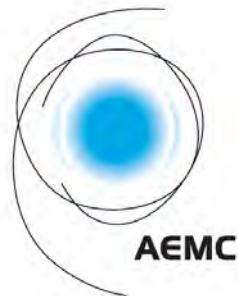


G Draft Rules

This appendix presents the Draft Rules that implement the recommendations in this Final Report. The Draft Rules are presented in the following order:

- Draft National Electricity Amendment (Fully Co-optimised and Alternative Constraint Formulations) Rule 2008.
- Draft National Electricity Amendment (Network Augmentations) Rule 2008.
- Draft National Electricity Amendment (Negative Inter-regional Settlements Residue Amounts) Rule 2008.
- Draft National Electricity Amendment (Congestion Information Resource) Rule 2008.

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Exposure Draft National Electricity Amendment (Fully Co-optimised and Alternative Constraint Formulations) Rule 2008

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 National Electricity (New South Wales) Act 1997 of New South Wales;
- (d) the Electricity - National Scheme (Queensland) Act 1997 of Queensland;
- (e) the Electricity - National Scheme (Tasmania) Act 1999 of Tasmania;
- (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 Tamblyn
Chairman
Australian Energy Market Commission

Draft National Electricity Amendment (Fully Co-optimised and Alternative Constraint Formulations) Rule 2008

1. Title of Rule

This Rule is the Draft National Electricity Amendment (Fully Co-optimised and Alternative constraint formulations) Rule 2008.

2. Commencement

This Rule commences operation on [insert date]

3. Amendment of National Electricity Rules

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

Schedule 1 Amendment of National Electricity Rules

[1] Chapter 8A, Part 8 Network Constraint Formulation, clause (a) [Deleted]

Omit Chapter 8A, Part 8, clause (a)

[2] Part 8, Chapter 8A, clause (b) [Deleted]

Omit Chapter 8A, Part 8, clause (b)

[3] Clause 3.8.1(b) Central Dispatch

Omit clause 3.8.1(b) and substitute:

- (b) The *central dispatch* process should aim to maximise the value of *spot market* trading i.e. to maximise the value of *dispatched load* based on *dispatch bids* less the combined cost of *dispatched generation* based on *generation dispatch offers*, *dispatched network services* based on *network dispatch offers*, and *dispatched market ancillary services* based on *market ancillary service offers* subject to:
- (1) *dispatch offers*, *dispatch bids* and *market ancillary service offers*;
 - (2) *constraints* due to availability and *commitment*;
 - (3) *non-scheduled load* requirements in each *region*;
 - (4) *power system security* requirements determined as described in Chapter 4 and the *power system security and reliability standards*;
 - (5) ~~*intra-regional network constraints* and *intra-regional losses*~~;
 - (6) *intra-regional losses* ~~*network constraints*~~ and *inter-regional losses*;
 - (7) *constraints* consistent with *registered bid and offer* data;

- (8) current levels of *dispatched generation, load and market network services*;
- (9) *constraints* imposed by *ancillary services* requirements;
- (10) arrangements designed to ensure pro-rata loading of tied *registered bid and offer data*;
- (11) ensuring that as far as reasonably practical, in relation to a *direction or dispatch of plant* under a *reserve contract*:
 - (A) the number of *Affected Participants* is minimised; and
 - (B) the effect on *interconnector flows* is minimized; and
- (12) the management of negative *settlement residues*, in accordance with clause 3.8.10 and any guidelines issued by NEMMCO under clause 3.8.10(c).

[4] Clause 3.8.10 Network Constraints

Omit clause 3.8.10 and substitute:

- (a) In accordance with the *NEMMCO power system security responsibilities* and any other standards set out in Chapter 4, *NEMMCO* must determine any *constraints* on the *dispatch of scheduled generating units, scheduled network services, scheduled loads, ancillary service generating units or ancillary service loads* which may result from planned *network outages*.
- (b) Subject to clause 3.8.10(e), *NEMMCO* must determine and represent *network constraints in dispatch* which may result from limitations on both *intra-regional* and *inter-regional* power flows, and in doing so, must use a *fully co-optimised network constraint formulation*.
- (c) *NEMMCO* must, in accordance with the *Rules consultation procedures*, develop, publish, and, where necessary, amend *network constraint*

formulation guidelines, to address, amongst other things, the following matters:

(i) the circumstances in which NEMMCO will use *alternative network constraint formulations* in dispatch;

(ii) the process by which NEMMCO will identify or be advised of a requirement to create or modify a network constraint equation, including in respect of:

(1) the methodology to be used by NEMMCO in determining *network constraint* equation terms and co-efficients; and

(2) the means by which NEMMCO will obtain information from, and disseminate information to, *scheduled generators* and *market participants*;

(iii) the methodology to be used by NEMMCO in selecting the form of a *network constraint* equation, including in respect of the location of terms on each side of the equation;

(iv) the process to be used by NEMMCO for applying, invoking and revoking *network constraint* equations in respect of different types of *network constraints*, including in respect of:

(1) the circumstances in which NEMMCO will use *alternative network constraint formulations* and *fully co-optimised network constraint formulations*; and

(2) the dissemination of information to *scheduled generators* and *market participants* in respect of this process;

(v) NEMMCO's policy in respect of the management of *negative settlements residues*, by intervening in the dispatch process under clause 3.8.1 through the use of *fully co-optimised network*

constraint formulations, including in respect of the process to be undertaken by NEMMCO to manage negative settlements residue.

