* in MW or improvements in *power factor* needed to defer the forecast system limitation;
- (d) for any primary distribution feeders for which a *Distribution Network Service Provider* has prepared forecasts of *maximum demands* under clause 5.13.1(d)(1)(iii) and which are currently experiencing an overload, or are forecast to experience an overload in the next two years the *Distribution Network Service Provider* must set out:
- (1) the location of the primary distribution feeder;
 - (2) the extent to which load exceeds, or is forecast to exceed, 100% (or lower utilisation factor, as appropriate) of the normal cyclic rating under normal conditions (in summer periods or winter periods);
 - (3) the types of potential solutions that may address the overload or forecast overload; and
 - (4) where an estimated reduction in forecast *load* would defer a forecast overload for a period of 12 months, include:
 - (i) estimate of the month and year in which the overload is forecast to occur;

- (ii) a summary of the location of relevant *connection points* at which the estimated reduction in forecast *load* would defer the overload;
 - (iii) the estimated reduction in forecast *load* in MW needed to defer the forecast system limitation;
- (e) a high-level summary of each RIT-D project for which the *regulatory investment test for distribution* has been completed in the preceding year or is in progress, including:
 - (1) if the *regulatory investment test for distribution* is in progress, the current stage in the process;
 - (2) a brief description of the identified need;
 - (3) a list of the credible options assessed or being assessed (to the extent reasonably practicable);
 - (4) if the *regulatory investment test for distribution* has been completed a brief description of the conclusion, including:
 - (i) the net economic benefit of each credible option;
 - (ii) the estimated capital cost of the preferred option; and
 - (iii) the estimated construction timetable and commissioning date (where relevant) of the preferred option; and
 - (5) any impacts on *Network Users*, including any potential material impacts on *connection charges* and *distribution use of system charges* that have been estimated;
- (f) for each identified system limitation which a *Distribution Network Service Provider* has determined will require a *regulatory investment test for distribution*, provide an estimate of the month and year when the test is expected to commence;
- (g) a summary of all committed investments to be carried out within the forward planning period with an estimated capital cost of \$2 million or more (as varied by a cost threshold determination) that are to address:
 - (1) a refurbishment or replacement need; or
 - (2) an urgent and unforeseen *network* issue as described in clause 5.17.3(a)(1),including:
 - (1) a brief description of the investment, including its purpose, its location, the estimated capital cost of the investment and an

- estimate of the date (month and year) the investment is expected to become operational;
- (2) a brief description of the alternative options considered by the *Distribution Network Service Provider* in deciding on the preferred investment, including an explanation of the ranking of these options to the committed project. Alternative options could include, but are not limited to, *generation* options, demand side options, and options involving other *distribution* or *transmission networks*;
- (h) the results of any joint planning undertaken with a *Transmission Network Service Provider* in the preceding year, including:
- (1) a summary of the process and methodology used by the *Distribution Network Service Provider* and relevant *Transmission Network Service Providers* to undertake joint planning;
- (2) a brief description of any investments that have been planned through this process, including the estimated capital costs of the investment and an estimate of the timing (month and year) of the investment; and
- (3) where additional information on the investments may be obtained;
- (i) the results of any joint planning undertaken with other *Distribution Network Service Providers* in the preceding year, including:
- (1) a summary of the process and methodology used by the *Distribution Network Service Providers* to undertake joint planning;
- (2) a brief description of any investments that have been planned through this process, including the estimated capital cost of the investment and an estimate of the timing (month and year) of the investment; and
- (3) where additional information on the investments may be obtained;
- (j) information on the performance of the *Distribution Network Service Provider's network*, including:
- (1) a summary description of reliability measures and standards in *applicable regulatory instruments*;
- (2) a summary description of the quality of *supply* standards that apply, including the relevant codes, standards and guidelines;

