

# **National Electricity Rules As in force in the Northern Territory Version 5**

## **Historical Information**

This version of the National Electricity Rules As in force in the Northern Territory was current from 1 January 2017 to 8 February 2017.

# National Electricity Rules As in force in the Northern Territory

## Version 5

### Status Information

This is the latest electronically available version of the National Electricity Rules as in force in the Northern Territory (**NT NER**) as at 1 January 2017.

This consolidated version of the NT NER reflects the current version of the National Electricity Rules (version 88) as amended by the following regulations made by the Northern Territory under section 13(2)(c) of the *National Electricity (Northern Territory) (National Uniform Legislation) Act*:

National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations 2016.

### Provisions in force

Subject to the above, all provisions displayed in this consolidated version of the Rules have commenced.

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**CHAPTER 1**





# 1. Introduction

## 1.1 Preliminary

### 1.1.1 References to the Rules

These Rules (the *Rules*) are called the National Electricity Rules.

### 1.1.2 Italicised expressions

Italicised expressions in the *Rules* are defined in the glossary in Chapter 10.

### 1.1.3 [Deleted]

## 1.2 Background

These Rules are the National Electricity Rules made under the *National Electricity Law* and may be amended from time to time in accordance with the *National Electricity Law*.

## 1.3 Nomenclature of and references to provisions of a Chapter

### 1.3.1 Introduction

- (a) This rule applies to provisions inserted after 16 November 2006, and applies unless the context otherwise requires.
- (b) In this rule, "numbered" means identified by one or more numbers or one or more letters, or by a combination of one or more numbers and one or more letters.

### 1.3.2 Parts, Divisions and Subdivisions

- (a) Chapters may contain numbered Parts.
- (b) Parts may contain numbered Divisions.
- (c) Divisions may contain numbered Subdivisions.
- (d) The following table indicates how Parts, Divisions and Subdivisions may be referred to in the *Rules*.

Level	Provision	Internal reference in same level	External reference in preceding level
1	Chapter 1		
2	Part A	this Part	Part A

Level	Provision	Internal reference in same level	External reference in preceding level
3	Division 1	this Division	Division 1
4	Subdivision 1	this Subdivision	Subdivision 1

**Note:**

The numbering of the provisions in the table is by way of example.

**1.3.3 Rules, clauses, paragraphs, subparagraphs and other items**

- (a) Chapters, Parts, Divisions and Subdivisions of the *Rules* may contain numbered rules.
- (b) Rules may contain numbered clauses.
- (c) Rules and clauses may contain numbered paragraphs.
- (d) Paragraphs may contain numbered subparagraphs.
- (e) Subparagraphs may contain numbered items.
- (f) The following table indicates how rules, clauses, paragraphs, subparagraphs and other numbered items may be referred to in the *Rules*.

Level	Provision	Internal reference in same level	External reference in preceding level
1	Chapter, Part or Subdivision		
2	rule 1.2	this rule	rule 1.2
3	clause 1.2.3	this clause	clause 1.2.3
4	rule 1.2(a) clause 1.2.3(a)	this paragraph this paragraph	paragraph (a) paragraph (a)
5	rule 1.2(a)(1) clause 1.2.3(a)(1)	this subparagraph this subparagraph	subparagraph (1) subparagraph (1)
6	rule 1.2(a)(1)(i) clause 1.2.3(a)(1)(i)	this rule 1.2(a)(1)(i) this clause 1.2.3(a)(1)(i)	rule 1.2(a)(1)(i) clause 1.2.3(a)(1)(i)
7	rule 1.2(a)(1)(i)(A) clause	this rule 1.2(a)(1)(i)(A) this clause	rule 1.2(a)(1)(i)(A) clause 1.2.3(a)(1)(i)(A)

Level	Provision	Internal reference in same level	External reference in preceding level
	1.2.3(a)(1)(i)(A)	1.2.3(a)(1)(i)(A)	

**Note:**

The numbering of the provisions in the table is by way of example.

## 1.4 Effect of renumbering of provisions of the Rules

- (a) The renumbering of a provision of the *Rules* by an *Amending Rule* does not affect anything done or omitted under the provision before the *Amending Rule* comes into operation.
- (b) A reference (however expressed) in the *Rules* or in any other document to that provision is taken to be a reference to the provision as renumbered.
- (c) Paragraphs (a) and (b) have effect whether or not the renumbered provision is also relocated.

## 1.5 [Deleted]

## 1.6 [Deleted]

## 1.7 Interpretation

### 1.7.1 General

In the *Rules*, unless the context otherwise requires:

- (a) headings are for convenience only and do not affect the interpretation of the *Rules*;
- (b) words importing the singular include the plural and vice versa;
- (c) words importing a gender include any gender;
- (d) when italicised, other parts of speech and grammatical forms of a word or phrase defined in the *Rules* have a corresponding meaning;
- (e) an expression importing a natural person includes any company, partnership, trust, joint venture, association, corporation or other body corporate and any government agency;
- (f) a reference to any thing includes a part of that thing;
- (g) a reference to a chapter, condition, clause, schedule or part is to a chapter, condition, clause, schedule or part of the *Rules*;
- (h) a reference to any statute, regulation, proclamation, order in council, ordinances or by-laws includes all statutes, regulations, proclamations,

orders in council, ordinances and by-laws varying, consolidating, re-enacting, extending or replacing them and a reference to a statute includes all regulations, proclamations, orders in council, ordinances, by-laws and determinations issued under that statute;

- (i) a reference to a document or a provision of a document includes an amendment or supplement to, or replacement or novation of, that document or that provision of that document;
- (j) a reference to a person includes that person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and permitted assigns;
- (k) a period of time:
  - (1) which dates from a given *day* or the *day* of an act or event is to be calculated exclusive of that *day*; or
  - (2) which commences on a given *day* or the *day* of an act or event is to be calculated inclusive of that *day*;
- (l) an event which is required under the *Rules* to occur on or by a stipulated *day* which is not a *business day* may occur on or by the next *business day*; and
- (m) the schedules to the *Rules* form part of the *Rules*.

It is not intended that any of the following provisions of Schedule 2 to the *National Electricity Law* should apply to the *Rules*:

Clauses 2, 4, 9, 10, 11, 21, 28, 29, 30, 31AH, 35, 36, 37 and 38.

This exclusion is in addition to an exclusion that arises from other provisions of the *Rules* in which an intention is expressed, or from which an intention may be inferred, that a provision of the relevant Schedule is not to apply to the *Rules*.

### **1.7.1A Instruments**

- (a) In an instrument made under the *Rules*:
  - (1) a reference to the "National Electricity Law" or "Law" must be regarded as a reference to the National Electricity (NT) Law; and
  - (2) a reference to the "National Electricity Rules" or "Rules" must be regarded as a reference to the National Electricity Rules as defined in section 2(1) of the National Electricity (NT) Law.
- (b) Paragraph (a) applies despite any provision to the contrary in an instrument.

## 1.8 Notices

### 1.8.1 Service of notices under the Rules

A notice is properly given under the *Rules* to a person if:

- (a) it is personally served;
- (b) a letter containing the notice is prepaid and posted to the person at an address (if any) supplied by the person to the sender for service of notices or, where the person is a *Registered Participant*, an address shown for that person in the register kept by the *Utilities Commission* under section 37 of the *Electricity Reform Act* (NT);
- (c) it is sent to the person by facsimile or electronic mail to a number or reference which corresponds with the address referred to in clause 1.8.1(b);  
or
- (d) the person receives the notice.

### 1.8.2 Time of service

A notice is treated as being given to a person by the sender:

- (a) where sent by post in accordance with clause 1.8.1(b) to an address in the central business district of a capital city of Australia, on the second *business day* after the *day* on which it is posted;
- (b) where sent by post in accordance with clause 1.8.1(b) to any other address, on the third *business day* after the *day* on which it is posted;
- (c) where sent by facsimile in accordance with clause 1.8.1(c) and a complete and correct transmission report is received:
  - (1) where the notice is of the type in relation to which the addressee is obliged under the *Rules* to monitor the receipt by facsimile outside of, as well as during, business hours, on the *day* of transmission; and
  - (2) in all other cases, on the *day* of transmission if a *business day* or, if the transmission is on a *day* which is not a *business day* or is after 4.00 pm (addressee's time), at 9.00 am on the following *business day*;
- (d) where sent by electronic mail in accordance with clause 1.8.1(c):
  - (1) where the notice is of a type in relation to which the addressee is obliged under the *Rules* to monitor receipt by electronic mail outside of, as well as during, business hours, on the *day* when the notice is recorded as having been first received at the electronic mail destination; and
  - (2) in all other cases, on the *day* when the notice is recorded as having been first received at the electronic mail destination if a *business day*

or, if that time is after 4.00 pm (addressee's time) or the *day* is not a *business day*, at 9.00 am on the following *business day*; or

- (e) in any other case, when the person actually receives the notice.

### 1.8.3 Counting of days

Where a specified period (including, without limitation, a particular number of *days*) must elapse or expire from or after the giving of a notice before an action may be taken neither the *day* on which the notice is given nor the *day* on which the action is to be taken may be counted in reckoning the period.

### 1.8.4 Reference to addressee

In this rule 1.8, a reference to an addressee includes a reference to an addressee's officers, agents, or employees or any person reasonably believed by the sender to be an officer, agent or employee of the addressee.

## 1.9 Retention of Records and Documents

Unless otherwise specified in the *Rules*, all records and documents prepared for or in connection with the *Rules* must be retained for a period of at least 7 years.

### Note

This clause is classified as a civil penalty provision under the National Electricity (South Australia) Regulations. (See clause 6(1) and Schedule 1 of the National Electricity (South Australia) Regulations.)

### 1.10 [Deleted]

### 1.11 AEMO Rule Funds

- (a) *AEMO* must continue to maintain, in the books of the corporation:
- (1) the registration and administration fund;
  - (2) the security deposit fund; and
  - (3) any other fund which the *Rules* provide will be maintained in *AEMO's* books,
- (each a "*Rule fund*").
- (b) *AEMO* must ensure that there is paid into each *Rule fund*:
- (1) in the case of the registration and administration fund, all amounts of *Participant fees* and *auction expense fees* and any other amounts payable under the *auction rules* or *SRD agreements* as *AEMO* considers necessary from time to time other than those which are to be paid into another *Rule fund*;



- (2) in the case of the security deposit fund, amounts which are received by *AEMO* under clauses 3.3.8A, 3.3.13(a)(2) and 3.3.13(a)(3);
  - (3) in the case of a fund referred to in paragraph (a)(3):
    - (i) all amounts which are received by *AEMO* in connection with carrying out its functions or powers in relation to that fund;
    - (ii) all amounts of *Participant fees* which are received or recovered by *AEMO* which relate to *AEMO's* actual or budgeted costs and expenses for carrying out its functions or powers in relation to that fund; and
  - (4) in the case of each *Rule fund*, income from investment of money in the *Rule fund*.
- (c) In respect of the security deposit fund, *AEMO* must keep records, in respect of each individual *Market Participant*, of:
- (1) security deposits made by that *Market Participant* and actual interest or other income earned on that *Market Participant's* payments to that fund which will be recorded as credits for that *Market Participant*;
  - (2) any application, or return to that *Market Participant*, of monies in the security deposit fund in accordance with clause 3.3.13A;
  - (3) deductions for liabilities and expenses of the security deposit fund referable, or allocated, to that *Market Participant* which will be recorded as debits to that *Market Participant*; and
  - (4) the credit or debit balance for that *Market Participant*.
- (d) *AEMO* must ensure that money from each *Rule fund* is only applied in payment of:
- (1) in the case of the registration and administration fund, costs and expenses of *AEMO* carrying out its functions or powers:
    - (i) in relation to a fund referred to paragraph (a)(3) to the extent that such costs and expenses cannot be met from the money contained in that fund; or
    - (ii) other than those functions and powers referred to in subparagraph (i);
  - (2) in the case of the security deposit fund, monies owing to *AEMO* by a *Market Participant* or the return of monies to a *Market Participant* in accordance with clause 3.3.13A;
  - (3) in the case of a fund referred to in paragraph (a)(3), costs and expenses of *AEMO* carrying out its functions or powers in relation to that fund; and

- (4) in the case of each *Rule fund*:
- (i) other than the security deposit fund, reimbursement to a *Registered Participant* or another *Rule fund* to make any necessary adjustment for any excess amounts which are paid as *Participant fees* as a result of any of *AEMO's* actual costs and expenses being less than the budgeted costs and expenses or as a result of the payment of any interim *Participant fees*; and
  - (ii) liabilities or expenses of the *Rule fund*.