- (d) NEMMCO must at all times comply with the network constraint formulation guidelines issued in accordance with clause 3.8.10(c).
- (e) Where, in NEMMCO's reasonable opinion, a specific network constraint is such that use of a fully co-optimised network constraint formulation is not appropriate, NEMMCO may apply an alternative network constraint formulation for the expected duration of that network constraint, if NEMMCO:
 - (i) has previously identified, in guidelines issued in accordance with clause 3.8.10(c), that it may use an alternative network constraint formulation in respect of that type of network constraint; and
 - (ii) reasonably considers that it can apply an alternative network constraint formulation without prejudicing its obligation to operate a central dispatch process to dispatch scheduled generating units, scheduled loads, scheduled network services and market ancillary services in order to balance power system supply and demand, consistent with using its reasonable endeavours to maintain power system security in accordance with Chapter 4 and to maximise the value of spot market trading on the basis of dispatch offers and dispatch bids, in accordance with clause 3.8.1(a) and (b).
- (f) NEMMCO must represent network constraints as inputs to the dispatch process in a form that can be reviewed after the trading interval in which they occurred.
- (g) Within 3 years of [X], which is the date the National Electricity Amendment (Fully Co-optimised and Alternative Constraint Formulation) Rule 2008 commences operation, the AEMC must commence a review in respect of the efficiency with which NEMMCO

is managing circumstances in which the *settlements residue* arising in respect of a *trading interval* is a negative amount.

(h) In conducting a review in accordance with clause 3.8.10(g), the *AEMC* must have regard to the national electricity objective stated at section 7 of the *National Electricity Law*.

(i) The review under clause 3.8.10(g):

(i) may be conducted in such manner as the *AEMC* considers appropriate;

(ii) may (but need not) involve public hearings;

(j) During the course of the review conducted under clause 3.8.10(g), the *AEMC* may:

(i) consult with any person or body that it considers appropriate;

(ii) establish working groups to assist it in relation to any aspect, or matter or thing that is the subject of the review;

(iii) commission reports by other persons on its behalf on any aspect, or matter or thing that is the subject of the review;

(iv) publish discussion papers or draft reports.

(k) At the completion of the review conducted under clause 3.8.10(g), the *AEMC* must issue a report and give a copy of the report to the Ministerial Council on Energy.

~~(e) The process used by *NEMMCO* to derive the *network constraints* must be clearly documented and made available to *Scheduled Generators* and *Market Participants*.~~

[5] Clause 3.7.2(c)(3)

Omit clause 3.7.2(c)(3) and substitute:

- (3) forecast ~~inter-regional network constraints and intra-regional network constraints~~ known to NEMMCO at the time.

[6] Clause 3.7.3(d)(3)

Omit clause 3.7.3(d)(3) and substitute:

- (3) anticipated ~~inter-regional network constraints and intra-regional network constraints~~ known to NEMMCO at the time.

[7] Clause 3.9.7(a)

Omit clause 3.9.7(a) and substitute:

- (a) In the event that an ~~intra-regional network constraint~~ causes a *scheduled generating unit* to be *constrained-on* in any *dispatch interval*, that *scheduled generating unit* must comply with *dispatch instructions* from NEMMCO in accordance with its availability as specified in its *dispatch offer* but may not be taken into account in the determination of the *dispatch price* in that *dispatch interval*.

[8] Clause 3.13.8(a)(5)

Omit clause 3.13.8(a)(5) and substitute:

- (5) ~~inter-regional and intra-regional network constraints~~ by trading *interval*.

[9] Glossary

Insert the following new definitions:

alternative network constraint formulations

Any network constraint equation formulation used by NEMMCO other than a fully co-optimised network constraint formulation.

fully co-optimised network constraint formulation

A network constraint equation formulation that allows NEMMCO, through direct physical representation, to control all the variables that can be determined through the central dispatch process, within the equation.

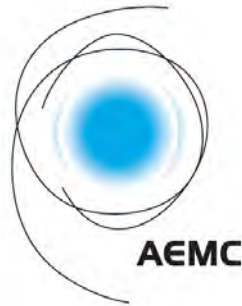
Delete the following definitions:

~~inter-regional network constraint~~

~~A constraint on the transmission and/or distribution networks between regions as specified in clause 3.6.4(a).~~

~~intra-regional network constraint~~

~~A constraint on part of the transmission and distribution networks within a region as specified in clause 3.6.4(b)~~



Exposure Draft National Electricity Amendment (Network Augmentations) Rule 2008

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 National Electricity (New South Wales) Act 1997 of New South Wales;
- (d) the Electricity - National Scheme (Queensland) Act 1997 of Queensland;
- (e) the Electricity - National Scheme (Tasmania) Act 1999 of Tasmania;
- (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 Tamblyn
Chairman
Australian Energy Market Commission

Draft National Electricity Amendment (Network Augmentations) Rule 2008

1. Title of Rule

This Rule is the Draft National Electricity Amendment (Network Augmentations) Rule 2008.