- (3) a summary description of the performance of the *distribution network* against the measures and standards described under subparagraphs (1) and (2) for the preceding year;
 - (4) where the measures and standards described under subparagraphs (1) and (2) were not met in the preceding year, information on the corrective action taken or planned;
 - (5) a summary description of the *Distribution Network Service Provider's* processes to ensure compliance with the measures and standards described under subparagraphs (1) and (2); and
 - (6) an outline of the information contained in the *Distribution Network Service Provider's* most recent submission to the *AER* under the *service target performance incentive scheme*;
- (k) information on the *Distribution Network Service Provider's* asset management approach, including:
- (1) a summary of any asset management strategy employed by the *Distribution Network Service Provider*;
 - (2) a summary of any issues that may impact on the system limitations identified in the *Distribution Annual Planning Report* that has been identified through carrying out asset management; and
 - (3) information about where further information on the asset management strategy and methodology adopted by the *Distribution Network Service Provider* may be obtained;
- (l) information on the *Distribution Network Service Provider's* demand management activities, including a qualitative summary of:
- (1) non-network options that have been considered in the past year, including *generation* from *embedded generating units*;
 - (2) actions taken to promote non-network proposals in the preceding year, including *generation* from *embedded generating units*; and
 - (3) the *Distribution Network Service Provider's* plans for demand management and *generation* from *embedded generating units* over the forward planning period;
- (m) information on the *Distribution Network Service Provider's* investments in metering or information technology systems which occurred in the preceding year, and planned investments in metering or information technology systems in the forward planning period; and

- (n) a regional development plan consisting of a map of the *Distribution Network Service Provider's network* as a whole, or maps by regions, in accordance with the *Distribution Network Service Provider's* planning methodology or as required under any *regulatory obligation or requirement*, identifying:
 - (1) sub-transmission lines, zone substations and transmission-distribution connection points; and
 - (2) any system limitations that have been forecast to occur in the forward planning period, including, where they have been identified, overloaded primary distribution feeders.

[2] Schedule 5.9 Contents of demand side engagement document

After schedule 5.8 insert:

Schedule 5.9 Demand side engagement document (clause 5.13.1(h))

Note

The local definitions in clause 5.10.2 apply to this schedule.

For the purposes of clause 5.13.1(h), the following information must be included in a *Distribution Network Service Provider's* demand side engagement document:

- (a) a description of how the *Distribution Network Service Provider* will investigate, develop, assess and report on potential non-network options;
- (b) a description of the *Distribution Network Service Provider's* process to engage and consult with potential non-network providers to determine their level of interest and ability to participate in the development process for potential non-network options;
- (c) an outline of the process followed by the *Distribution Network Service Provider* when negotiating with non-network providers to further develop a potential non-network option;
- (d) an outline of the information a non-network provider is to include in a non-*network* proposal, including, where possible, an example of a best practice non-network proposal;
- (e) an outline of the criteria that will be applied by the *Distribution Network Service Provider* in evaluating non-*network* proposals;

- (f) an outline of the principles that the *Distribution Network Service Provider* considers in developing the payment levels for non-network options;
- (g) a reference to any applicable incentive payment schemes for the implementation of non-network options and whether any specific criteria is applied by the *Distribution Network Service Provider* in its application and assessment of the scheme;
- (h) the methodology to be used for determining *avoided Customer TUOS charges*, in accordance with clauses 5.4AA and 5.5; and;
- (i) a summary of the factors the *Distribution Network Service Provider* takes into account when negotiating *connection agreements* with *Embedded Generators*;
- (j) the process used, and a summary of any specific regulatory requirements, for setting charges and the terms and conditions of *connection agreements* for *embedded generating units*;
- (k) the process for lodging an *application to connect* for an *embedded generating unit* and the factors taken into account by the *Distribution Network Service Provider* when assessing such applications;
- (l) worked examples to support the description of how the *Distribution Network Service Provider* will assess potential non-network options in accordance with paragraph (a);
- (m) a link to any relevant, publicly available information produced by the *Distribution Network Service Provider*;
- (n) a description of how parties may be listed on the demand side engagement register; and
- (o) the *Distribution Network Service Provider's* contact details.