## **1.11A Application of Rules in this jurisdiction**

### **1.11A.1 Certain provisions of Chapter 11 have no effect**

The provisions of Chapter 11 that are in force on 1 July 2016, other than Parts ZZJ and ZZM and clause 11.86.8, have no effect in this jurisdiction.

### **1.11A.2 Chapters deferred until NERL adopted in this jurisdiction**

Each of the following has no effect in this jurisdiction until the *National Energy Retail Law* is applied as a law of this jurisdiction:

- (a) Chapter 5A; and
- (b) Chapter 6B.

### **1.11A.3 Chapters or Parts deferred until 1 July 2019**

Each of the following has no effect in this jurisdiction until 1 July 2019:

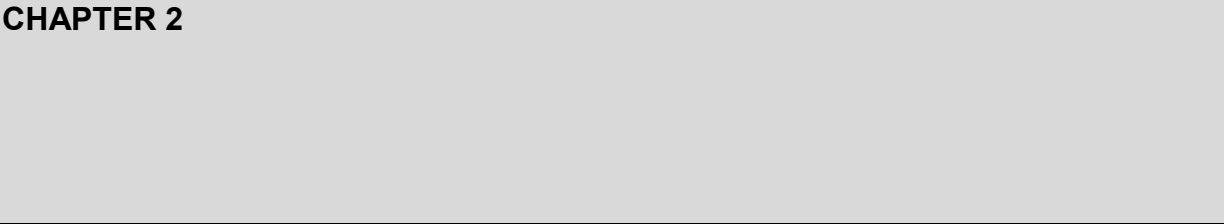
- (a) Chapter 2;
- (b) Chapter 2A;
- (c) Chapter 3;
- (d) Chapter 6A; and
- (e) Parts B, E, G and H of Chapter 8.

### **1.11A.4 Chapters deferred until 1 July 2017**

Each of the following has no effect in this jurisdiction until 1 July 2017:

- (a) Chapter 4;
- (b) Chapter 5; and
- (c) Chapter 7.

**CHAPTER 2**



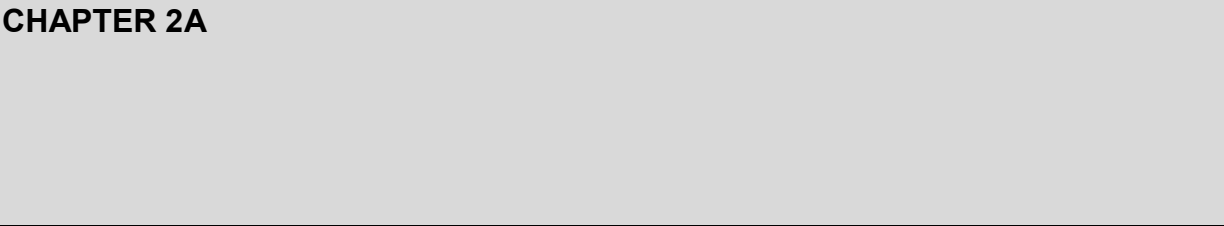


## **2. Registered Participants and Registration**

Chapter 2 of the National Electricity Rules (NER) has no effect in the Northern Territory until 1 July 2019 (Clause 1.11A.3 of Northern Territory NER; Part 6 of Schedule 2 of the National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations).



**CHAPTER 2A**





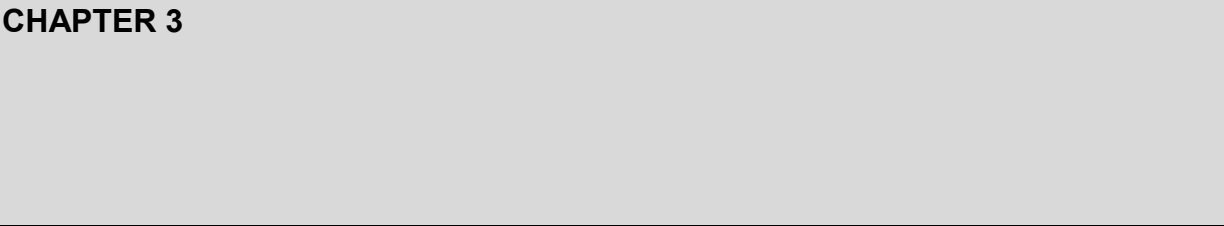


## **2A. Regional Structures**

Chapter 2A of the National Electricity Rules (NER) has no effect in the Northern Territory until 1 July 2019 (Clause 1.11A.3 of Northern Territory NER; Part 6 of Schedule 2 of the National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations) .



**CHAPTER 3**





### **3. Market Rules**

Chapter 3 of the National Electricity Rules (NER) has no effect in the Northern Territory until 1 July 2019 (Clause 1.11A.3 of Northern Territory NER; Part 6 of Schedule 2 of the National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations).



**CHAPTER 4**





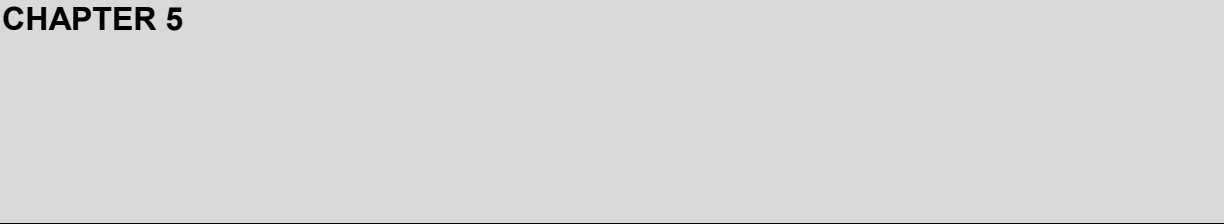


## **4. Power System Security**

Chapter 4 of the National Electricity Rules (NER) has no effect in the Northern Territory until 1 July 2017 (Clause 1.11A.4 of Northern Territory NER; Part 7 of Schedule 2 of the National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations).



**CHAPTER 5**





## **5. Network Connection, Planning and Expansion**

Chapter 5 of the National Electricity Rules (NER) has no effect in the Northern Territory until 1 July 2017 (Clause 1.11A.4 of Northern Territory NER; Part 7 of Schedule 2 of the National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations).



**CHAPTER 5A**







## **5A. Electricity Connection for Retail Customers**

Chapter 5A of the National Electricity Rules (NER) has no effect in the Northern Territory until the Northern Territory adopts the National Electricity Retail Law as a Law of that jurisdiction (Clause 1.11A.2 of Northern Territory NER; Part 3 of Schedule 2 of the National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations).



**CHAPTER 6**





## 6 Economic Regulation of Distribution Services

### Part A Introduction

#### 6.0 Operation of Chapter 6 in this jurisdiction

- (a) This rule applies if a *Distribution Network Service Provider* owns, controls or operates more than one *distribution system* in this jurisdiction.
- (b) Despite any other provision of this Chapter:
  - (1) for all of those *distribution systems* there must be, in respect of a particular *regulatory control period*, only one:
    - (i) draft distribution determination and final distribution determination;
    - (ii) *framework and approach paper*;
    - (iii) *building block proposal* and *building block determination*;
    - (iv) *regulatory proposal*;
    - (v) proposed and final *tariff structure statement*; and
    - (vi) regulatory asset base value; and
  - (2) all of those *distribution systems* must be treated as a single *distribution system* for the purposes of clause 6.5.1 and schedule 6.2.

#### 6.0A Application of Part DA in this jurisdiction

Part DA has no effect in this jurisdiction until the *National Energy Retail Law* is applied as a law of this jurisdiction.

#### 6.0B Application of other Parts in this jurisdiction

Parts J, K, L, M and N have no effect in this jurisdiction until 1 July 2019.

#### 6.1 Introduction to Chapter 6

##### 6.1.1 AER's regulatory responsibility

The *AER* is responsible, in accordance with this Chapter, for the economic regulation of *distribution services* provided by means of, or in connection with, *distribution systems* that form part of the *national grid*.

**6.1.1A [Deleted]**

**6.1.2 Structure of this Chapter**

- (a) This Chapter deals with the classification and economic regulation of *distribution services*.
- (b) It is divided into parts as follows:
  - (1) this Part is introductory;
  - (2) Part B confers power on the *AER* to classify *distribution services*, to determine the forms of control for *distribution services*, and to make distribution determinations;
  - (3) Part C sets out the building block approach to the regulation of services classified as *standard control services*;
  - (4) Part D regulates the prices that may be charged by *Distribution Network Service Providers* for the provision of services classified as *negotiated distribution services*;
  - (4A) Part DA deals with the preparation of, requirements for and approval of, *connection policies*;
  - (5) Part E sets out the procedure and approach for the making of a distribution determination;
  - (6) Part F regulates cost allocation;
  - (7) Part G contains the distribution consultation procedures;
  - (8) Part H deals with ring-fencing;
  - (9) Part I deals with *tariff classes* and tariffs;
  - (10) Part J deals with billing and settlements;
  - (11) Part K deals with prudential requirements, prepayments and capital contributions;
  - (12) Part L deals with dispute resolution;
  - (13) Part M deals with the disclosure of transmission and distribution charges;
  - (14) Part N provides for services provided by, or in connection with, *dual function assets* to be the subject of distribution determinations; and
  - (15) Part O sets out the requirements to prepare *annual benchmarking reports*.

### 6.1.3 Access to direct control services and negotiated distribution services

- (a) Subject to and in accordance with the *Rules*:
- (1) a person (a *Service Applicant*) may apply to a *Distribution Network Service Provider* for provision of *direct control services* or *negotiated distribution services*;
  - (2) a *Distribution Network Service Provider* must provide *direct control services* or *negotiated distribution services* (as the case may be) on *terms and conditions of access* as determined under Chapters 4, 5, this Chapter 6 and Chapter 7 of the *Rules*.
- (b) The *terms and conditions of access* are:
- (1) in relation to *negotiated distribution services*:
    - (i) the price of those services (including, if relevant, *access charges*); and
    - (ii) other terms and conditions for the provision of those services;
  - (2) in relation to *direct control services*:
    - (i) the price of those services under the *approved pricing proposal*; and
    - (ii) other terms and conditions for the provision of those services.

### 6.1.4 Prohibition of DUOS charges for the export of energy

- (a) A *Distribution Network Service Provider* must not charge a *Distribution Network User* *distribution use of system charges* for the export of electricity generated by the user into the *distribution network*.
- (b) This does not, however, preclude charges for the provision of *connection services*.

## Part B Classification of Distribution Services and Distribution Determinations

### 6.2 Classification

#### 6.2.1 Classification of distribution services

- (a) The *AER* may classify a *distribution service* to be provided by a *Distribution Network Service Provider* as:
- (1) a *direct control service*; or
  - (2) a *negotiated distribution service*.

**Note**

If the *AER* decides against classifying a *distribution service*, the service is, subject to Chapter 5A, not regulated under the *Rules*.

- (b) The *AER* may group *distribution services* together for the purpose of classification and, if it does so, a single classification made for the group applies to each service comprised in the group as if it had been separately classified.
- (c) The *AER* must, in classifying a *distribution service* or *distribution services*, have regard to:
  - (1) the form of regulation factors; and
  - (2) the form of regulation (if any) previously applicable to the relevant service or services and, in particular, any previous classification under the present system of classification or under the previous regulatory system (as the case requires); and
  - (3) the desirability of consistency in the form of regulation for similar services (both within and beyond the relevant jurisdiction); and
  - (4) any other relevant factor.
- (d) In classifying *distribution services* that have previously been subject to regulation under the present or earlier legislation, the *AER* must act on the basis that, unless a different classification is clearly more appropriate:
  - (1) there should be no departure from a previous classification (if the services have been previously classified); and
  - (2) if there has been no previous classification – the classification should be consistent with the previously applicable regulatory approach.
- (e) If the *Rules*, however, require that a particular classification be assigned to a *distribution service* of a specified kind, a *distribution service* of the relevant kind is to be classified in accordance with that requirement.

**6.2.2 Classification of direct control services as standard control services or alternative control services**

- (a) *Direct control services* are to be further divided into 2 subclasses:
  - (1) *standard control services*; and
  - (2) *alternative control services*.
- (b) The *AER* may group *direct control services* together for the purpose of classification and, if it does so, a single classification made for the group applies to each service comprised in the group as if it had been separately classified.