2. Commencement

This Rule commences operation on [insert date]

3. Amendment of National Electricity Rules

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

Schedule 1 Amendment of National Electricity Rules

[1] Clause 5.4A: Access arrangements relating to Transmission Networks

Omit clause 5.4A and substitute:

- (a) The *Transmission Network Service Provider* referred to in this rule 5.4A is the *Transmission Network Service Provider* required under clause 5.3.3 to process and respond to a *connection* enquiry or required under clause 5.3.5 to prepare an offer to *connect* for the establishment or modification of a *connection* to the *transmission network* owned, controlled or operated by that *Transmission Network Service Provider* or for the provision of *network service*.
- (b) If requested by a *Connection Applicant*, whether as part of a *connection* enquiry, application to *connect* or the subsequent negotiation of a *connection* agreement, the *Transmission Network Service Provider* must negotiate in good faith with the *Connection Applicant* to reach agreement in respect of the *transmission network user access* arrangements sought by the *Connection Applicant*.
- (c) As a basis for negotiations under paragraph (b):
 - (1) the *Connection Applicant* must provide to the *Transmission Network Service Provider* such information as is reasonably requested relating to the expected operation of:
 - (i) its *generating units* (in the case of a *Generator*);
 - (ii) its *network elements* used in the provision of *network service* (in the case of a *Network Service Provider*); or
 - (iii) its *plant* (in the case of any other kind of *Connection Applicant*);and
 - (2) the *Transmission Network Service Provider* must provide to the *Connection Applicant* such information as is reasonably

requested to allow the *Connection Applicant* to fully assess the commercial significance of the *transmission network user access* arrangements sought by the *Connection Applicant* and offered by the *Transmission Network Service Provider*.

- (d) A *Connection Applicant* may seek *transmission network user access* arrangements at any level of *power transfer capability* between zero and:
 - (1) in the case of a *Generator*, the *maximum power input* of the relevant *generating units* or group of *generating units*;
 - (2) in the case of a *Network Service Provider*, the *power transfer capability* of the relevant *network elements*; and
 - (3) in the case of any other kind of *Connection Applicant*, the *maximum demand* at the *connection point* for the relevant *plant*.

- (e) The *Transmission Network Service Provider* must use reasonable endeavours to provide the *transmission network user access* arrangements being sought by the *Connection Applicant* subject to those arrangements being consistent with *good electricity industry practice* considering:
 - (1) the *connection assets* to be provided by the *Transmission Network Service Provider* or otherwise at the *connection point*; and
 - (2) the potential *augmentations* or *extensions* required to be undertaken on all affected *transmission networks* or *distribution networks* to provide that level of *power transfer capability* over the period of the *connection agreement* taking into account the amount of *power transfer capability* provided to other *Registered Participants* under *transmission network user access* or *distribution network user access* arrangements in respect of all affected *transmission networks* and *distribution networks*.

- (f) The *Transmission Network Service Provider* and the *Connection Applicant* must negotiate in good faith to reach agreement as appropriate on:
- (1) the *connection service* charge to be paid by the *Connection Applicant* in relation to *connection assets* to be provided by the *Transmission Network Service Provider*;
 - (2) in the case of a *Market Network Service Provider*, the service level standards to which the *Market Network Service Provider* requires the *Transmission Network Service Provider* to adhere in providing its services;
 - (3) the *use of system services* charge to be paid:
 - (i) by the *Connection Applicant* in relation to any augmentations or extensions required to be undertaken on all affected transmission networks and distribution networks; and
 - (ii) where the *Connection Applicant* is a *Market Network Service Provider*, to the *Market Network Service Provider* in respect of any reduction in the long run marginal cost of *augmenting* the *transmission network* as a result of it being *connected* to the *transmission network*; ('*negotiated use of system charges*'); and
 - (4) the amounts ('*access charges*') referred to in paragraphs (g)-(j);
 - (5) where the connection applicant is a *Generator*, all negotiations between the *Transmission Network Service Provider* and the *Generator* must be conducted in a manner consistent with clause 6A.9.1.
- (g) The amount to be paid by the *Connection Applicant* to the *Transmission Network Service Provider* in relation to the costs reasonably incurred by the provider in providing *transmission network user access*.

- (h) Where the *Connection Applicant* is a *Generator*:
 - (1) the compensation to be provided by the *Transmission Network Service Provider* to the *Generator* in the event that the *generating units* or group of *generating units* of the *Generator* are *constrained off* or *constrained on* during a *trading interval*; and
 - (2) the compensation to be provided by the *Generator* to the *Transmission Network Service Provider* in the event that *dispatch* of the *Generator's generating units* or group of *generating units* causes another *Generator's generating units* or group of *generating units* to be *constrained off* or *constrained on* during a *trading interval*.
- (i) Where the *Connection Applicant* is a *Market Network Service Provider*:
 - (1) the compensation to be provided by the *Transmission Network Service Provider* to the *Market Network Service Provider* in the event that the *transmission network user access* is not provided; and
 - (2) the compensation to be provided by the *Market Network Service Provider* to the *Transmission Network Service Provider* in the event that *dispatch* of the relevant *market network service* causes a *Generator's generating units* or group of *generating units* to be *constrained off* or *constrained on* during a *trading interval* or causes the *dispatch* of another *market network service* to be *constrained*.
- (j) In the case of any other kind of *Connection Applicant*, the compensation to be provided by the *Transmission Network Service Provider* to the *Connection Applicant* in the event that the *transmission network user access* is not provided.
- (k) The maximum charge that can be applied by the *Transmission Network Service Provider* in respect of *negotiated use of system*

charges for the transmission network is a charge that is determined in accordance with Part J of Chapter 6A.