Schedule 4 Amendment to the National Electricity Rules

(Clause 6)

[1] Chapter 10 New definitions

In Chapter 10, insert the following new definitions in alphabetical order:

Distribution Annual Planning Report

A report prepared by a *Distribution Network Service Provider* under clause 5.13.2.

regulatory investment test for distribution

The test developed and *published* by the *AER* in accordance with clauses 5.17.1 and 5.17.2, as in force from time to time, and includes amendments made in accordance with clause 5.17.2.

Transmission Annual Planning Report

A report prepared by a *Transmission Network Service Provider* under clause 5.12.2.

[2] Chapter 10 Omitted definitions

In Chapter 10, omit the following definitions:

Annual Planning Report

A report prepared by a *Transmission Network Service Provider* under clause 5.6.2A(a).

cost threshold

Has the meaning given in clause 5.6.5E(a).

cost threshold consultation period

Has the meaning given in clause 5.6.5E(d).

cost threshold determination

Has the meaning given in clause 5.6.5E(f).

cost threshold review

Has the meaning given in clause 5.6.5E(a).

credible option

Has the meaning given in clause 5.6.5D(a).

dispute notice

Has the meaning given in clause 5.6.6A(c)(1).

disputing party

Has the meaning given in clause 5.6.6A(c).

identified need

The reason why the *Transmission Network Service Provider* proposes that a particular investment be undertaken in respect of its *transmission network*.

new distribution network investment

Investment in a *new large distribution network asset* or a *new small distribution network asset*.

new large distribution network asset

An asset of a *Distribution Network Service Provider* which is an *augmentation* and in relation to which the *Distribution Network Service Provider* has estimated it will be required to invest a total capitalised expenditure in excess of \$10 million, unless the *AER* publishes a requirement that a *new large distribution network asset* is to be distinguished from a *new small distribution network asset* if it involves investment of a total capitalised expenditure in excess of another amount, or satisfaction of another criterion. Where such a specification has been made, an asset must require total capitalised expenditure in excess of that amount or satisfaction of those other criteria to be a *new large distribution network asset*.

new network investment

Means:

- (a) *new distribution network investment*; or
- (b) investment in a *transmission network asset* of a *Transmission Network Service Provider* which is:
 - (1) an *augmentation*; and
 - (2) designed to address limitations in respect of a *distribution network* notified under clause 5.6.2(e)(2); and
 - (3) estimated by the *Transmission Network Service Provider* to have an estimated capital cost in excess of \$5 million (as varied in accordance with a *cost threshold determination*).

new small distribution network asset

An asset of a *Distribution Network Service Provider* which is an *augmentation* and:

- (a) in relation to which the *Distribution Network Service Provider* has estimated it will be required to invest a total capitalised expenditure in excess of \$1 million, unless the *AER* publishes a requirement that an asset will be a *new small distribution network asset* if it involves investment of a total capitalised expenditure in excess of another amount, or satisfaction of another criterion. Where such specification has been made, an asset must require total capitalised expenditure in excess of that amount or satisfaction of those other criteria to be a *new small distribution network asset*; and
- (b) is not a *new large distribution network asset*.

potential transmission project

New network investment only in respect of a *transmission network* which the *AEMC* identifies as likely, if constructed, to relieve forecast *constraints* in respect of *national transmission flow paths* between *regional reference nodes*.

preferred option

Has the meaning given in clause 5.6.5B(b).

project assessment conclusions report

The report prepared under clauses 5.6.6(s) or 5.6.6(t).

project assessment draft report

The report prepared under clause 5.6.6(j).

project specification consultation report

The report prepared under clause 5.6.6(c).

regulatory test

The test developed and published by the *AER* in accordance with clause 5.6.5A, as in force from time to time, and includes amendments made in accordance with clause 5.6.5A.

regulatory investment test for transmission application guidelines

The guidelines developed and *published* by the *AER* in accordance with clause as in force from time to time, and includes amendments made in accordance with clause 5.16.2.

reliability corrective action

Investment by a *Transmission Network Service Provider* in respect of its *transmission network* for the purpose of meeting the service standards linked to the technical requirements of schedule 5.1 or in *applicable regulatory instruments* and which may consist of *network* or *non-network* options.

replacement transmission network asset

A proposed new asset of a *Transmission Network Service Provider* which the relevant *Transmission Network Service Provider* reasonably estimates to have an estimated capital cost in excess of \$5 million (as varied in accordance with a *cost threshold determination*) and which will replace any existing element of its *transmission network*. For the avoidance of doubt, if the cost of replacing any existing element also results in an *augmentation* to the *network*, then such an asset must be included in this definition where the *Transmission Network Service Provider* has estimated that the asset will have an estimated capital cost in excess of \$5 million.