- (c) The *AER* must, in classifying a *direct control service* as a *standard control service* or an *alternative control service*, have regard to:
- (1) the potential for development of competition in the relevant market and how the classification might influence that potential; and
  - (2) the possible effects of the classification on administrative costs of the *AER*, the *Distribution Network Service Provider* and users or potential users; and
  - (3) the regulatory approach (if any) applicable to the relevant service immediately before the commencement of the distribution determination for which the classification is made; and
  - (4) the desirability of a consistent regulatory approach to similar services (both within and beyond the relevant jurisdiction); and
  - (5) the extent the costs of providing the relevant service are directly attributable to the person to whom the service is provided; and

**Example:**

In circumstances where a service is provided to a small number of identifiable customers on a discretionary or infrequent basis, and costs can be directly attributed to those customers, it may be more appropriate to classify the service as an alternative control service than as a standard control service.

- (6) any other relevant factor.
- (d) In classifying *direct control services* that have previously been subject to regulation under the present or earlier legislation, the *AER* must act on the basis that, unless a different classification is clearly more appropriate:
- (1) there should be no departure from a previous classification (if the services have been previously classified); and
  - (2) if there has been no previous classification – the classification should be consistent with the previously applicable regulatory approach.
- (e) If the *Rules*, however, require that a *direct control service* of a specified kind be classified either as a *standard control service* or as an *alternative control service*, a *direct control service* of the relevant kind is to be classified in accordance with that requirement.

### 6.2.3 Term for which classification operates

A classification forms part of a distribution determination and operates for the *regulatory control period* for which the distribution determination is made.

**Note:**

The classification is to be reviewed in the course of the making of the next distribution determination, and (subject to these Rules) a reclassification may be made for the purposes of that determination.

#### 6.2.4 Duty of AER to make distribution determinations

- (a) The *AER* must make a distribution determination for each *Distribution Network Service Provider*.
- (b) When the *AER* makes a distribution determination it must follow the process set out in Part E.
- (c) If more than one *distribution system* is owned, controlled or operated by a *Distribution Network Service Provider*, then, unless the *AER* otherwise determines, a separate distribution determination is to be made for each *distribution system*.
- (d) If 2 or more parts of the same *distribution system* were separately regulated at the commencement of this Chapter, then, unless the *AER* otherwise determines, a separate distribution determination is to be made for each of those parts of the *distribution system*.

#### 6.2.5 Control mechanisms for direct control services

- (a) A distribution determination is to impose controls over the prices of *direct control services*, the revenue to be derived from *direct control services* or both.
- (b) The control mechanism may consist of:
  - (1) a schedule of fixed prices;
  - (2) caps on the prices of individual services;
  - (3) caps on the revenue to be derived from a particular combination of services;
  - (4) tariff basket price control;
  - (5) revenue yield control; or
  - (6) a combination of any of the above.
- (c) In deciding on a control mechanism for *standard control services*, the *AER* must have regard to:
  - (1) the need for efficient tariff structures; and
  - (2) the possible effects of the control mechanism on administrative costs of the *AER*, the *Distribution Network Service Provider* and users or potential users; and
  - (2A) for a distribution determination for a *Distribution Network Service Provider* in this jurisdiction that will apply during the *1st regulatory control period* – the regulatory arrangements in the *2014 NT Network Price Determination*; and

- (3) for a distribution determination for a *Distribution Network Service Provider* in this jurisdiction that will apply after the *1st regulatory control period* – the regulatory arrangements (if any) applicable to the relevant service immediately before the commencement of the distribution determination; and
- (4) the desirability of consistency between regulatory arrangements for similar services (both within and beyond the relevant jurisdiction); and
- (5) any other relevant factor.

**Note:**

The modifications to this paragraph expire on 1 July 2024.

- (d) In deciding on a control mechanism for *alternative control services*, the *AER* must have regard to:
  - (1) the potential for development of competition in the relevant market and how the control mechanism might influence that potential; and
  - (2) the possible effects of the control mechanism on administrative costs of the *AER*, the *Distribution Network Service Provider* and users or potential users; and
  - (2A) for a distribution determination for a *Distribution Network Service Provider* in this jurisdiction that will apply during the *1st regulatory control period* – the regulatory arrangements in the *2014 NT Network Price Determination*); and
  - (3) for a distribution determination for a *Distribution Network Service Provider* in this jurisdiction that will apply after the *1st regulatory control period* – the regulatory arrangements (if any) applicable to the relevant service immediately before the commencement of the distribution determination; and
  - (4) the desirability of consistency between regulatory arrangements for similar services (both within and beyond the relevant jurisdiction); and
  - (5) any other relevant factor.

**Note:**

The modifications to this paragraph expire on 1 July 2024.

### **6.2.6 Basis of control mechanisms for direct control services**

- (a) For *standard control services*, the control mechanism must be of the prospective CPI minus X form, or some incentive-based variant of the prospective CPI minus X form, in accordance with Part C.

- (b) For *alternative control services*, the control mechanism must have a basis stated in the distribution determination.
- (c) The control mechanism for *alternative control services* may (but need not) utilise elements of Part C (with or without modification).

**Examples:**

The control mechanism might be based on the building block approach.

The distribution determination might provide for the application of clause 6.6.1 to pass through events with necessary adaptations and specified modifications.

## 6.2.7 Negotiated distribution services

*Negotiated distribution services* are regulated in accordance with Part D.

## 6.2.8 Guidelines

- (a) The *AER*:
  - (1) must make and *publish* the *Shared Asset Guidelines*, the *Capital Expenditure Incentive Guidelines*, the *Rate of Return Guidelines*, the *Expenditure Forecast Assessment Guidelines*, the *Distribution Confidentiality Guidelines* and the *Cost Allocation Guidelines* in accordance with these *Rules*; and
  - (2) may, in accordance with the *distribution consultation procedures*, make and *publish* guidelines as to any other matters relevant to this Chapter.
- (b) A guideline may relate to a specified *Distribution Network Service Provider* or *Distribution Network Service Providers* of a specified class.
- (c) Except as otherwise provided in this Chapter, a guideline is not mandatory (and so does not bind the *AER* or anyone else) but, if the *AER* makes a distribution determination that is not in accordance with the guideline, the *AER* must state, in its reasons for the distribution determination, the reasons for departing from the guideline.
- (d) If a guideline indicates that there may be a change of regulatory approach in future distribution determinations, the guideline should also (if practicable) indicate how transitional issues are to be dealt with.
- (e) Subject to paragraph (f), the *AER* may, from time to time and in accordance with the *distribution consultation procedures*, amend or replace a guideline.
- (f) The *AER* may make administrative or minor amendments to any guideline without complying with the *distribution consultation procedures*.
- (g) This clause 6.2.8 does not apply to the *Distribution Ring-Fencing Guidelines* or the *Distribution Reliability Measures Guidelines*.

## Part C Building Block Determinations for standard control services

### 6.3 Building block determinations

#### 6.3.1 Introduction

- (a) A *building block determination* is a component of a distribution determination.
- (b) The procedure and approach for the making of a *building block determination* is contained in Part E of this Chapter and involves the submission of a *building block proposal* to the AER by the *Distribution Network Service Provider*.
- (c) The *building block proposal*:
  - (1) must be prepared in accordance with the *post-tax revenue model* and other relevant requirements of this Part;
  - (2) must comply with the requirements of, and must contain or be accompanied by the information required by, any relevant *regulatory information instrument*; and
  - (3) must be prepared in accordance with Schedule 6.1.

#### 6.3.2 Contents of building block determination

- (a) A *building block determination* for a *Distribution Network Service Provider* is to specify, for a *regulatory control period*, the following matters:
  - (1) the *Distribution Network Service Provider's annual revenue requirement* for each *regulatory year* of the *regulatory control period*;
  - (2) appropriate methods for the indexation of the regulatory asset base;
  - (3) how any applicable *efficiency benefit sharing scheme, capital expenditure sharing scheme, service target performance incentive scheme, demand management incentive scheme, demand management innovation allowance mechanism* or *small-scale incentive scheme* is to apply to the *Distribution Network Service Provider*;
  - (4) the commencement and length of the *regulatory control period*; and
  - (5) any other amounts, values or inputs on which the *building block determination* is based (differentiating between those contained in, or inferred from, the *Distribution Network Service Provider's building block proposal* and those based on the AER's own estimates or assumptions).
- (b) A *regulatory control period* must be not less than 5 *regulatory years*.

## **6.4 Post-tax revenue model**

### **6.4.1 Preparation, publication and amendment of post-tax revenue model**

- (a) The *AER* must, in accordance with the *distribution consultation procedures*, prepare and *publish* a *post-tax revenue model*.
  - (b) The *AER* may, from time to time and in accordance with the *distribution consultation procedures*, amend or replace the *post-tax revenue model*.
  - (c) The *AER* must develop and *publish* the first *post-tax revenue model* within 6 months after the commencement of this clause and there must be such a model in force at all times after that date.
- (ca) For the application of these *Rules* in this jurisdiction:
- (1) the *post-tax revenue model* that is in force in the other *participating jurisdictions* on 1 July 2016 is taken:
    - (i) to be the *post-tax revenue model* in force in this jurisdiction (subject to any amendment or replacement under these *Rules*); and
    - (ii) to have been prepared and *published* by the *AER* on 1 July 2016; and
  - (2) the *AER* is taken to have complied with the requirements of paragraphs (a) and (c) in preparing and *publishing* the *post-tax revenue model*.

### **6.4.2 Contents of post-tax revenue model**

- (a) The *post-tax revenue model* must set out the manner in which the *Distribution Network Service Provider's annual revenue requirement* for each *regulatory year* of a *regulatory control period* is to be calculated.
- (b) The contents of the *post-tax revenue model* must include (but are not limited to):
  - (1) a method that the *AER* determines is likely to result in the best estimates of expected inflation; and
  - (2) the timing assumptions and associated discount rates that are to apply in relation to the calculation of the building blocks referred to in clause 6.4.3; and
  - (3) the manner in which working capital is to be treated; and
  - (4) the manner in which the estimated cost of corporate income tax is to be calculated.

### 6.4.3 Building block approach

#### (a) Building blocks generally

The *annual revenue requirement* for a *Distribution Network Service Provider* for each *regulatory year* of a *regulatory control period* must be determined using a building block approach, under which the building blocks are:

- (1) indexation of the regulatory asset base – see paragraph (b)(1);
- (2) a return on capital for that year – see paragraph (b)(2);
- (3) the depreciation for that year – see paragraph (b)(3);
- (4) the estimated cost of corporate income tax of the *Distribution Network Service Provider* for that year – see paragraph (b)(4);
- (5) the revenue increments or decrements (if any) for that year arising from the application of any *efficiency benefit sharing scheme*, *capital expenditure sharing scheme*, *service target performance incentive scheme*, *demand management incentive scheme*, *demand management innovation allowance mechanism* or *small-scale incentive scheme* – see subparagraph (b)(5);
- (5A) for a distribution determination for a *Distribution Network Service Provider* in this jurisdiction that will apply during the *1st regulatory control period* – the other revenue increments or decrements (if any) for that year arising from the application of a control mechanism in the *2014–19 NT regulatory control period* – see paragraph (b)(5A); and
- (6) for a distribution determination for a *Distribution Network Service Provider* in this jurisdiction that will apply after the *1st regulatory control period* – the other revenue increments or decrements (if any) for that year arising from the application of a control mechanism in the previous *regulatory control period* – see paragraph (b)(6);
- (6A) the revenue decrements (if any) for that year arising from the use of assets that provide *standard control services* to provide certain other services – see subparagraph (b)(6A); and
- (7) the forecast operating expenditure for that year – see paragraph (b)(7).

**Note:**

The modifications to this paragraph expires on 1 July 2024.