[2] Clause 6A.9.1: Principles relating to access to negotiated transmission services

Omit clause 6A.9.1 and substitute:

The following principles constitute the *Negotiated Transmission Services Principles*:

- (1) the price for a *negotiated transmission service* should be based on the costs incurred in providing that service, determined in accordance with the principles and policies set out in the *Cost Allocation Methodology* for the relevant *Transmission Network Service Provider*;
- (2) subject to subparagraphs (3) and (4), the price for a *negotiated transmission service* should be at least equal to the avoided cost of providing it but no more than the cost of providing it on a stand alone basis;
- (3) if the *negotiated transmission service* is the provision of a *shared transmission service* that:
 - (i) exceeds the network performance requirements (if any) which that *shared transmission service* is required to meet under any *jurisdictional electricity legislation*; or
 - (ii) exceeds the *network* performance requirements set out in schedules 5.1a and 5.1, then the differential between the price for that service and the price for the *shared transmission service* which meets (but does not exceed) the *network* performance requirements under any *jurisdictional electricity legislation* or as set out in schedules 5.1a and 5.1 (as the case may be) should reflect the increase in the *Transmission Network Service Provider's* incremental cost of providing that service;
- (4) if the *negotiated transmission service* is the provision of a *shared transmission service* that does not meet (and does not

exceed) the *network* performance requirements set out in schedules 5.1a and 5.1, the differential between the price for that service and the price for the *shared transmission service* which meets (but does not exceed) the *network* performance requirements set out in schedules 5.1a and 5.1 should reflect the amount of the *Transmission Network Service*

Provider's avoided cost of providing that service;

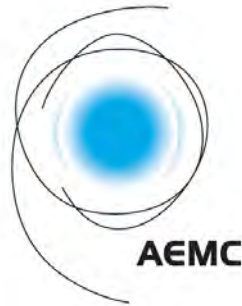
(5) the price for a *negotiated transmission service* must be the same for all *Transmission Network Users* unless there is a material difference in the costs of providing the *negotiated transmission service* to different *Transmission Network Users* or classes of *Transmission Network Users*;

(6) the price for a *negotiated transmission service* should be subject to adjustment over time to the extent that the assets used to provide that service are subsequently used to provide services to another person, in which case such adjustment should reflect the extent to which the costs of that asset is being recovered through charges to that other person;

Note: An adjustment as referred to in subparagraph (6) may, for example, be appropriate where the cost of providing the negotiated transmission service to a Service Applicant changes because the assets used to provide that service are subsequently used to provide a service to another person and the payment for the service by that other person enables the Transmission Network Service Provider to recoup some of those costs from that other person.

(7) the price for a *negotiated transmission service* should be such as to enable the *Transmission Network Service Provider* to recover the efficient costs of complying with all *regulatory obligations or requirements* associated with the provision of the *negotiated transmission service*;

- (8) any *access charges* should be based on the costs reasonably incurred by the *Transmission Network Service Provider* in providing *transmission network user access* and (in the case of compensation referred to in rules 5.4A(h) - (j)) on the revenue that is likely to be foregone and the costs that are likely to be incurred by a person referred to in rule 5.4A(h)-(j) where an event referred to in those paragraphs occurs;
- (9) the *terms and conditions of access* for a *negotiated transmission service* should be fair and reasonable and consistent with the safe and *reliable* operation of the *power system* in accordance with the *Rules* (for these purposes, the price for a *negotiated transmission service* is to be treated as being fair and reasonable if it complies with principles (1) to (7) of this clause 6A.9.1);
- (10) the *terms and conditions of access* for a *negotiated transmission service* (including, in particular, any exclusions and limitations of liability and indemnities) must not be unreasonably onerous taking into account the allocation of risk between the *Transmission Network Service Provider* and the other party, the price for the *negotiated transmission service* and the costs to the *Transmission Network Service Provider* of providing the *negotiated transmission service*; and
- (11) the *terms and conditions of access* for a *negotiated transmission service* should take into account the need for the service to be provided in a manner that does not adversely affect the safe and *reliable* operation of the *power system* in accordance with the *Rules*.



Exposure Draft National Electricity Amendment (Negative Inter-regional Settlements Residue Amounts) Rule 2008

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 National Electricity (New South Wales) Act 1997 of New South Wales;
- (d) the Electricity - National Scheme (Queensland) Act 1997 of Queensland;
- (e) the Electricity - National Scheme (Tasmania) Act 1999 of Tasmania;
- (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 Tamblyn
Chairman
Australian Energy Market Commission

Draft National Electricity Amendment (Negative Inter-regional Settlements Residue Amounts) Rule 2008

1. Title of Rule

This Rule is the Draft National Electricity Amendment (Negative Inter-regional Settlements Residue Amounts) Rule 2008.

2. Commencement

This Rule commences operation on [insert date]

3. Amendment of National Electricity Rules

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

Schedule 1 Amendment of National Electricity Rules

[1] Rule 3.6.5(4) Settlements residue due to network losses and constraints

Omit rule 3.6.5 and substitute:

- (a) *Settlements residue* will be allocated, and distributed or recovered by *NEMMCO* in accordance with the following principles:
- (1) full effect is to be given to the *jurisdictional derogations* contained in Chapter 9 relating to *settlements residue*;
 - (2) the portion of the *settlements residue* attributable to *regulated interconnectors* (as adjusted to take into account the effect of any applicable *jurisdictional derogations* referred to in clause 3.6.5(a)(1)) will be distributed or recovered in accordance with rule 3.18;
 - (3) the remaining *settlements residue*, including the portion of *settlements residue* due to *intra-regional loss factors*, will be distributed to or recovered from the appropriate *Transmission Network Service Providers* (which will not include *Market Network Service Providers*);
 - (4) subject to clauses 11.1.1 and 11.1.2, if the *settlements residue* arising in respect of a *trading interval*, after taking into account any adjustment in accordance with clauses 5.7.7(aa)(3) or (ab), is a negative amount, then, in respect of each *billing period* in which a negative *settlements residue* arises:
 - (i) *NEMMCO* must recover the amount from the appropriate *Transmission Network Service Provider* (which will not include *Market Network Service Providers*) within the *region* (the “importing region”) to which electricity is transferred

from another region (the “exporting region”) through regulated interconnectors, at a payment interval, and by a method, to be determined by NEMMCO, and which may include a determination that an appropriate Transmission Network Service Provider make payment at a date prior to the settlement date determined in respect of other Transmission Network Service Providers; and

(ii) the appropriate Transmission Network Service Provider (which will not include Market Network Service Providers) must make the payment at the time, payment interval and by the method determined by NEMMCO.

(4A) subject to clauses 3.6.5(a)(4), 11.1.1 and 11.1.2, where interest costs are incurred by NEMMCO in relation to any unrecovered negative settlements residue amounts referred to in clause 3.6.5(a)(4), in respect of each billing period in which a negative settlements residue arises:

(i) NEMMCO must recover the interest costs from the appropriate Transmission Network Service Provider (which will not include Market Network Service Providers) within the region (the “importing region”) to which electricity is transferred from another region (the “exporting region”) through regulated interconnectors, at a payment interval, and by a method, to be determined by NEMMCO, and which may include a determination that an appropriate Transmission Network Service Provider make payment at a date prior to the settlement date determined in respect of other Transmission Network Service Providers; and

(ii) the appropriate Transmission Network Service Provider (which will not include Market Network Service Providers) must make the payment at the time, payment interval and by the method determined by NEMMCO.

(4B) for the purposes of clauses 3.6.5(4) and 3.6.5(4A), the AER must, in accordance with the Rules consultation procedures, make, publish, and where necessary, amend, a determination identifying the appropriate Transmission Network Service Provider (which will not include Market Network Service Providers) responsible for payments in respect of a negative settlements residue, in relation to each directional interconnector, and must notify NEMMCO of the making or amendment of any such determination.

(5) for the purposes of the distribution or recovery of *settlements residue* that is attributable to *regulated interconnectors*:

- (i) all of the *settlements residue* relating to electricity that is transferred from one *region* (the “exporting region”) to another *region* (the “importing region”) must be allocated to *Network Service Providers* in respect of a *network* located in the importing region (or part of a *network* located in the importing region);
- (ii) the importing region must, in respect of the period from *market commencement* until the expiry date referred to in subparagraph (iv), pay a charge to the exporting region reflecting the extent of the use of a *network* located in the exporting region (or part of a *network* located in the exporting region) to transfer the electricity from the exporting region to the importing region;
- (iii) the amount of the charge described in subparagraph (ii) must not exceed the amount of the *settlements residue* referred to in subparagraph (i), and must be agreed between the *participating jurisdictions* in which the importing region and the exporting region are located; and
- (iv) the expiry date referred to in subparagraph (ii), means 1 July 2009 or the date of commencement of rules which make

alternative provision in the *Rules* for inter-regional settlements, whichever is the earlier date; and

(6) any portion of *settlements residue* distributed to a *Network Service Provider* or amount paid on that portion under clause 3.15.10A (if any), or rule 3.18 to a *Network Service Provider*, including any such payments as adjusted by a *routine revised statement* or *special revised statement* issued under rule 3.15, net of any portion of *settlements residue* recovered from the *Network Service Provider* in accordance with clause 3.6.5(a)(4), will be used to offset *network service charges*.

(b) A *Transmission Network Service Provider* or its jurisdictional delegate is a *Market Participant* for the purposes of clause 3.3.1 and rule 3.15 (excluding clause 3.15.1(b)) but not otherwise.

~~(c) Subject to clauses 11.1.1 and 11.1.2:~~

~~(i) clause 3.6.5(a)(4) does not have effect during the period commencing on 1 July 2006 and ending at the last moment of 30 June 2009 but comes into effect again at the end of that period; and~~

~~(ii) clauses 3.6.5(a)(4A) and (4B) expire at the end of that period.~~

[2] Rule 3.15.1 Settlement Management by NEMMCO

Omit rule 3.15.1 and substitute:

(a) *NEMMCO* must facilitate the billing and settlement of payments due in respect of *transactions* under this Chapter 3, including:

(1) *spot market allocations*;

(2) *reallocation transactions*;

- (3) negative settlement residues under clause 3.6.5; and
 - (4) ancillary services transactions under clause 3.15.6A.
- (b) *NEMMCO* must determine the *Participant Fees* and the *Market Participants* must pay them to *NEMMCO* in accordance with clause 3.15.6A.

