



National Electricity Amendment (Early Implementation of Market Impact Parameters) Rule 2010 No. 1

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 Tamblyn
Chairman
Australian Energy Market Commission

National Electricity Amendment (Early Implementation of Market Impact Parameters) Rule 2010 No. 1

1 Title of Rule

This Rule is the National Electricity Amendment (Early Implementation of Market Impact Parameters) Rule 2010 No. 1.

2 Commencement

This Rule commences operation on 12 March 2010.

3 Amendment of the National Electricity Rules

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

Schedule 1 Amendments of the National Electricity Rules

(Clause 3)

[1] Chapter 11 Savings and transitional rules

After rule 11.31, insert:

Part ZB Early Application of Market Impact Parameters

11.32 Rules consequent on the making of the National Electricity Amendment (Early Implementation of Market Impact Parameters) Rule 2010

11.32.1 Definitions

For the purposes of this rule 11.32:

Amending Rule means the National Electricity Amendment (Early Implementation of Market Impact Parameters) Rule 2010.

cap has the meaning given in the *service target performance incentive scheme* dated March 2008.

commencement date means the day on which the Amending Rule commences operation.

market impact component of the service target performance incentive scheme means the market impact component described in the *service target performance incentive scheme* dated March 2008.

financial incentive has the meaning given in the *service target performance incentive scheme* dated March 2008.

performance target has the meaning given in the *service target performance incentive scheme* dated March 2008.

Powerlink means the Queensland Electricity Transmission Corporation Limited (ACN 078 849 233), trading as Powerlink Queensland.

proposal means the proposal described in clause 11.32.3(d).

proposed start date means a commencement date for the early application of the market impact component of the *service target performance incentive scheme* proposed by a *Transmission Network Service Provider* under clause 11.32.3(d).

start date means the commencement date for the early application of the market impact component of the *service target performance incentive scheme* as decided by the *AER* under clause 11.32.3(l).

transitional regulatory control period means, in respect of Powerlink, the *regulatory control period* commencing on 1 July 2007 and ending on 30 June 2012.

11.32.2 Purpose

The purpose of this rule 11.32 is to allow certain *Transmission Network Service Providers* to seek the earlier application of the market impact component of the *service target performance incentive scheme* from the *AER* than permitted under clause 6A.7.4(f).

11.32.3 Early application of the market impact component of the service target performance incentive scheme

- (a) The Amending Rule applies to a *Transmission Network Service Provider* which will be subject to the market impact component of the *service target performance incentive scheme* during its next *regulatory control period*:
 - (1) for the *regulatory control period* which commenced before the commencement date and as at the commencement date, has not ended; or
 - (2) in respect of Powerlink, for the transitional regulatory control period.
- (b) If the *AER* publishes a *service target performance incentive scheme* after the commencement date which is different to the *service target performance incentive scheme* dated March 2008, a *Transmission Network Service Provider* may not apply for the early application of the market impact component of the *service target performance incentive scheme* under the Amending Rule.
- (c) If Powerlink applies for the early application of the market impact component of the *service target performance incentive scheme* under the Amending Rule, the financial incentive under the market impact component of the *service target performance incentive scheme* must be calculated by the *AER* using the maximum allowed revenue set out in the *AER's* decision on Powerlink's transmission network revenue cap dated 14 June 2007, as amended by the *AER* in accordance with the *Rules*.

Submission of proposal

- (d) If a *Transmission Network Service Provider* seeks the earlier application of the market impact component of the *service target performance incentive scheme* than permitted under clause 6A.7.4(f), the *Transmission Network Service Provider* must submit a proposal to the *AER* setting out:
 - (1) its proposed start date;

- (2) if relevant, information on whether the *Transmission Network Service Provider* can apply the market impact component of the *service target performance incentive scheme* earlier than the proposed start date; and
 - (3) the proposed values for a performance target and a cap in accordance with the relevant requirements of the market impact component of the *service target performance incentive scheme*.
- (e) A *Transmission Network Service Provider's* proposal under paragraph (d) must be submitted at least 80 *business days* prior to the proposed start date.