#### (b) Details of the building blocks

For the purposes of paragraph (a):

- (1) for indexation of the regulatory asset base:

- (i) the regulatory asset base is calculated in accordance with clause 6.5.1 and schedule 6.2; and
    - (ii) the building block comprises a negative adjustment equal to the amount referred to in clause S6.2.3(c)(4) for that year; and
  - (2) the return on capital is calculated in accordance with clause 6.5.2;
  - (3) the depreciation is calculated in accordance with clause 6.5.5;
  - (4) the estimated cost of corporate income tax is determined in accordance with clause 6.5.3;
  - (5) the revenue increments or decrements referred to in subparagraph (a)(5) are those that arise as a result of the operation of an applicable *efficiency benefit sharing scheme, capital expenditure sharing scheme, service target performance incentive scheme, demand management incentive scheme, demand management innovation allowance mechanism or small-scale incentive scheme* as referred to in clauses 6.5.8, 6.5.8A, 6.6.2, 6.6.3A 6.6.3 and 6.6.4;
  - (5A) the other revenue increments or decrements referred to in paragraph (a)(5A) are those that are to be carried forward to the *1st regulatory control period* as a result of the application of a control mechanism in the *2014–19 NT regulatory control period* and are apportioned to the relevant year under the distribution determination for the *1st regulatory control period*;
- Note:**
- This subparagraph expire on 1 July 2024.
- (6) the other revenue increments or decrements referred to in paragraph (a)(6) are those that are to be carried forward to the current *regulatory control period* as a result of the application of a control mechanism in the previous *regulatory control period* and are apportioned to the relevant year under the distribution determination for the current *regulatory control period*;
  - (6A) the revenue decrements (if any) referred to in paragraph (a)(6A) are those that are determined by the *AER* under clause 6.4.4 as a result of assets that provide *standard control services* being used to provide:
    - (i) *distribution services* that are not classified under clause 6.2.1; or
    - (ii) services that are neither *distribution services* nor services that are provided by means of, or in connection with, *dual function assets*; and
  - (7) the forecast operating expenditure for the year is the forecast operating expenditure as accepted or substituted by the *AER* in accordance with clause 6.5.6.



#### 6.4.4 Shared assets

- (a) Where an asset is used to provide both *standard control services* and either:
- (1) *distribution services* that are not classified under clause 6.2.1; or
  - (2) services that are neither:
    - (i) *distribution services*; nor
    - (ii) services that are provided by means of, or in connection with, *dual function assets* that are owned, operated or controlled by the *Distribution Network Service Provider*,

the *AER* may, in a distribution determination for a *regulatory control period*, reduce the *annual revenue requirement* for that *Distribution Network Service Provider* for a *regulatory year* in that *regulatory control period* by such amount as it considers reasonable to reflect such part of the costs of that asset as the *Distribution Network Service Provider* is recovering through charging for the provision of a service referred to in subparagraph (1) or (2).

- (b) In making a decision under paragraph (a), the *AER* must have regard to the *shared asset principles* and the *Shared Asset Guidelines*.
- (c) The *shared asset principles* are as follows:
- (1) the *Distribution Network Service Provider* should be encouraged to use assets that provide *standard control services* for the provision of other kinds of services where that use is efficient and does not materially prejudice the provision of those services;
  - (2) a shared asset cost reduction should not be dependent on the *Distribution Network Service Provider* deriving a positive commercial outcome from the use of the asset other than for *standard control services*;
  - (3) a shared asset cost reduction should be applied where the use of the asset other than for *standard control services* is material;
  - (4) regard should be had to the manner in which costs have been recovered or revenues reduced in respect of the relevant asset in the past and the reasons for adopting that manner of recovery or reduction;
  - (5) a shared asset cost reduction should be compatible with the *Cost Allocation Principles* and *Cost Allocation Method*; and
  - (6) any reduction effected under paragraph (a) should be compatible with other incentives provided under the *Rules*.

- (d) The *AER* must, in accordance with the *distribution consultation procedures*, make and *publish* guidelines (the *Shared Asset Guidelines*) that set out the approach the *AER* proposes to take in applying the *shared asset principles* (which may include a methodology that the *AER* proposes to use to determine reductions for the purposes of paragraph (a)).
- (e) There must be *Shared Asset Guidelines* in force at all times after the date on which the *AER* first *publishes* the *Shared Asset Guidelines* under these *Rules*.
- (ea) For the application of these *Rules* in this jurisdiction:
  - (1) the *Shared Asset Guidelines* that are in force in the other *participating jurisdictions* on 1 July 2016 are taken:
    - (i) to be the *Shared Asset Guidelines* in force in this jurisdiction (subject to any amendment or replacement under these *Rules*); and
    - (ii) to have been made and *published* by the *AER* on 1 July 2016; and
  - (2) the *AER* is taken to have complied with the requirements of paragraph (d) in making and publishing the *Shared Asset Guidelines*.

#### **6.4.5 Expenditure Forecast Assessment Guidelines**

- (a) The *AER* must, in accordance with the *distribution consultation procedures*, develop and *publish* guidelines (the *Expenditure Forecast Assessment Guidelines*) that specify the approach the *AER* proposes to use to assess the forecasts of operating expenditure and capital expenditure that form part of *Distribution Network Service Providers' regulatory proposals* and the information the *AER* requires for the purposes of that assessment.
- (b) There must be *Expenditure Forecast Assessment Guidelines* in force at all times after the date on which the *AER* first *publishes* the *Expenditure Forecast Assessment Guidelines* under these *Rules*.
- (ba) For the application of these *Rules* in this jurisdiction:
  - (1) the *Expenditure Forecast Assessment Guidelines* that are in force in the other *participating jurisdictions* on 1 July 2016 are taken:
    - (i) to be the *Expenditure Forecast Assessment Guidelines* in force in this jurisdiction (subject to any amendment or replacement under these *Rules*); and
    - (ii) to have been developed and *published* by the *AER* on 1 July 2016; and

- (2) the *AER* is taken to have complied with the requirements of paragraph (a) in developing and *publishing* the *Expenditure Forecast Assessment Guidelines*.

#### **6.4A Capital expenditure incentive mechanisms**

- (a) The *capital expenditure incentive objective* is to ensure that, where the value of a regulatory asset base is subject to adjustment in accordance with the *Rules*, then the only capital expenditure that is included in an adjustment that increases the value of that regulatory asset base is capital expenditure that reasonably reflects the *capital expenditure criteria*.
- (b) The *AER* must, in accordance with the *distribution consultation procedures*, make and *publish* guidelines (the *Capital Expenditure Incentive Guidelines*) that set out:
  - (1) any *capital expenditure sharing schemes* developed by the *AER* in accordance with clause 6.5.8A, and how the *AER* has taken into account the *capital expenditure sharing scheme principles* in developing those schemes;
  - (2) the manner in which it proposes to make determinations under clause S6.2.2A(a) if the *overspending requirement* is satisfied;
  - (3) the manner in which it proposes to determine whether depreciation for establishing a regulatory asset base as at the commencement of a *regulatory control period* is to be based on actual or forecast capital expenditure;
  - (4) the manner in which it proposes to make determinations under clause S6.2.2A(i) if the *margin requirement* is satisfied; and
  - (5) the manner in which it proposes to make determinations under clause S6.2.2A(j) if the *capitalisation requirement* is satisfied; and
  - (6) how each scheme and proposal referred to in subparagraphs (1) to (5), and all of them taken together, are consistent with the *capital expenditure incentive objective*.
- (c) There must be *Capital Expenditure Incentive Guidelines* in force at all times after the date on which the *AER* first *publishes* the *Capital Expenditure Incentive Guidelines* under these *Rules*.
- (ca) For the application of these *Rules* in this jurisdiction:
  - (1) the *Capital Expenditure Incentive Guidelines* that are in force in the other *participating jurisdictions* on 1 July 2016 are taken:
    - (i) to be the *Capital Expenditure Incentive Guidelines* in force in this jurisdiction (subject to any amendment or replacement under these *Rules*); and

- (ii) to have been made and *published* by the *AER* on 1 July 2016; and
- (2) the *AER* is taken to have complied with the requirements of paragraph (b) in making and *publishing* the *Capital Expenditure Incentive Guidelines*.

## 6.5 Matters relevant to the making of building block determinations

### 6.5.1 Regulatory asset base

#### Nature of regulatory asset base

- (a) The regulatory asset base for a *distribution system* owned, controlled or operated by a *Distribution Network Service Provider* is the value of those assets that are used by the *Distribution Network Service Provider* to provide *standard control services*, but only to the extent that they are used to provide such services.

#### Preparation, publication and amendment of model for rolling forward regulatory asset base

- (b) The *AER* must, in accordance with the *distribution consultation procedures*, develop and *publish* a model for the roll forward of the regulatory asset base for *distribution systems*, referred to as the *roll forward model*.
- (c) The *AER* may, from time to time and in accordance with the *distribution consultation procedures*, amend or replace the *roll forward model*.
- (d) The *AER* must develop and *publish* the first *roll forward model* within 6 months after the commencement of this clause, and there must be such a model available at all times after that date.
- (da) For the application of these *Rules* in this jurisdiction:
  - (1) the *roll forward model* that is in force in the other *participating jurisdictions* on 1 July 2016 is taken:
    - (i) to be the *roll forward model* in force in this jurisdiction (subject to any amendment or replacement under these *Rules*); and
    - (ii) to have been developed and *published* by the *AER* on 1 July 2016; and
  - (2) the *AER* is taken to have complied with the requirements of paragraphs (b), (d) and (e) in developing and *publishing* the *roll forward model*.

#### Contents of roll forward model

- (e) The *roll forward model* must set out the method for determining the roll forward of the regulatory asset base for *distribution systems*:

- (1) from the immediately preceding *regulatory control period* to the beginning of the first year of the subsequent *regulatory control period*, so as to establish the value of the regulatory asset base as at the beginning of the first *regulatory year* of that subsequent *regulatory control period*; and
- (2) from one *regulatory year* in a *regulatory control period* to a subsequent *regulatory year* in that same *regulatory control period*, so as to establish the value of the regulatory asset base as at the beginning of that subsequent *regulatory year*;

under which:

- (3) the roll forward of the regulatory asset base from the immediately preceding *regulatory control period* to the beginning of the first *regulatory year* of a subsequent *regulatory control period* entails the value of the first mentioned regulatory asset base being adjusted for actual inflation, consistently with the method used for the indexation of the control mechanism (or control mechanisms) for *standard control services* during the preceding *regulatory control period*.

#### **Other provisions relating to regulatory asset base**

- (f) Other provisions relating to regulatory asset bases are set out in schedule 6.2.

### **6.5.2 Return on capital**

#### **Calculation of return on capital**

- (a) The return on capital for each *regulatory year* must be calculated by applying a rate of return for the relevant *Distribution Network Service Provider* for that *regulatory year* that is determined in accordance with this clause 6.5.2 (the *allowed rate of return*) to the value of the regulatory asset base for the relevant *distribution system* as at the beginning of that *regulatory year* (as established in accordance with clause 6.5.1 and schedule 6.2).

#### **Allowed rate of return**

- (b) The *allowed rate of return* is to be determined such that it achieves the *allowed rate of return objective*.
- (c) The *allowed rate of return objective* is that the rate of return for a *Distribution Network Service Provider* is to be commensurate with the efficient financing costs of a benchmark efficient entity with a similar degree of risk as that which applies to the *Distribution Network Service Provider* in respect of the provision of *standard control services* (the *allowed rate of return objective*).
- (d) Subject to paragraph (b), the *allowed rate of return* for a *regulatory year* must be:

- (1) a weighted average of the return on equity for the *regulatory control period* in which that *regulatory year* occurs (as estimated under paragraph (f)) and the return on debt for that *regulatory year* (as estimated under paragraph (h)); and
  - (2) determined on a nominal vanilla basis that is consistent with the estimate of the value of imputation credits referred to in clause 6.5.3.
- (e) In determining the *allowed rate of return*, regard must be had to:
- (1) relevant estimation methods, financial models, market data and other evidence;
  - (2) the desirability of using an approach that leads to the consistent application of any estimates of financial parameters that are relevant to the estimates of, and that are common to, the return on equity and the return on debt; and
  - (3) any interrelationships between estimates of financial parameters that are relevant to the estimates of the return on equity and the return on debt.

#### **Return on equity**

- (f) The return on equity for a *regulatory control period* must be estimated such that it contributes to the achievement of the *allowed rate of return objective*.
- (g) In estimating the return on equity under paragraph (f), regard must be had to the prevailing conditions in the market for equity funds.