[3] Rule 3.18.4 Proceeds and fees

Omit rule 3.18.4 and substitute:

- (a) *NEMMCO* must distribute:
 - (1) subject to clauses 3.6.5(a)(4) and (4A), proceeds from each *auction* in respect of a *directional interconnector*; and
 - (2) subject to clauses 3.18.4(b) and (c), any portion of the *settlements residue* allocated to the *directional interconnector* which is not the subject of a *SRD agreement*, to the appropriate *Network Service Providers* in accordance with the principles referred to in clause 3.6.5 in relation to the allocation and distribution of *settlements residue* attributable to *regulated interconnectors*.
- (b) The costs and expenses incurred by *NEMMCO* in establishing and administering the arrangements contemplated by this rule 3.18, in conducting *auctions* under this rule 3.18 and in entering into and administering *auction participation agreements* and *SRD agreements* under this rule 3.18 will be recovered from *settlements residue* by way of *auction expense fees*.
- (c) The *auction expense fees* are to be developed by *NEMMCO* in accordance with the *auction rules* and approved by the *settlement residue committee*, and recovered as follows:
 - (1) to the extent the *settlements residue* is distributed to *eligible persons* under clause 3.18.1(d), in accordance with the *auction rules*; and

- (2) to the extent the *settlements residue* is distributed to *Network Service Providers* under clause 3.18.4(a)(2), as if the *settlements residue* was being distributed to *eligible persons* in accordance with the *auction rules*.
- (d) The *auction expense fees* for an *auction* are to be *published* before the *auction*.
- (e) *Eligible persons* and *NEMMCO* must pay *auction amounts* in accordance with the *auction rules*, and, for the avoidance of doubt, amounts payable by *eligible persons* to *NEMMCO* under *SRD agreements* will not be regarded as amounts payable under the *Rules* for the purposes of rule 3.15.
- (f) *NEMMCO* may nominate an electronic funds transfer facility for the purposes of paying *auction amounts* and, if it does so, *eligible persons*, *Network Service Providers* and *NEMMCO* must use that facility for paying and receiving *auction amounts*.

[3] Rule 11.1 Rules consequent on making of the National Electricity Amendment (Negative Inter-Regional Settlements Residue) Rule 2006

Omit rule 11.1.1 and substitute:

11.1 Rules consequent on making of the National Electricity Amendment (Negative Inter-regional Settlements Residue Amounts) Rule 2008

11.1.1 Recovery of accrued negative settlements residue

Clause 3.6.5(a)(4A), as in force immediately before [X] which is the date the National Electricity Amendment (Negative Inter-Regional Settlements Residue Amounts) Rule 2008 commences operation, continues to apply to any negative *settlements residue* amounts arising before [X] and not recovered as at [X] until all such negative amounts have been recovered.

- ~~(b) Where negative *settlements residue* amounts arise on or after 1 July 2005 and are not recovered before 1 July 2006 which is the date the~~

~~National Electricity Amendment (Negative Inter-Regional Settlements Residue) Rule 2006 commences operation, then:~~

~~(i) the whole or any part of the amount may be recovered from the proceeds of the first *auction* after 1 July 2006 which is the date the National Electricity Amendment (Negative Inter-Regional Settlements Residue) Rule 2006 commences operation; and~~

~~(ii) if the whole or a part of the amount is not recoverable under clause 11.1.1(b)(i), the unrecovered amount may be recovered from the proceeds of successive *auctions* until the negative amount is recovered.~~

~~(e) Clause 3.6.5(a)(4A), as in force immediately before 30 June 2009, continues to apply to any *negative settlements* residue amounts arising on or after 1 July 2006 but before 30 June 2009, and not recovered as at 30 June 2009, until all such negative amounts have been recovered.~~

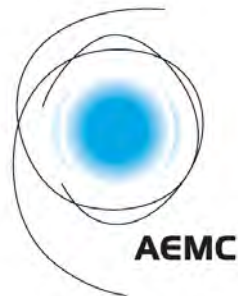
[4] Rule 11.1.2 Recovery of interest costs associated with accrued negative settlements residue

Omit rule 11.1.2 and substitute:

(a) Where interest costs incurred by NEMMCO in relation to any unrecovered negative settlements residue amounts referred to in clause 3.6.5(a)(4A) (as in force immediately before [X] which is the date the National Electricity Amendment (Negative Inter-Regional Settlements Residue Amounts) Rule 2008 commences operation) before [X] are not recovered before [X] which is the date the National Electricity Amendment (Negative Inter-regional Settlements Residue Amounts) Rule 2008 commences operation, then:

(i) the whole or any part of the interest costs may be recovered from the proceeds of the first *auction* after [X] which is the date National Electricity Amendment (Negative Inter-regional Settlements Residue Amounts) Rule 2008 commences operation;

- (ii) if the whole or a part of the interest costs are not recoverable under clause 11.1.2(a)(i), the unrecovered interest costs may be recovered from the proceeds of successive *auctions* until the interest costs are recovered.
- (b) Clause 3.6.5(a)(4B), as in force immediately before [X] which is the date the National Electricity Amendment (Negative Inter-Regional Settlements Residue Amounts) Rule 2008 commences operation, continues to apply to any interest costs arising before [X], and not recovered as at [X], until all such interest costs have been recovered.



Exposure Draft National Electricity Amendment (Congestion Information Resource) Rule 2008

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 National Electricity (New South Wales) Act 1997 of New South Wales;
- (d) the Electricity - National Scheme (Queensland) Act 1997 of Queensland;
- (e) the Electricity - National Scheme (Tasmania) Act 1999 of Tasmania;
- (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 Tamblyn
Chairman
Australian Energy Market Commission

Exposure Draft National Electricity Amendment (Congestion Information Resource) Rule 2008

1. Title of Rule

This Rule is the *Exposure Draft National Electricity Amendment (Congestion Information Resource) Rule 2008*.

2. Commencement

This Rule commences operation on [insert date].