[3] Chapter 10 Substituted definitions

In Chapter 10, substitute the following definitions:

augmentation technical report

A report on *augmentation* under rule 5.21.

considered project

- (a) In respect of a *transmission network augmentation*, a project that meets the following criteria:
- (1) the *Network Service Provider* has acquired the necessary land and easements;
 - (2) the *Network Service Provider* has obtained all necessary planning and development approvals;
 - (3) as applicable:
 - (i) the *augmentation* project has passed the *regulatory investment test for transmission*;
 - (ii) the *augmentation* has passed the *regulatory investment test for distribution*;
 - (iii) in respect of a *transmission investment* which has not been subject to a *regulatory investment test for transmission* or the *regulatory investment test for distribution*, an intention to proceed with the project has been published in the *Network Service Provider's*

Transmission Annual Planning Report or Distribution Annual Planning Report (as the case may be); or

- (4) construction has either commenced or the *Network Service Provider* has set a firm date for it to commence.
- (b) In respect of a *distribution network augmentation*, a project that meets the following criteria:
 - (1) the *Network Service Provider* has acquired the necessary land and easements;
 - (2) the *Network Service Provider* has obtained all necessary planning and development approvals; and
 - (3) construction has either commenced or the *Network Service Provider* has set a firm date for it to commence.

interested party

- (a) In Chapter 5, a person including an end user or its *representative* who, in *AEMO's* opinion, has or identifies itself to *AEMO* as having an interest in relation to the *network* planning and development activities covered under Part B of Chapter 5 or in the determination of *plant standards* covered under clause 5.3.3(b2).
- (b) Despite the definition in (a) above, in clauses 5.16.4, 5.16.5, 5.17.4 and 5.17.5, the meaning given to it in clause 5.15.1.
- (c) In Chapter 6 or Chapter 6A, a person (not being a *Registered Participant* or *AEMO*) that has, in the *AER's* opinion, or identifies itself to the *AER* as having, an interest in the *Transmission Ring-Fencing Guidelines* or the *Distribution Ring-Fencing Guidelines*.
- (d) In Chapter 2, a person including an end user or its *representative* who, in *AEMO's* opinion, has or identifies itself to *AEMO* as having an interest in relation to the structure of *Participant Fees*.

last resort planning power

The *AEMC's* power to direct a *Registered Participant* under rule 5.22(c).

last resort planning power guidelines

The guidelines made by the *AEMC* relating to the exercise of the *last resort planning power* and referred to in rule 5.22(n) to (q).

network support payment

A payment by a *Transmission Network Service Provider* to:

- (a) any *Generator* providing *network* support services in accordance with rule 5.4AA; or
- (b) any other person providing a *network* support service that is an alternative to *network augmentation*.

NTNDP database

The database that *AEMO* is required to establish and maintain under clause 5.20.4.

NTNDP inputs

Has the meaning given in clause 5.20.4.

plant

- (a) In relation to a *connection point*, includes all equipment involved in generating, utilising or transmitting electrical *energy*.
- (b) In relation to *dispatch bids* and *offers*, controllable generating equipment and controllable *loads*.
- (c) In relation to the *statement of opportunities* prepared by *AEMO*, individually controllable generating facilities registered or capable of being registered with *AEMO*.
- (d) In relation to the *regulatory investment test for transmission*, any of the definitions of *plant* in paragraphs (a) to (c) relevant to the application of the *regulatory investment test for transmission* to a RIT-T project.
- (e) In relation to the *regulatory investment test for distribution*, any of any of the definitions of *plant* in paragraphs (a) to (c) relevant to the application of the *regulatory investment test for distribution* to a RIT-D project.

publish/publication

A document is published by the *AER* if it is:

- (a) published on the *AER's* website; and
- (b) made available for public inspection at the *AER's* public offices; and
- (c) in the case of a document inviting submissions from members of the public – published in a newspaper circulating generally throughout Australia.