#### **Return on debt**

- (h) The return on debt for a *regulatory year* must be estimated such that it contributes to the achievement of the *allowed rate of return objective*.
- (i) The return on debt may be estimated using a methodology which results in either:
  - (1) the return on debt for each *regulatory year* in the *regulatory control period* being the same; or
  - (2) the return on debt (and consequently the *allowed rate of return*) being, or potentially being, different for different *regulatory years* in the *regulatory control period*.
- (j) Subject to paragraph (h), the methodology adopted to estimate the return on debt may, without limitation, be designed to result in the return on debt reflecting:
  - (1) the return that would be required by debt investors in a benchmark efficient entity if it raised debt at the time or shortly before the making of the distribution determination for the *regulatory control period*;

- (2) the average return that would have been required by debt investors in a benchmark efficient entity if it raised debt over an historical period prior to the commencement of a *regulatory year* in the *regulatory control period*; or
  - (3) some combination of the returns referred to in subparagraphs (1) and (2).
- (k) In estimating the return on debt under paragraph (h), regard must be had to the following factors:
- (1) the desirability of minimising any difference between the return on debt and the return on debt of a benchmark efficient entity referred to in the *allowed rate of return objective*;
  - (2) the interrelationship between the return on equity and the return on debt;
  - (3) the incentives that the return on debt may provide in relation to capital expenditure over the *regulatory control period*, including as to the timing of any capital expenditure; and
  - (4) any impacts (including in relation to the costs of servicing debt across *regulatory control periods*) on a benchmark efficient entity referred to in the *allowed rate of return objective* that could arise as a result of changing the methodology that is used to estimate the return on debt from one *regulatory control period* to the next.
- (l) If the return on debt is to be estimated using a methodology of the type referred to in paragraph (i)(2) then a resulting change to the *Distribution Network Service Provider's annual revenue requirement* must be effected through the automatic application of a formula that is specified in the distribution determination.

#### **Rate of Return Guidelines**

- (m) The *AER* must, in accordance with the *distribution consultation procedures*, make and *publish* guidelines (the *Rate of Return Guidelines*).
- (n) The *Rate of Return Guidelines* must set out:
- (1) the methodologies that the *AER* proposes to use in estimating the *allowed rate of return*, including how those methodologies are proposed to result in the determination of a return on equity and a return on debt in a way that is consistent the *allowed rate of return objective*; and
  - (2) the estimation methods, financial models, market data and other evidence the *AER* proposes to take into account in estimating the return on equity, the return on debt and the value of imputation credits referred to in clause 6.5.3.

- (o) There must be *Rate of Return Guidelines* in force at all times after the date on which the AER first publishes the *Rate of Return Guidelines* under these *Rules*.
- (p) The AER must, in accordance with the *distribution consultation procedures*, review the *Rate of Return Guidelines*:
  - (1) at intervals not exceeding five years for the first interval and three years for all subsequent intervals, with the first interval starting from the date that the first *Rate of Return Guidelines* are *published* under these *Rules*; and
  - (2) at the same time as it reviews the *Rate of Return Guidelines* made under clause 6A.6.2.
- (q) For the avoidance of doubt, nothing prevents the AER from *publishing* the *Rate of Return Guidelines* made under this clause 6.5.2 in the same document as the *Rate of Return Guidelines* made under clause 6A.6.2.
- (qa) For the application of these *Rules* in this jurisdiction:
  - (1) the *Rate of Return Guidelines* that are in force in the other *participating jurisdictions* on 1 July 2016 are taken:
    - (i) to be the *Rate of Return Guidelines* in force in this jurisdiction (subject to any amendment or replacement under these *Rules*); and
    - (ii) to have been made and *published* by the AER on 1 July 2016; and
  - (2) the AER is taken to have complied with the requirements of paragraphs (m) and (n) in making and *publishing* the *Rate of Return Guidelines*; and
  - (3) despite paragraph (p)(1), the AER need only review the *Rate of Return Guidelines* when it is required to review the Guidelines in the other *participating jurisdictions*.

### 6.5.3 Estimated cost of corporate income tax

The estimated cost of corporate income tax of a *Distribution Network Service Provider* for each *regulatory year* ( $ETC_t$ ) must be estimated in accordance with the following formula:

$$ETC_t = (ETI_t \times r_t) (1 - \gamma)$$

where:

$ETI_t$  is an estimate of the taxable income for that *regulatory year* that would be earned by a benchmark efficient entity as a result of the provision of *standard control services* if such an entity, rather than the *Distribution Network Service*



*Provider*, operated the business of the *Distribution Network Service Provider*, such estimate being determined in accordance with the *post-tax revenue model*;

$r_t$  is the expected statutory income tax rate for that *regulatory year* as determined by the *AER*; and

$\gamma$  is the value of imputation credits.

#### 6.5.4 [Deleted]

#### 6.5.5 Depreciation

- (a) The depreciation for each *regulatory year*:
- (1) must be calculated on the value of the assets as included in the regulatory asset base, as at the beginning of that *regulatory year*, for the relevant *distribution system*; and
  - (2) must be calculated:
    - (i) providing such depreciation schedules conform with the requirements set out in paragraph (b), using the depreciation schedules for each asset or category of assets that are nominated in the relevant *Distribution Network Service Provider's building block proposal*; or
    - (ii) to the extent the depreciation schedules nominated in the *Distribution Network Service Provider's building block proposal* do not so conform, using the depreciation schedules determined for that purpose by the *AER*.
- (b) The depreciation schedules referred to in paragraph (a) must conform to the following requirements:
- (1) the schedules must depreciate using a profile that reflects the nature of the assets or category of assets over the economic life of that asset or category of assets;
  - (2) the sum of the real value of the depreciation that is attributable to any asset or category of assets over the economic life of that asset or category of assets (such real value being calculated as at the time the value of that asset or category of assets was first included in the regulatory asset base for the relevant *distribution system*) must be equivalent to the value at which that asset or category of assets was first included in the regulatory asset base for the relevant *distribution system*;
  - (3) the economic life of the relevant assets and the depreciation methods and rates underpinning the calculation of depreciation for a given *regulatory control period* must be consistent with those determined for the same assets on a prospective basis in the distribution determination for that period.

### 6.5.6 Forecast operating expenditure

- (a) A *building block proposal* must include the total forecast operating expenditure for the relevant *regulatory control period* which the *Distribution Network Service Provider* considers is required in order to achieve each of the following (the *operating expenditure objectives*):
- (1) meet or manage the expected demand for *standard control services* over that period;
  - (2) comply with all applicable *regulatory obligations or requirements* associated with the provision of *standard control services*;
  - (3) to the extent that there is no applicable *regulatory obligation or requirement* in relation to:
    - (i) the quality, reliability or security of supply of *standard control services*; or
    - (ii) the reliability or security of the *distribution system* through the supply of *standard control services*,to the relevant extent:
    - (iii) maintain the quality, reliability and security of supply of *standard control services*; and
    - (iv) maintain the reliability and security of the *distribution system* through the supply of *standard control services*; and
  - (4) maintain the safety of the *distribution system* through the supply of *standard control services*.
- (b) The forecast of required operating expenditure of a *Distribution Network Service Provider* that is included in a *building block proposal* must:
- (1) comply with the requirements of any relevant *regulatory information instrument*;
  - (2) be for expenditure that is properly allocated to *standard control services* in accordance with the principles and policies set out in the *Cost Allocation Method* for the *Distribution Network Service Provider*; and
  - (3) include both:
    - (i) the total of the forecast operating expenditure for the relevant *regulatory control period*; and
    - (ii) the forecast operating expenditure for each *regulatory year* of the relevant *regulatory control period*.

- (c) The *AER* must accept the forecast of required operating expenditure of a *Distribution Network Service Provider* that is included in a *building block proposal* if the *AER* is satisfied that the total of the forecast operating expenditure for the *regulatory control period* reasonably reflects each of the following (the *operating expenditure criteria*):
- (1) the efficient costs of achieving the *operating expenditure objectives*; and
  - (2) the costs that a prudent operator would require to achieve the *operating expenditure objectives*; and
  - (3) a realistic expectation of the demand forecast and cost inputs required to achieve the *operating expenditure objectives*.
- (d) If the *AER* is not satisfied as referred to in paragraph (c), it must not accept the forecast of required operating expenditure of a *Distribution Network Service Provider* that is included in a *building block proposal*.
- (e) In deciding whether or not the *AER* is satisfied as referred to in paragraph (c), the *AER* must have regard to the following (the *operating expenditure factors*):
- (1) **[Deleted]**
  - (2) **[Deleted]**
  - (3) **[Deleted]**
  - (4) the most recent *annual benchmarking report* that has been *published* under rule 6.27 and the benchmark operating expenditure that would be incurred by an efficient *Distribution Network Service Provider* over the relevant *regulatory control period*;
  - (5) the actual and expected operating expenditure of the *Distribution Network Service Provider* during any preceding *regulatory control periods*;
  - (5A) the extent to which the operating expenditure forecast includes expenditure to address the concerns of electricity consumers as identified by the *Distribution Network Service Provider* in the course of its engagement with electricity consumers;
  - (6) the relative prices of operating and capital inputs;
  - (7) the substitution possibilities between operating and capital expenditure;
  - (8) whether the operating expenditure forecast is consistent with any incentive scheme or schemes that apply to the *Distribution Network Service Provider* under clauses 6.5.8 or 6.6.2 to 6.6.4;

- (9) the extent the operating expenditure forecast is referable to arrangements with a person other than the *Distribution Network Service Provider* that, in the opinion of the *AER*, do not reflect arm's length terms;
- (9A) whether the operating expenditure forecast includes an amount relating to a project that should more appropriately be included as a *contingent project* under clause 6.6A.1(b);
- (10) the extent the *Distribution Network Service Provider* has considered, and made provision for, efficient and prudent *non-network options*; and
- (11) any relevant final project assessment report (as defined in clause 5.10.2) *published* under clause 5.17.4(o), (p) or (s);
- (12) any other factor the *AER* considers relevant and which the *AER* has notified the *Distribution Network Service Provider* in writing, prior to the submission of its revised *regulatory proposal* under clause 6.10.3, is an *operating expenditure factor*.

### 6.5.7 Forecast capital expenditure

- (a) A *building block proposal* must include the total forecast capital expenditure for the relevant *regulatory control period* which the *Distribution Network Service Provider* considers is required in order to achieve each of the following (the *capital expenditure objectives*):
  - (1) meet or manage the expected demand for *standard control services* over that period;
  - (2) comply with all applicable *regulatory obligations or requirements* associated with the provision of *standard control services*;
  - (3) to the extent that there is no applicable *regulatory obligation or requirement* in relation to:
    - (i) the quality, reliability or security of supply of *standard control services*; or
    - (ii) the reliability or security of the *distribution system* through the supply of *standard control services*,to the relevant extent:
    - (iii) maintain the quality, reliability and security of supply of *standard control services*; and
    - (iv) maintain the reliability and security of the *distribution system* through the supply of *standard control services*; and

- (4) maintain the safety of the *distribution system* through the supply of *standard control services*.
- (b) The forecast of required capital expenditure of a *Distribution Network Service Provider* that is included in a *building block proposal* must:
    - (1) comply with the requirements of any relevant *regulatory information instrument*;
    - (2) be for expenditure that is properly allocated to *standard control services* in accordance with the principles and policies set out in the *Cost Allocation Method* for the *Distribution Network Service Provider*;
    - (3) include both:
      - (i) the total of the forecast capital expenditure for the relevant *regulatory control period*; and
      - (ii) the forecast capital expenditure for each *regulatory year* of the relevant *regulatory control period*; and
    - (4) identify any forecast capital expenditure for the relevant *regulatory control period* that is for an option that has satisfied the *regulatory investment test for transmission* or the *regulatory investment test for distribution* (as the case may be).
  - (c) The *AER* must accept the forecast of required capital expenditure of a *Distribution Network Service Provider* that is included in a *building block proposal* if the *AER* is satisfied that the total of the forecast capital expenditure for the *regulatory control period* reasonably reflects each of the following (the *capital expenditure criteria*):
    - (1) the efficient costs of achieving the *capital expenditure objectives*;
    - (2) the costs that a prudent operator would require to achieve the *capital expenditure objectives*; and
    - (3) a realistic expectation of the demand forecast and cost inputs required to achieve the *capital expenditure objectives*.
  - (d) If the *AER* is not satisfied as referred to in paragraph (c), it must not accept the forecast of required capital expenditure of a *Distribution Network Service Provider*.
  - (e) In deciding whether or not the *AER* is satisfied as referred to in paragraph (c), the *AER* must have regard to the following (the *capital expenditure factors*):
    - (1) **[Deleted]**
    - (2) **[Deleted]**

- (3) **[Deleted]**
- (4) the most recent *annual benchmarking report* that has been *published* under rule 6.27 and the benchmark capital expenditure that would be incurred by an efficient *Distribution Network Service Provider* over the relevant *regulatory control period*;
- (5) the actual and expected capital expenditure of the *Distribution Network Service Provider* during any preceding *regulatory control periods*;
- (5A) the extent to which the capital expenditure forecast includes expenditure to address the concerns of electricity consumers as identified by the *Distribution Network Service Provider* in the course of its engagement with electricity consumers;
- (6) the relative prices of operating and capital inputs;
- (7) the substitution possibilities between operating and capital expenditure;
- (8) whether the capital expenditure forecast is consistent with any incentive scheme or schemes that apply to the *Distribution Network Service Provider* under clauses 6.5.8A or 6.6.2 to 6.6.4;
- (9) the extent the capital expenditure forecast is referable to arrangements with a person other than the *Distribution Network Service Provider* that, in the opinion of the *AER*, do not reflect arm's length terms;
- (9A) whether the capital expenditure forecast includes an amount relating to a project that should more appropriately be included as a *contingent project* under clause 6.6A.1(b);
- (10) the extent the *Distribution Network Service Provider* has considered, and made provision for, efficient and prudent *non-network options* ; and
- (11) any relevant final project assessment report (as defined in clause 5.10.2) *published* under clause 5.17.4(o), (p) or (s);
- (12) any other factor the *AER* considers relevant and which the *AER* has notified the *Distribution Network Service Provider* in writing, prior to the submission of its revised *regulatory proposal* under clause 6.10.3, is a *capital expenditure factor*.