3. Amendment of the National Electricity Rules

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

Schedule 1 Amendment of National Electricity Rules

[1] Rule 3.7A Market information on planned network outages

Omit rule 3.7A and substitute:

3.7A Congestion information resource

- (a) The objective of the *congestion information resource* is to provide information in a cost effective manner to *Market Participants* to enable them to understand patterns of *network* congestion and make projections of *market* outcomes in the presence of *network* congestion ('the *congestion information resource objective*').

Development of congestion information resource

- (b) To implement the *congestion information resource objective*, NEMMCO must develop and *publish*, in accordance with this rule 3.7A, an information resource comprising:
- (1) information on *planned network events*; and
 - (2) information on the incidence of congestion in the *National Electricity Market* through the use of historical data on *mis-pricing* at *transmission network* nodes in the *National Electricity Market*; and
 - (3) any other information that NEMMCO, in its reasonable opinion, considers relevant to implement the *congestion information resource objective*,

which is to be known as the *congestion information resource*.

- (c) The *congestion information resource* must contain at least the same level of detail as is required to be included in the interim *congestion information resource* published under clause 11.X.2(b).
- (d) NEMMCO must develop, and amend from time to time, the *congestion information resource*:
- (1) consistently with the *congestion information resource objective*;
 - (2) in accordance with the *congestion information resource guidelines*; and

- (3) to incorporate any new, or amend any existing, aspect of the *congestion information resource* where *NEMMCO* forms the view that such an amendment will improve the *congestion information resource's* implementation of the *congestion information resource objective*.
- (e) Subject to paragraph (f), *NEMMCO* must update and *publish* the information contained in the *congestion information resource* (whether in whole or in part) at intervals to be determined by *NEMMCO* in accordance with the *congestion information resource guidelines*.
- (f) The intervals determined by *NEMMCO* for updating and *publishing* the *congestion information resource* must be included in the *timetable*.
- (g) Where there has been a material change in the facts or circumstances described in the *congestion information resource* and *NEMMCO* considers *Market Participants* require the new information prior to the next periodic update of the *congestion information resource* in accordance with paragraph (e), *NEMMCO* may provide *Market Participants* with the new information in accordance with the *congestion information resource guidelines*.
- (h) *NEMMCO* must publish the first *congestion information resource* by [DATE B] and there must be a *congestion information resource* available at all times after that date.

Note: DATE B is intended to be 1 year after this Rule commences operation.

- (i) For the purpose of *publishing* the first *congestion information resource* under paragraph (b), *NEMMCO* may, subject to paragraph (d), *publish* the interim *congestion information resource* referred to in clause 11.X.2, as the first *congestion information resource*, in whole or in part.
- (j) *NEMMCO* must not *publish confidential information* as part of, or in connection with, the *congestion information resource*.

Congestion information resource guidelines

- (k) *NEMMCO* must develop and *publish* guidelines ('the *congestion information resource guidelines*') for and with respect to:
 - (1) the categories of information to be contained in the *congestion information resource* including the source of that information;
 - (2) the scope and type of the information to be provided by *Transmission Network Service Providers* in accordance with paragraphs (n) and (o);

- (3) the processes to be implemented by *NEMMCO* to obtain the information from *Transmission Network Service Providers* in accordance with paragraphs (n) and (o);
 - (4) the determination of the intervals for updating and *publishing* the *congestion information resource* under paragraph (e); and
 - (5) the processes to be implemented by *NEMMCO* for providing *Market Participants* with information under paragraph (g).
- (1) *NEMMCO* must develop and *publish* the first *congestion information resource guidelines* in accordance with the *Rules consultation procedures* by [DATE A] and there must be a set of *congestion information resource guidelines* available and up to date at all times after this date.

Note: DATE A is intended to be 6 months after this Rule commences operation.

- (m) *NEMMCO* must amend the *congestion information resource guidelines* in accordance with the *Rules consultation procedures*.

Information of Transmission Network Service Providers

- (n) In addition to the obligations imposed on *Transmission Network Service Providers* by rule 3.7, *Transmission Network Service Providers* must provide *NEMMCO* with the information specified in the *congestion information resource guidelines*:
 - (1) in a form which clearly identifies *confidential information*; and
 - (2) in accordance with the *congestion information resource guidelines*.
- (o) Where there has been a material change in the information provided by a *Transmission Network Service Provider* under paragraph (n), the *Transmission Network Service Provider* must provide *NEMMCO* with the revised information as soon as practicable.
- (p) Information made available to *Market Participants* as part of, or in connection with, the *congestion information resource* by *NEMMCO* and *Transmission Network Service Providers* under this rule 3.7A:
 - (1) represents a *Transmission Network Service Provider's* current intentions and best estimates regarding *planned network events* at the time the information is made available;
 - (2) does not bind a *Transmission Network Service Provider* to comply with an advised *outage* program; and

- (3) may be subject to change due to unforeseen circumstances outside the control of the *Transmission Network Service Provider*.

[2] Clause 3.13.4 Spot market

After clause 3.13.4(x), insert:

- (y) At intervals to be determined by *NEMMCO* under rule 3.7A(e), *NEMMCO* must, in accordance with the *timetable*, publish the updates to the *congestion information resource*.

