



7 September 2007

Australian Energy Market Commission
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National Transmission Planning Arrangements: Scoping Paper

The Energy Supply Association of Australia (esaa) is pleased to endorse the scoping paper released by the Australian Energy Market Commission (AEMC) on 3 August 2007 on the proposed National Transmission Planning Arrangements.

esaa is the peak industry body for the stationary energy sector in Australia and represents the policy positions of the Chief Executives of more than 40 electricity and downstream natural gas businesses. esaa member businesses own and operate some \$110 billion in assets, employ over 40,000 people and contribute \$14.5 billion dollars directly to the nation's Gross Domestic Product.

esaa supports the enhanced planning process for the national electricity transmission network as provided for in the decision on electricity transmission planning and regulation by the Council of Australian Governments (CoAG) in April 2007. CoAG agreed that a National Transmission Planner be established within the proposed National Energy Market Operator. The CoAG decision described the objective for the enhanced national electricity transmission planning process as providing a more strategic and nationally coordinated approach to transmission network development and helping to optimise investment between power transmission and generation.

COAG also stipulated in the April 2007 decision that the Ministerial Council on Energy (MCE) task the AEMC with developing a detailed implementation plan for the establishing the national transmission planning function, and esaa notes that the consequent direction to the AEMC by the MCE on 3 July 2007 requires the AEMC to address CoAG's decision on electricity planning and regulation in full and to take into account other relevant AEMC reviews such as the Congestion Management Review and the Comprehensive Reliability Review.

The AEMC's scoping paper for the review of the development of a detailed implementation plan for the enhanced national transmission planning function is consistent with the MCE direction, and as noted above esaa endorses the paper. esaa notes that the review includes consideration of simultaneous determinations of revenue caps for transmission network service providers (TNSPs) and a revised network planning and consultation process to replace the current Regulatory Test.

esaa will provide comment on these matters in response to detailed proposals expected to be provided in the Issues Paper scheduled for release in October 2007.

esaa notes that the AEMC scoping paper has requested comment on the conduct of the national transmission planning process, and in particular on how best to ensure effective interaction between the transmission network service providers and the proposed National Transmission Planner. In considering this matter, it will be important to ensure that the new planning function does not simply duplicate the existing transmission planning arrangements by the jurisdictional planning bodies and thereby impose additional costs on the market without benefit. The National Transmission Planner, to fulfil the objectives established by CoAG, needs to provide informed outlooks for national transmission development over extended periods and thereby assist to optimise investment in transmission and generation, which will actively support the development of efficient energy markets.

A major factor in achieving this outcome will be establishing arrangements to enable the efficient and timely provision of appropriate information by jurisdictional planning bodies to the National Transmission Planner.

esaa looks forward to providing further comment on the development of the AEMC's proposals for an implementation plan for the National Transmission Planner and related matters in response to the Issues Paper on these matters scheduled for October 2007.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Brad Page', with a stylized flourish at the end.

Brad Page
Chief Executive Officer