#### **Forecast capital expenditure and contingent projects**

- (f) Paragraphs (g) - (j) apply where:
  - (1) in a *regulatory control period* (the **first regulatory control period**), the *AER* determines under clause 6.6A.2(e)(1)(iii) that the likely completion date for a *contingent project* is a date which occurs in the

- immediately following *regulatory control period* (the **second regulatory control period**); and
- (2) there is an unspent amount of capital expenditure for that *contingent project* under paragraph (g).
- (g) A *Distribution Network Service Provider's regulatory proposal* for the second *regulatory control period* must include in the forecast of required capital expenditure referred to in paragraph (a) an amount of any unspent capital expenditure for each *contingent project* as described in subparagraph (f)(2), that equals the difference (if any) between:
- (1) the total capital expenditure for that *contingent project*, as determined by the *AER* in the first *regulatory control period* under clause 6.6A.2(e)(1)(ii); and
  - (2) the total of the capital expenditure actually incurred (or estimated capital expenditure for any part of the first *regulatory control period* for which actual capital expenditure is not available) in the first *regulatory control period* for that *contingent project*.
- (h) The *AER* must include in any forecast capital expenditure for the second *regulatory control period* which is accepted in accordance with paragraph (c) or substituted in accordance with clause 6.12.1(3)(ii) (as the case may be) the amount of any unspent capital expenditure calculated in accordance with paragraph (g).
- (i) Without limiting the requirement in paragraph (h), in deciding whether or not to accept the forecast of required capital expenditure of a *Distribution Network Service Provider* for the second *regulatory control period* in accordance with this clause 6.5.7, the *AER* must not:
- (1) assess the reasonableness of the amount of unspent capital expenditure for a *contingent project* referred to in paragraph (g) or the remaining period to which the *contingent project* applies;
  - (2) assess the reasonableness of the timing of the unspent capital expenditure within the remaining period for a *contingent project* referred to in paragraph (g) except as part of the assessment of the total forecast capital expenditure under paragraph (c); or
  - (3) take into account any amount which represents for a *contingent project* referred to in paragraph (g) the difference between:
    - (i) the amount representing the sum of the forecast capital expenditure for that *contingent project* for each year of the immediately preceding *regulatory control period* referred to in clause 6.6A.2(e)(1)(i); and
    - (ii) the total capital expenditure actually incurred (or estimated capital expenditure for any part of the preceding *regulatory control period* for which actual capital expenditure is not

available) in the immediately preceding *regulatory control period* for that *contingent project*.

- (j) A *regulatory proposal* in respect of the second *regulatory control period* must not include in the forecast of required capital expenditure referred to in paragraph (a) any capital expenditure for a *contingent project* for the first *regulatory control period*:
  - (1) to the extent that the capital expenditure was included in the amount of capital expenditure for that *contingent project* as determined in the first *regulatory control period* under clause 6.6A.2(e)(1)(i); and
  - (2) the capital expenditure actually incurred (or estimated capital expenditure for any part of the first *regulatory control period* for which actual capital expenditure is not available) in the first *regulatory control period* for that *contingent project* exceeded the capital expenditure referred to in subparagraph (1).

### 6.5.8 Efficiency benefit sharing scheme

- (a) The *AER* must, in accordance with the *distribution consultation procedures*, develop and *publish* an incentive scheme or schemes (*efficiency benefit sharing scheme*) that provide for a fair sharing between *Distribution Network Service Providers* and *Distribution Network Users* of:
  - (1) the efficiency gains derived from the operating expenditure of *Distribution Network Service Providers* for a *regulatory control period* being less than; and
  - (2) the efficiency losses derived from the operating expenditure of *Distribution Network Service Providers* for a *regulatory control period* being more than,the forecast operating expenditure accepted or substituted by the *AER* for that *regulatory control period*.
- (b) An *efficiency benefit sharing scheme* may (but is not required to) be developed to cover efficiency gains and losses related to *distribution losses*.
- (c) In developing and implementing an *efficiency benefit sharing scheme*, the *AER* must have regard to:
  - (1) the need to ensure that benefits to electricity consumers likely to result from the scheme are sufficient to warrant any reward or penalty under the scheme for *Distribution Network Service Providers*;
  - (2) the need to provide *Distribution Network Service Providers* with a continuous incentive, so far as is consistent with economic efficiency, to reduce operating expenditure ;



- (3) the desirability of both rewarding *Distribution Network Service Providers* for efficiency gains and penalising *Distribution Network Service Providers* for efficiency losses;
  - (4) any incentives that *Distribution Network Service Providers* may have to capitalise expenditure; and
  - (5) the possible effects of the scheme on incentives for the implementation of *non-network options*.
- (d) The *AER* may, from time to time and in accordance with the *distribution consultation procedures*, amend or replace an *efficiency benefit sharing scheme*.
- (da) For the application of these *Rules* in this jurisdiction:
- (1) the *efficiency benefit sharing scheme* that is in force in the other *participating jurisdictions* on 1 July 2016 is taken:
    - (i) to be the *efficiency benefit sharing scheme* in force in this jurisdiction (subject to any amendment or replacement under these *Rules*); and
    - (ii) to have been developed and *published* by the *AER* on 1 July 2016; and
  - (2) the *AER* is taken to have complied with the requirements of paragraphs (a) and (c) in developing and *publishing* the *efficiency benefit sharing scheme*.

#### **6.5.8A Capital expenditure sharing scheme**

- (a) A *capital expenditure sharing scheme* is a scheme that provides *Distribution Network Service Providers* with an incentive to undertake efficient capital expenditure during a *regulatory control period*.
- (b) If the *AER* develops a *capital expenditure sharing scheme* in accordance with this clause, the *capital expenditure sharing scheme* must be consistent with the *capital expenditure incentive objective*.
- (c) In developing a *capital expenditure sharing scheme*, the *AER* must take into account the following principles (the *capital expenditure sharing scheme principles*):
  - (1) *Distribution Network Service Providers* should be rewarded or penalised for improvements or declines in efficiency of capital expenditure; and
  - (2) the rewards and penalties should be commensurate with the efficiencies or inefficiencies in capital expenditure, but a reward for efficient capital expenditure need not correspond in amount to a penalty for the same amount of inefficient capital expenditure.

- (d) In developing a *capital expenditure sharing scheme*, the *AER* must also take into account:
  - (1) the interaction of the scheme with other incentives that *Distribution Network Service Providers* may have in relation to undertaking efficient operating or capital expenditure; and
  - (2) the *capital expenditure objectives* and, if relevant, the *operating expenditure objectives*.
- (e) In deciding:
  - (1) whether to apply a *capital expenditure sharing scheme* to a *Distribution Network Service Provider* for a *regulatory control period*; and
  - (2) the nature and details of any *capital expenditure sharing scheme* that is to apply to a *Distribution Network Service Provider* for a *regulatory control period*,the *AER* must:
  - (3) make that decision in a manner that contributes to the achievement of the *capital expenditure incentive objective*; and
  - (4) take into account:
    - (i) both the *capital expenditure sharing scheme principles*, and the matters referred to in paragraph (d), as they apply to the *Distribution Network Service Provider*; and
    - (ii) the circumstances of the *Distribution Network Service Provider*.
- (ea) For the application of these *Rules* in this jurisdiction:
  - (1) the *capital expenditure sharing scheme* that is in force in the other *participating jurisdictions* on 1 July 2016 is taken:
    - (i) to be the *capital expenditure sharing scheme* in force in this jurisdiction (subject to any amendment or replacement under these *Rules*); and
    - (ii) to have been developed by the *AER* on 1 July 2016; and
  - (2) the *AER* is taken to have complied with the requirements of paragraphs (b), (c) and (d) in developing the *capital expenditure sharing scheme*.

### 6.5.9 The X factor

- (a) A *building block determination* is to include the X factor for each control mechanism for each *regulatory year* of the *regulatory control period*.

- (b) The X factor:
- (1) must be set by the AER with regard to the *Distribution Network Service Provider's total revenue requirement* for the *regulatory control period*; and
  - (2) must be such as to minimise, as far as reasonably possible, variance between expected revenue for the last *regulatory year* of the *regulatory control period* and the *annual revenue requirement* for that last *regulatory year*; and
  - (3) must conform with whichever of the following requirements is applicable:
    - (i) if the control mechanism relates generally to *standard control services* – the X factor must be designed to equalise (in terms of net present value) the revenue to be earned by the *Distribution Network Service Provider* from the provision of *standard control services* over the *regulatory control period* with the provider's *total revenue requirement* for the *regulatory control period*;
    - (ii) if there are separate control mechanisms for different *standard control services* – the X factor for each control mechanism must be designed to equalise (in terms of net present value) the revenue to be earned by the *Distribution Network Service Provider* from the provision of *standard control services* to which the control mechanism relates over the *regulatory control period* with the portion of the provider's *total revenue requirement* for the *regulatory control period* attributable to those services.
- (c) There may be different X factors:
- (1) for different *regulatory years* of the *regulatory control period*; and
  - (2) if there are 2 or more control mechanisms – for each control mechanism.

#### **6.5.10 Pass through events**

- (a) A *building block proposal* may include a proposal as to the events that should be defined as *pass through events* under clause 6.6.1(a1)(5) having regard to the *nominated pass through event considerations*.
- (b) In determining whether to accept the pass through events nominated by a *Distribution Network Service Provider* in its *building block proposal* under paragraph (a), the AER must take into account the *nominated pass through event considerations*.

## 6.6 Adjustments after making of building block determination.

### 6.6.1 Cost pass through

(aa1) Each of the following has no effect in this jurisdiction until the *National Energy Retail Law* is applied as a law of this jurisdiction:

- (1) paragraph (a1)(4);
- (2) paragraph (c)(6)(iii);
- (3) paragraph (1); and
- (4) paragraph (m).

(a1) Any of the following is a *pass through event* for a distribution determination:

(1AA) a local event prescribed by the *National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations*;

- (1) a *regulatory change event*;
- (2) a *service standard event*;
- (3) a *tax change event*;
- (4) a *retailer insolvency event*; and
- (5) any other event specified in a distribution determination as a *pass through event* for the determination.

**Note:**

See Part 3 of the *National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations* for modifications to the operation of this clause 6.6.1 in relation to local events.

The modifications to this paragraph expire when the *National Energy Retail Law* is applied as a law of this jurisdiction.

- (a) If a *positive change event* occurs, a *Distribution Network Service Provider* may seek the approval of the *AER* to pass through to *Distribution Network Users* a *positive pass through amount*.
- (b) If a *negative change event* occurs, the *AER* may require the *Distribution Network Service Provider* to pass through to *Distribution Network Users* a *negative pass through amount* as determined by the *AER* under paragraph (g).