In Part B of Chapter 5, a document is published by the *Distribution Network Service Provider* if it is published on the *Distribution Network Service Provider's* website.

Otherwise, a document is published by someone else if it is made available to *Registered Participants* electronically.

regulatory investment test for transmission

The test developed and *published* by the *AER* in accordance with clauses 5.16.1 and 5.16.2, as in force from time to time, and includes amendments made in accordance with clause 5.16.2.

Schedule 5 Amendment to the National Electricity Rules

(Clause 7)

[1] Clause 6.5.6 Forecast operating expenditure

After clause 6.5.6(e)(10), insert:

- (11) any relevant final project assessment report (as defined in clause 5.10.2) *published* under clause 5.17.4(o), (p) or (s);

[2] Clause 6.5.7 Forecast capital expenditure

In clause 6.5.7(b)(4), omit "*regulatory test*" and substitute "*regulatory investment test for transmission* or the *regulatory investment test for distribution* (as the case may be)".

[3] Clause 6.5.7 Forecast capital expenditure

After clause 6.5.7(e)(10), insert:

- (11) any relevant final project assessment report (as defined in clause 5.10.2) *published* under clause 5.17.4(o), (p) or (s);

[4] Schedule 6.2 Regulatory Asset Base

In clause S6.2.2(3), omit "*regulatory test*" and substitute "*regulatory investment test for transmission* or the *regulatory investment test for distribution* (as the case may be)".

[5] Clause 6A.6.7 Forecast capital expenditure

In clause 6A.6.7(b)(4)(ii), omit " "*regulatory test*" and substitute "*regulatory investment test for distribution*".

[6] Schedule 6A.2 Regulatory Asset Base

In clauses S6A.2.1(e)(2)(ii)(B), S6A.2.2(3) and S6A.2.3(a)(3), omit " "*regulatory test*" and substitute "*regulatory investment test for distribution*".

Schedule 6 Savings and Transitional Amendments to the National Electricity Rules

(Clause 8)

[1] Chapter 11 Savings and Transitional Rules

After rule 11.49, insert:

Part ZT Distribution Network Planning and Expansion

11.50 Rules consequential on the making of the National Electricity Amendment (Distribution Network Planning and Expansion) Rule 2012

11.50.1 Interpretation

Unless otherwise specified, terms defined in clause 5.10.2 have the same meaning when used in this rule 11.50.

11.50.2 Definitions

For the purposes of this rule 11.50:

Amending Rule means the National Electricity Amendment (Distribution Network Planning and Expansion) Rule 2012.

commencement date means the date of commencement of Schedules 1 to 4 and Schedule 6 of the Amending Rule.

DAPR date has the meaning given to it in clause 5.13.2(a).

new rules 5.15 and 5.17 means rules 5.15 and 5.17 of the *Rules* as in force immediately after the commencement date.

new network investment means has the meaning given to it in the *Rules* as in force immediately before the commencement date.

old clause 5.6.2(e1) to (k) means clauses 5.6.2(e1) to (k) of the *Rules* as in force immediately before the commencement date.

old clause 5.6.5A means clause 5.6.5A of the *Rules* (including the regulatory test and the regulatory test application guidelines made under by the *AER* under that clause and all definitions used in that clause) as in force immediately before the commencement date.

regulatory test has the meaning given to it in the *Rules* as in force immediately before the commencement date.

regulatory test project for a *Distribution Network Service Provider* means each project specified in the list provided by the *Distribution Network Service Provider* to the AER under clause 11.50.5(c), except any project the subject of a determination under clause 11.50.5(e).

RIT-D commencement date means the date that is one year from the commencement date.

11.50.3 Timing for first Distribution Annual Planning Report

If the first DAPR date for a *Distribution Network Service Provider* is less than 6 months after the commencement date then, despite clause 5.13.2(b), the *Distribution Network Service Provider* is not required to publish its first *Distribution Annual Planning Report* under clause 5.13.2 until the second DAPR date for that *Distribution Network Service Provider* after the commencement date.