New Chapter 10 Glossary Terms

congestion information resource

An information resource comprising :

- (a) information on *planned network events* that are likely to materially affect *network constraints*;
- (b) information on the incidence of congestion in the *National Electricity Market* through the use of historical data on *mis-pricing* at *transmission network* nodes in the *National Electricity Market*; and
- (c) any other information that *NEMMCO*, in its reasonable opinion, considers relevant to implement the *congestion information resource objective*,

that is developed, *published* and amended from time to time, by *NEMMCO* in accordance with rule 3.7A.

congestion information resource guidelines

Guidelines developed and *published* by *NEMMCO* in accordance with rule 3.7A(k) to (m) relating to the *publication* of the *congestion information resource*.

congestion information resource objective

The objective of the *congestion information resource* which is set out in rule 3.7A(a).

mis-pricing

For a particular *network* node within a nominated *region*, the difference between:

- (a) the *regional reference price* for the *region*; and
- (b) an estimate of the marginal value of *supply* at the *network* node, which marginal value is to be determined as the price of meeting an incremental change in *load* at that *network* node.

network support agreements

An agreement between a *Network Service Provider* and a *Market Participant* to provide a non-network alternative to a network augmentation to improve network capability.

planned network event

An event which has been planned by a *Transmission Network Service Provider*, *NEMMCO*, or a *Market Participant* that will materially affect *network constraints* in relation to the *transmission system* including but not limited to:

- (a) a *network outage*;
- (b) the *connection* and *disconnection* of *generating units* or *load*; or
- (c) the commissioning or decommissioning of a *network* asset and new or modified *network control ancillary services*; and
- (d) *network support agreements*.

Chapter 11 Savings and Transitional Arrangements

11.X Savings and transitional arrangements as a result of the Congestion Information Resource

11.X.1 Definitions

In this rule 11.X:

interim congestion information resource means the information resource developed and *published* in accordance with rule 11.X.2.

network outage schedule means a schedule developed by *NEMMCO* based on information received from *Transmission Network Service Providers* in accordance with rule 3.7A that lists the planned *network outages* on the *transmission system* for a period of up to two years in advance and that identifies the likelihood of each planned *network outage* proceeding following an assessment of forecast demand for the period of the planned *network outage*.

11.X.2 Interim congestion information resource

- (a) Pending the development and *publication* of the *congestion information resource* under rule 3.7A, *NEMMCO* must develop an interim congestion information resource to implement the *congestion information resource objective* in accordance with this rule 11.X. *NEMMCO* is not required to follow the *Rules consultation procedures* in developing the interim congestion information resource.
- (b) The interim congestion information resource must include:
 - (1) the network outage schedule;
 - (2) the incidence of congestion in the *National Electricity Market* through the use of historical data on *mis-pricing* at *transmission network nodes* in the *National Electricity Market*; and
 - (3) the following information on *network outages* planned for the subsequent thirteen months that, in the reasonable opinion of the relevant *Transmission Network Service Provider*, will have or are likely to have a material effect on transfer capabilities:
 - (i) details of the forecast timing and the facts affecting the timing of planned *network outages* and the likelihood that the planned timing will vary; and

- (ii) details of the reasons for the planned *network outage*, including the nature, and a description, of the works being carried out during the planned *network outage*, if any;
 - (4) the following information on planned *network outages* referred to in subparagraph (3):
 - (i) an assessment of the projected impact on *intra-regional power transfer capabilities*, the accuracy of which must be appropriate to implement the *congestion information resource objective*; and
 - (ii) an assessment of the projected impact on *inter-regional power transfer capabilities*, the accuracy of which must be appropriate to implement the *congestion information resource objective*;
 - (5) any other information with respect to planned *network outages* referred in subparagraphs (3) and (4) that implements the *congestion information resource objective*; and
 - (6) any other information that *NEMMCO*, in its reasonable opinion, considers relevant to implement the *congestion information resource objective*.
- (c) Each month, in accordance with the *timetable* for the provision of information to *medium term PASA*, each *Transmission Network Service Provider* must provide to *NEMMCO*:
- (1) the information referred to in (b)(3); and
 - (2) for the purposes of paragraph (b)(5), any other information with respect to the planned *network outages* referred to in paragraphs (b)(3) and (b)(4) that implements the *congestion information resource objective*.
- (d) *NEMMCO* must *publish* the interim congestion information resource by [DATE A].
- Note:** DATE A is intended to be 6 months after this Rule commences operation.
- (e) For the purposes of the *congestion information resource guidelines published* under rule 3.7A(k), the interim congestion information resource is taken to be the *congestion information resource*.
- (f) *NEMMCO* must determine the frequency of updating (whether in whole or in part) and *publishing* the interim congestion information resource which must be included in the *timetable*.

- (g) At intervals to be determined by *NEMMCO* under paragraph (f), *NEMMCO* must in accordance with the *timetable*, publish the interim congestion information resource.
 - (h) *Transmission Network Service Providers* must provide *NEMMCO* with such information as is requested by *NEMMCO* for inclusion in the interim congestion information resource. This information is to be provided to *NEMMCO* in a form which clearly identifies *confidential information*.
 - (i) Where there has been a material change in the information provided by a *Transmission Network Service Provider* under paragraph (h), the *Transmission Network Service Provider* must provide *NEMMCO* with the revised information as soon as practicable.
 - (j) Information contained in the interim congestion information resource:
 - (1) represents a *Transmission Network Service Provider's* current intentions and best estimates regarding *planned network events* at the time the information is made available;
 - (2) does not bind a *Transmission Network Service Provider* to comply with an advised *outage* program; and
 - (3) may be subject to change due to unforeseen circumstances outside the control of the *Transmission Network Service Provider*.
-