#### Positive pass through

- (c) To seek the approval of the *AER* to pass through a *positive pass through amount*, a *Distribution Network Service Provider* must submit to the *AER*,

within 90 *business days* of the relevant *positive change event* occurring, a written statement which specifies:

- (1) the details of the *positive change event*;
  - (2) the date on which the *positive change event* occurred;
  - (3) the *eligible pass through amount* in respect of that *positive change event*;
  - (4) the *positive pass through amount* the *Distribution Network Service Provider* proposes in relation to the *positive change event*;
  - (5) the amount of the *positive pass through amount* that the *Distribution Network Service Provider* proposes should be passed through to *Distribution Network Users* in the *regulatory year* in which, and each *regulatory year* after that in which, the *positive change event* occurred;
  - (6) evidence:
    - (i) of the actual and likely increase in costs referred to in subparagraph (3);
    - (ii) that such costs occur solely as a consequence of the *positive change event*; and
    - (iii) in relation to a *retailer insolvency event*, of :
      - (A) the amount to which the *Distribution Network Service Provider* is entitled under any relevant *credit support*;
      - (B) the maximum amount of *credit support* (if any) that the *Distribution Network Service Provider* was entitled to request the *retailer* to provide under the *credit support rules*; and
      - (C) any amount that the *Distribution Network Service Provider* is likely to receive on a winding-up of the *retailer*; and
  - (7) such other information as may be required under any relevant *regulatory information instrument*.
- (d) If the *AER* determines that a *positive change event* has occurred in respect of a statement under paragraph (c), the *AER* must determine:
- (1) the *approved pass through amount*; and
  - (2) the amount of that *approved pass through amount* that should be passed through to *Distribution Network Users* in the *regulatory year* in which, and each *regulatory year* after that in which, the *positive change event* occurred,

taking into account the matters referred to in paragraph (j).

- (e) Subject to paragraph (k1), if the *AER* does not make the determinations referred to in paragraph (d) within 40 *business days* from the later of the date it receives the *Distribution Network Service Provider's* statement and accompanying evidence under paragraph (c), and the date it receives any additional information required under paragraph (e1), then, on the expiry of that period, the *AER* is taken to have determined that:
- (1) the *positive pass through amount* as proposed in the *Distribution Network Service Provider's* statement under paragraph (c) is the *approved pass through amount* in respect of that *positive change event*; and
  - (2) the amount of that *positive pass through amount* that the *Distribution Network Service Provider* proposes in its statement under paragraph(c) should be passed through to *Distribution Network Users* in the *regulatory year* in which, and each *regulatory year* after that in which, the *positive change event* occurred, is the amount that should be so passed through in each such *regulatory year*.
- (e1) A *Distribution Network Service Provider* must provide the *AER* with such additional information as the *AER* requires for the purpose of making a determination under paragraph (d) within the time specified by the *AER* in a notice provided to the *Distribution Network Service Provider* by the *AER* for that purpose.

### **Negative pass through**

- (f) A *Distribution Network Service Provider* must submit to the *AER*, within 90 *business days* of becoming aware of the occurrence of a *negative change event* for the *Distribution Network Service Provider*, a written statement which specifies:
- (1) the details of the *negative change event* concerned;
  - (2) the date the *negative change event* occurred;
  - (3) the costs in the provision of *direct control services* that the *Distribution Network Service Provider* has saved and is likely to save as a result of the *negative change event* until:
    - (i) unless subparagraph (ii) applies – the end of the *regulatory control period* in which the *negative change event* occurred; or
    - (ii) if the distribution determination for the *regulatory control period* following that in which the *negative change event* occurred does not make any allowance for the pass through of those cost savings - the end of the *regulatory control period* following that in which the *negative change event* occurred;

- (4) the aggregate amount of those saved costs that the *Distribution Network Service Provider* proposes should be passed through to *Distribution Network Users*;
  - (5) the amount of the costs referred to in subparagraph (4) the *Distribution Network Service Provider* proposes should be passed through to *Distribution Network Users* in the *regulatory year* in which, and each *regulatory year* after that in which, the *negative change event* occurred; and
  - (6) such other information as may be required under any relevant *regulatory information instrument*.
- (f1) If the occurrence of the *negative change event* is not notified by the *Distribution Network Service Provider* to the AER under paragraph (f) then, as soon as is reasonably practicable and before making a determination referred to in paragraph (g), the AER must notify the *Distribution Network Service Provider* of the occurrence of that *negative change event*.
- (g) If a *negative change event* occurs (whether or not the occurrence of that *negative change event* is notified by the *Distribution Network Service Provider* to the AER under paragraph (f)) and the AER determines to impose a requirement on the provider in relation to that *negative change event* as described in paragraph (b), the AER must determine:
- (1) the *required pass through amount*; and
  - (2) taking into account the matters referred to in paragraph (j):
    - (i) how much of that *required pass through amount* should be passed through to *Distribution Network Users* (the "*negative pass through amount*"); and
    - (ii) the amount of that *negative pass through amount* that should be passed through to *Distribution Network Users* in the *regulatory year* in which, and each *regulatory year* after that in which, the *negative change event* occurred.
- (g1) Subject to paragraph (k1), if the AER does not make the determinations referred to in paragraph (g) within 40 *business days* from:
- (1) where the *Distribution Network Service Provider* notifies the AER of the occurrence of the *negative change event* under paragraph (f) - the later of the date the AER receives the *Distribution Network Service Provider's* statement under paragraph (f) and the date the AER receives any information required by the AER under paragraph (h); or
  - (2) where the *Distribution Network Service Provider* does not notify the AER of the occurrence of the *negative change event* under paragraph (f) - the later of the date the AER notifies the *Distribution Network Service Provider* under paragraph (g1) and the date the AER receives any information required by the AER under paragraph (h),

then the *AER* is taken to have determined that the *required pass through amount* is zero.

- (h) A *Distribution Network Service Provider* must provide the *AER* with such information as the *AER* requires for the purpose of making a determination under paragraph (g) within the time specified by the *AER* in a notice provided to the *Distribution Network Service Provider* by the *AER* for that purpose.

### Consultation

- (i) Before making a determination under paragraph (d) or (g), the *AER* may consult with the relevant *Distribution Network Service Provider* and such other persons as the *AER* considers appropriate, on any matters arising out of the relevant *pass through event* the *AER* considers appropriate.

### Relevant factors

- (j) In making a determination under paragraph (d) or (g) in respect of a *Distribution Network Service Provider*, the *AER* must take into account:
- (1) the matters and proposals set out in any statement given to the *AER* by the *Distribution Network Service Provider* under paragraph (c) or (f); and
  - (2) in the case of a *positive change event*, the increase in costs in the provision of *direct control services* that, as a result of the *positive change event*, the *Distribution Network Service Provider* has incurred and is likely to incur until:
    - (i) unless subparagraph(ii) applies – the end of the *regulatory control period* in which the *positive change event* occurred; or
    - (ii) if the distribution determination for the *regulatory control period* following that in which the *positive change event* occurred does not make any allowance for the recovery of that increase in costs – the end of the *regulatory control period* following that in which the *positive change event* occurred;
  - (2A) in the case of a *negative change event*, the costs in the provision of *direct control services* that, as a result of the *negative change event*, the *Distribution Network Service Provider* has saved and is likely to save until:
    - (i) unless subparagraph(ii) applies – the end of the *regulatory control period* in which the *negative change event* occurred; or
    - (ii) if the distribution determination for the *regulatory control period* following that in which the *negative change event* occurred does not make any allowance for the pass through of those cost savings to *Distribution Network Users* – the end of



the *regulatory control period* following that in which the *negative change event* occurred;

- (3) in the case of a *positive change event*, the efficiency of the *Distribution Network Service Provider's* decisions and actions in relation to the risk of the *positive change event*, including whether the *Distribution Network Service Provider* has failed to take any action that could reasonably be taken to reduce the magnitude of the *eligible pass through amount* in respect of that *positive change event* and whether the *Distribution Network Service Provider* has taken or omitted to take any action where such action or omission has increased the magnitude of the amount in respect of that *positive change event*;
- (4) the time cost of money based on the *allowed rate of return* for the *Distribution Network Service Provider* for the *regulatory control period* in which the *pass through event* occurred;
- (5) the need to ensure that the *Distribution Network Service Provider* only recovers any actual or likely increment in costs under this paragraph (j) to the extent that such increment is solely as a consequence of a *pass through event*;
- (6) in the case of a *tax change event*, any change in the way another *tax* is calculated, or the removal or imposition of another *tax*, which, in the *AER's* opinion, is complementary to the *tax change event* concerned;
- (7) whether the costs of the *pass through event* have already been factored into the calculation of the *Distribution Network Service Provider's annual revenue requirement* for the *regulatory control period* in which the *pass through event* occurred or will be factored into the calculation of the *Distribution Network Service Provider's annual revenue requirement* for a subsequent *regulatory control period*;
- (7A) the extent to which the costs that the *Distribution Network Service Provider* has incurred and is likely to incur are the subject of a previous determination made by the *AER* under this clause 6.6.1 or clause 6.6.1AB; and

**Note:**

The modification to this subparagraph expires on 1 July 2024.

- (8) any other factors that the *AER* considers relevant.

**Extension of time limits**

- (k) The *AER* must, by written notice to a *Distribution Network Service Provider*, extend a time limit fixed in paragraph (c) or (f) if the *AER* is satisfied that the difficulty of assessing or quantifying the effect of the relevant *pass through event* justifies the extension.

- (k1) If the *AER* is satisfied that the making of a determination under paragraph (d) or (g) involves issues of such complexity or difficulty that the time limit fixed in paragraph (e) or (g1) should be extended, the *AER* may extend that time limit by a further period of up to 60 *business days*, provided that it gives written notice to the *Distribution Network Service Provider* of that extension not later than 10 *business days* before the expiry of that time limit.
- (k2) If the *AER* extends a time limit under paragraph (k1), it must make available on its website a notice of that extension as soon as is reasonably practicable.
- (k3) Subject to paragraph (k6), if the *AER* gives a written notice to the *Distribution Network Service Provider* stating that it requires information from an *Authority* in order to make a determination under paragraph (d) or (g) then, for the purpose of calculating elapsed time, the period between when the *AER* gives that notice to the *Distribution Network Service Provider* and when the *AER* receives that information from that *Authority* is to be disregarded.
- (k4) Subject to paragraph (k6), if the *AER* gives a written notice to the *Distribution Network Service Provider* stating that, in order to make a determination under paragraph (d) or (g), it requires information that it anticipates will be made publicly available by a judicial body or royal commission then, for the purpose of calculating elapsed time, the period between when the *AER* gives that notice to the *Distribution Network Service Provider* and when that information is made publicly available is to be disregarded.
- (k5) Where the *AER* gives a notice to the *Distribution Network Service Provider* under paragraph (k3) or (k4), it must:
  - (1) as soon as is reasonably practicable make available on its website a notice stating when the period referred to in paragraph (k3) or (k4), as the case may be, has commenced;
  - (2) as soon as is reasonably practicable make available on its website a notice stating when the period referred to in paragraph (k3) or (k4), as the case may be, has ended; and
  - (3) if the information specified in that notice is required from an *Authority*, promptly request that information from the relevant *Authority*.
- (k6) Paragraphs (k3) and (k4) do not apply if the *AER* gives the notice specified in those paragraphs to the *Distribution Network Service Provider* later than 10 *business days* before the expiry of the time limit fixed in paragraphs (e) or (g1).

**retailer insolvency event**

- (l) For the purposes of calculating the *eligible pass through amount* in relation to a *positive change event* which is a *retailer insolvency event*, the increase in costs is the *retailer insolvency costs* excluding:

- (i) any amount recovered or recoverable from a *retailer* or a guarantor of a *retailer* under any relevant *credit support*; and
  - (ii) amounts that the *Distribution Network Service Provider* is likely to receive on a winding-up of the *retailer*; and
  - (iii) any costs that are recoverable under a *RoLR cost recovery scheme distributor payment determination* .
- (m) The amount the *AER* determines should be passed through to *Distribution Network Users* in respect of a *retailer insolvency event* must be taken to be a cost that can be passed through and not a revenue impact of the event.

#### **6.6.1AA Cost pass through – deemed determinations**

- (a) On and from 1 July 2019, an amount that:
- (1) under clause 3.1.3(a)(ii) of Part B of the *2014 NT Network Price Determination*, the *AER* had determined, on or after 1 July 2018, should be passed through to network users in a *regulatory year* of the *1st regulatory control period* or a subsequent *regulatory control period*; or
  - (2) under clause 3.1.3(d)(ii) of Part B of the *2014 NT Network Price Determination*, should be passed through to network users in a *regulatory year* of the *1st regulatory control period* or a subsequent *regulatory control period* as a result of the *AER*, on or after 1 July 2018, failing to make a determination within the prescribed period,
- is taken to be an amount determined under clause 6.6.1(d)(2).
- (b) On and from 1 July 2019, an amount that, under clause 3.1.5(a)(ii)(B) of Part B of the *2014 NT Network Price Determination*, the *AER* had determined, on or after 1 July 2018, should be passed through to network users in a *regulatory year* of the *1st regulatory control period* or a subsequent *regulatory control period* is taken to be an amount determined under clause 6.6.1(g)(2)(ii).