11.50.4 Contents of Distribution Annual Planning Report

- (a) A *Distribution Network Service Provider* is not required to include in its first *Distribution Annual Planning Report published* under clause 5.13.2 the information specified in clause S5.8(a)(5) if information on energy and demand forecasts was not required to be reported by the *Distribution Network Service Provider* under *jurisdictional electricity legislation* applicable at the time the previous report was prepared.
- (b) Notwithstanding clause S5.8(e) , if a *Distribution Annual Planning Report* is published:
 - (1) in the period from the commencement date to the RIT-D commencement date, then the *Distribution Network Service Provider*:
 - (i) is not required to include the information specified in clauses S5.8(e) and (f) in its *Distribution Annual Planning Report*; and
 - (ii) must include in its *Distribution Annual Planning Report* the information specified in paragraph (c); and
 - (2) in the period from the RIT-D commencement date until the DAPR date after the completion of its last assessment of a project under the *regulatory test*, then the *Distribution Network Service Provider*:
 - (i) is not required to include the information specified in clauses S5.8(e) and (f) in its *Distribution Annual Planning Report*; and

- (ii) must include in its *Distribution Annual Planning Report* the information specified in paragraph (d).
- (c) For the purposes of paragraph (b)(1)(ii), the *Distribution Network Service Provider* must include in its *Distribution Annual Planning Report* the information specified in clauses S5.8(e) and (f) as if those clauses were modified as follows:
 - (1) by omitting "RIT-D project" and substituting "*new network investment*";
 - (2) by omitting "regulatory investment test for distribution" and substituting "regulatory test";
 - (3) by omitting "credible option" and substituting "investment option"; and
 - (4) by omitted "preferred option" and substituting "preferred proposal".
- (d) For the purposes of paragraph (b)(2)(ii), the *Distribution Network Service Provider* must include in its *Distribution Annual Planning Report* the information specified in clauses S5.8(e) and (f) as if those clauses were modified as follows:
 - (1) by omitting "RIT-D projects" and substituting "*new network investment* or RIT-D projects (as the case may be)";
 - (2) by omitting "regulatory investment test for distribution" and substituting "regulatory test or the regulatory investment test for distribution (as the case may be)";
 - (3) by omitting "credible option" and substituting "investment option or credible option (as the case may be)"; and
 - (4) by omitted "preferred option" and substituting "preferred proposal or preferred option (as the case may be)".

11.50.5 Transition from the regulatory test to the regulatory investment test for distribution

- (a) From the commencement date until the RIT-D commencement date:
 - (1) new rules 5.15 and 5.17 have no effect in relation to RIT-D projects or joint planning projects;
 - (2) old clause 5.6.5A continues to apply to new network investment; and

- (3) *Registered Participants* must comply with old clauses 5.6.2(e1) to (k) to the extent those provisions are relevant to the application of the regulatory test.
- (b) After the RIT-D commencement date:
 - (1) new rules 5.15 and 5.17 have no effect in relation to RIT-D projects that are regulatory test projects;
 - (2) old clause 5.6.5A continues to apply to regulatory test projects; and
 - (3) *Registered Participants* must comply with old clauses 5.6.2(e1) to (k) to the extent those provisions are relevant to the application of the regulatory test.
- (c) By 31 December 2013, each *Network Service Provider* that has commenced assessing a project under the regulatory test must submit to the *AER* a list of those projects.
- (d) In the first regulatory investment test for distribution application guidelines it *publishes* under clause 5.17.2(d), the *AER* must, in addition to meeting the requirements of clause 5.17.2, provide guidance as to when a regulatory test assessment will be considered to have commenced for the purposes of paragraph (c).
- (e) The *AER* may, having regard to any guidelines made under clause 5.17.2(d), determine that a project or projects in the list submitted by a *Network Service Provider* under paragraph (c) have not commenced assessment under the *regulatory test*.

[END OF RULE AS MADE]