Preliminary examination and determination on compliance with relevant information requirements

- (f) If the *AER* receives a proposal under paragraph (d), it must:
- (1) make a determination on whether the proposal complies with the relevant information requirements of the *submission guidelines* in respect of the *service target performance incentive scheme*; and
 - (2) notify the *Transmission Network Service Provider* of its determination within 10 *business days* after receiving the proposal.
- (g) A determination referred to in paragraph (f) must be accompanied by written reasons that set out, where applicable:
- (1) the respects in which the proposal does not comply with the relevant information requirements of the *submission guidelines*; and
 - (2) the requirements that have not been complied with.

Revision of proposal

- (h) If the *AER* notifies a *Transmission Network Service Provider* that its proposal does not comply with the relevant information requirements of the *submission guidelines* in a determination under paragraph (f), the *Transmission Network Service Provider*:
- (1) must, within 10 *business days* after receiving that notice, submit a revised proposal in a form that complies with the relevant information requirements identified in that determination; and
 - (2) may only make changes to its proposal under paragraph (d) to address the matters raised in the determination made under paragraph (f).

- (i) The *AER* must, as soon as practicable, publish on the *AER*'s website and make available for public inspection at the *AER*'s public offices:
 - (1) the proposal, or any revised proposal, submitted under paragraphs (d) or (h), except to the extent that the *submission guidelines* provide that it will not be publicly disclosed, and, in that case, the relevant *Transmission Network Service Provider* has not otherwise consented; and
 - (2) an invitation for written submissions from any person on the proposal or any revised proposal (as the case may be) within a period specified by the *AER*, being a period not less than 10 *business days* from the date of publication of the invitation for submissions.
- (j) Any person may make a written submission to the *AER* on the proposal, or any revised proposal, within the period specified in the invitation referred to in paragraph (i).
- (k) The *AER* may *publish* an issues paper examining the issues raised in connection with the proposal, or any revised proposal, at the same time as, or subsequent to, publication of the invitation to make submissions referred to in paragraph (i).

Making of final decision

- (l) Subject to rule 6A.16(a), the *AER* must consider the proposal, or any revised proposal, submitted under paragraphs (d) or (h), and any written submissions made on the proposal, or any revised proposal, in its final decision and must make a final decision in relation to the proposal, or any revised proposal.
- (m) The *AER*'s final decision must be made in accordance with, and must comply with, the relevant requirements set out in paragraphs (n) - (s).

Requirements relating to final decision

- (n) A final decision under paragraph (l) is a decision by the *AER* on:
 - (1) the start date; and
 - (2) whether it approves or refuses to approve the proposed values for a performance target or a cap for the market impact component of the *service target performance incentive scheme*,

setting out reasons for the decision.
- (o) The *AER* may make a decision on a start date which is different to the proposed start date, provided the start date is not later than the proposed start date.

- (p) In making a decision on a start date, the *AER* must take into consideration any information provided by the *Transmission Network Service Provider* in its proposal, or revised proposal, on whether the *Transmission Network Service Provider* can apply the market impact component of the *service target performance* earlier than the proposed start date.
- (q) The *AER* must approve the proposed values for a performance target or a cap for the market impact component of the *service target performance incentive scheme* if it is satisfied that those values comply with the relevant requirements of the market impact component of the *service target performance incentive scheme*.
- (r) If the *AER's* final decision is to refuse to approve the proposed values for a performance target or a cap for the market impact component of the *service target performance incentive scheme*, the *AER* must include in its final decision a substitute value which it reasonably considers will comply with the relevant requirements of the market impact component of the *service target performance incentive scheme*.
- (s) The market impact component of the *service target performance incentive scheme* will apply to the *Transmission Network Service Provider* who submitted a proposal under paragraph (d) from the start date.

Notice of final decision

- (t) The *AER* must, at least 1 *business day* before the start date, but not later than 20 *business days* before the proposed start date, *publish*:
 - (1) notice of the making of the final decision; and
 - (2) the final decision, including its reasons.

END OF RULE AS MADE