**Note:**

This clause expires on 1 July 2024.

#### **6.6.1AB Cost pass through – NT events**

- (a) A *Distribution Network Service Provider* may seek the approval of the *AER* to pass through to *Distribution Network Users* a *positive pass through amount* in relation to an *NT positive change event*.

**Note:**

See Part 3 of the *National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations* for modifications to the operation of this clause 6.6.1AB in relation to certain *NT positive change events*.

- (b) The *AER* may require a *Distribution Network Service Provider* to pass through to *Distribution Network Users* a *negative pass through amount* in relation to an *NT negative change event* as determined by the *AER* under paragraph (g).

**Positive pass through**

- (c) To seek the approval of the *AER* to pass through a *positive pass through amount* in relation to an *NT positive change event*, a *Distribution Network Service Provider* must submit to the *AER*, within 90 *business days* after the commencement of the *1st regulatory control period*, a written statement that specifies:
- (1) the details of the *NT positive change event*;
  - (2) the date on which the *NT positive change event* occurred;
  - (3) the *eligible pass through amount* in respect of that *NT positive change event*;
  - (4) the *positive pass through amount* the *Distribution Network Service Provider* proposes in relation to the *NT positive change event*;
  - (5) the amount of the *positive pass through amount* that the *Distribution Network Service Provider* proposes should be passed through to *Distribution Network Users* in each *regulatory year* after the *NT positive change event* occurred;
  - (6) evidence:
    - (i) of the actual and likely increase in costs referred to in subparagraph (3);
    - (ii) that such costs occur solely as a consequence of the *NT positive change event*; and
  - (7) such other information as may be required under any relevant *regulatory information instrument*.
- (d) If the *AER* determines that an *NT positive change event* has occurred in respect of a statement under paragraph (c), the *AER* must determine:
- (1) the *approved pass through amount*; and
  - (2) the amount of that *approved pass through amount* that should be passed through to *Distribution Network Users* in each *regulatory year* after the *NT positive change event* occurred,
- taking into account the matters referred to in paragraph (j).
- (e) Subject to paragraph (k1), if the *AER* does not make the determinations referred to in paragraph (d) within 40 *business days* from the later of the

date it receives the *Distribution Network Service Provider's* statement and accompanying evidence under paragraph (c), and the date it receives any additional information required under paragraph (e1), then, on the expiry of that period, the AER is taken to have determined that:

- (1) the *positive pass through amount* as proposed in the *Distribution Network Service Provider's* statement under paragraph (c) is the *approved pass through amount* in respect of that *NT positive change event*; and
  - (2) the amount of that *positive pass through amount* that the *Distribution Network Service Provider* proposes in its statement under paragraph (c) should be passed through to *Distribution Network Users* in each *regulatory year* after the *NT positive change event* occurred, is the amount that should be so passed through in each such *regulatory year*.
- (e1) A *Distribution Network Service Provider* must provide the AER with such additional information as the AER requires for the purpose of making a determination under paragraph (d) within the time specified by the AER in a notice provided to the *Distribution Network Service Provider* by the AER for that purpose.

#### **Negative pass through**

- (f) A *Distribution Network Service Provider* must submit to the AER, within 90 *business days* after the later of the commencement of the *1st regulatory control period* and the date on which the provider becomes aware of the occurrence of an *NT negative change event* for the provider, a written statement that specifies:
- (1) the details of the *NT negative change event*;
  - (2) the date on which the *NT negative change event* occurred;
  - (3) the costs in the provision of *direct control services* and *NT equivalent services* that the *Distribution Network Service Provider* has saved and is likely to save as a result of the *negative change event* until the end of the *1st regulatory control period*;
  - (4) the aggregate amount of those saved costs that the *Distribution Network Service Provider* proposes should be passed through to *Distribution Network Users*;
  - (5) the amount of the costs referred to in subparagraph (4) the *Distribution Network Service Provider* proposes should be passed through to *Distribution Network Users* in each *regulatory year* after the *NT negative change event* occurred; and
  - (6) such other information as may be required under any relevant *regulatory information instrument*.

- (f1) If the occurrence of the *NT negative change event* is not notified by the *Distribution Network Service Provider* to the *AER* under paragraph (f) then, as soon as is reasonably practicable and before making a determination referred to in paragraph (g), the *AER* must notify the *Distribution Network Service Provider* of the occurrence of that *NT negative change event*.
- (g) If an *NT negative change event* occurs (whether or not the occurrence of that *NT negative change event* is notified by the *Distribution Network Service Provider* to the *AER* under paragraph (f)) and the *AER* determines to impose a requirement on the provider in relation to that *NT negative change event* as described in paragraph (b), the *AER* must determine:
- (1) the *required pass through amount*; and
  - (2) taking into account the matters referred to in paragraph (j):
    - (i) how much of that *required pass through amount* should be passed through to *Distribution Network Users* (the "*negative pass through amount*"); and
    - (ii) the amount of that *negative pass through amount* that should be passed through to *Distribution Network Users* in each *regulatory year* after the *NT negative change event* occurred.
- (g1) Subject to paragraph (k1), if the *AER* does not make the determinations referred to in paragraph (g) within 40 *business days* from:
- (1) where the *Distribution Network Service Provider* notifies the *AER* of the occurrence of the *NT negative change event* under paragraph (f) – the later of the date the *AER* receives the *Distribution Network Service Provider's* statement under paragraph (f) and the date the *AER* receives any information required by the *AER* under paragraph (h); or
  - (2) where the *Distribution Network Service Provider* does not notify the *AER* of the occurrence of the *NT negative change event* under paragraph (f) – the later of the date the *AER* notifies the *Distribution Network Service Provider* under paragraph (f1) and the date the *AER* receives any information required by the *AER* under paragraph (h),
- then the *AER* is taken to have determined that the *required pass through amount* is zero.
- (h) A *Distribution Network Service Provider* must provide the *AER* with such information as the *AER* requires for the purpose of making a determination under paragraph (g) within the time specified by the *AER* in a notice provided to the *Distribution Network Service Provider* by the *AER* for that purpose.

### **Consultation**

- (i) Before making a determination under paragraph (d) or (g), the *AER* may consult with the relevant *Distribution Network Service Provider* and such

other persons as the *AER* considers appropriate, on any matters arising out of the relevant *NT positive change event* or *NT negative change event* the *AER* considers appropriate.

**Relevant factors**

- (j) In making a determination under paragraph (d) or (g) in respect of a *Distribution Network Service Provider*, the *AER* must take into account:
- (1) the matters and proposals set out in any statement given to the *AER* by the *Distribution Network Service Provider* under paragraph (c) or (f); and
  - (2) in the case of an *NT positive change event*, the increase in costs in the provision of *direct control services* or *NT equivalent services* that, as a result of the *NT positive change event*, the *Distribution Network Service Provider* has incurred and is likely to incur until the end of the *1st regulatory control period*;
  - (2A) in the case of a *NT negative change event*, the costs in the provision of *direct control services* or *NT equivalent services* that, as a result of the *NT negative change event*, the *Distribution Network Service Provider* has saved and is likely to save until the end of the *1st regulatory control period*;
  - (3) in the case of an *NT positive change event*, the efficiency of the *Distribution Network Service Provider's* decisions and actions in relation to the risk of the *NT positive change event*, including whether the *Distribution Network Service Provider* has failed to take any action that could reasonably be taken to reduce the magnitude of the *eligible pass through amount* in respect of that *NT positive change event* and whether the *Distribution Network Service Provider* has taken or omitted to take any action where such action or omission has increased the magnitude of the amount in respect of that *NT positive change event*;
  - (4) the time cost of money based on the *allowed rate of return* for the *Distribution Network Service Provider* for the *1st regulatory control period*;
  - (5) the need to ensure that the *Distribution Network Service Provider* only recovers any actual or likely increment in costs under this paragraph (j) to the extent that such increment is solely as a consequence of an *NT positive change event* or *NT negative change event*;
  - (6) in the case of a tax change event (as defined in Part B of the *2014 NT Network Price Determination*), any change in the way another *tax* is calculated, or the removal or imposition of another *tax*, which, in the *AER's* opinion, is complementary to the tax change event concerned;
  - (7) whether the costs of the *NT positive change event* or *NT negative change event* have already been factored into the calculation of the

*Distribution Network Service Provider's annual revenue requirement for the 1st regulatory control period or will be factored into the calculation of the Distribution Network Service Provider's annual revenue requirement for a subsequent regulatory control period;*

- (7A) the extent to which the costs that the *Distribution Network Service Provider* has incurred and is likely to incur are the subject of a previous determination made by the *AER* under this clause or clause 6.6.1; and
- (8) any other factors that the *AER* considers relevant.

#### **Extension of time limits**

- (k) The *AER* must, by written notice to a *Distribution Network Service Provider*, extend a time limit fixed in paragraph (c) or (f) if the *AER* is satisfied that the difficulty of assessing or quantifying the effect of the relevant *NT positive change event* or *NT negative change event* justifies the extension
  - (k1) If the *AER* is satisfied that the making of a determination under paragraph (d) or (g) involves issues of such complexity or difficulty that the time limit fixed in paragraph (e) or (g1) should be extended, the *AER* may extend that time limit by a further period of up to 60 *business days*, provided that it gives written notice to the *Distribution Network Service Provider* of that extension not later than 10 *business days* before the expiry of that time limit.
  - (k2) If the *AER* extends a time limit under paragraph (k1), it must make available on its website a notice of that extension as soon as is reasonably practicable.
  - (k3) Subject to paragraph (k6), if the *AER* gives a written notice to the *Distribution Network Service Provider* stating that it requires information from an *Authority* in order to make a determination under paragraph (d) or (g) then, for the purpose of calculating elapsed time, the period between when the *AER* gives that notice to the *Distribution Network Service Provider* and when the *AER* receives that information from that *Authority* is to be disregarded.
  - (k4) Subject to paragraph (k6), if the *AER* gives a written notice to the *Distribution Network Service Provider* stating that, in order to make a determination under paragraph (d) or (g), it requires information that it anticipates will be made publicly available by a judicial body or royal commission then, for the purpose of calculating elapsed time, the period between when the *AER* gives that notice to the *Distribution Network Service Provider* and when that information is made publicly available is to be disregarded.
  - (k5) Where the *AER* gives a notice to the *Distribution Network Service Provider* under paragraph (k3) or (k4), it must:



- (1) as soon as is reasonably practicable make available on its website a notice stating when the period referred to in paragraph (k3) or (k4), as the case may be, has commenced;
  - (2) as soon as is reasonably practicable make available on its website a notice stating when the period referred to in paragraph (k3) or (k4), as the case may be, has ended; and
  - (3) if the information specified in that notice is required from an *Authority*, promptly request that information from the relevant *Authority*.
- (k6) Paragraphs (k3) and (k4) do not apply if the *AER* gives the notice specified in those paragraphs to the *Distribution Network Service Provider* later than 10 *business days* before the expiry of the time limit fixed in paragraphs (e) or (g1).

**Note:**

This clause expires on 1 July 2024.

### 6.6.1A Reporting on jurisdictional schemes

- (a) If during a *regulatory control period*:
  - (1) a scheme becomes a *jurisdictional scheme*; or
  - (2) a *Distribution Network Service Provider* first becomes subject to *jurisdictional scheme obligations* under a *jurisdictional scheme*; and
  - (3) the relevant *jurisdictional scheme* is not an *approved jurisdictional scheme*,then a *Distribution Network Service Provider* may request the *AER* to determine how the *Distribution Network Service Provider* is to report to the *AER* on its recovery of *jurisdictional scheme amounts* in respect of that scheme for each *regulatory year* of the *regulatory control period* and on the adjustments to be made to subsequent *pricing proposals* to account for over or under recovery of those amounts.
- (b) To make a request under paragraph (a), a *Distribution Network Service Provider* must submit to the *AER*, as soon as practicable after the event referred to in subparagraph (a)(1) or (2), a written statement which specifies:
  - (1) the name of the relevant *jurisdictional scheme*;
  - (2) the date of the event referred to in subparagraph (a)(1) or (2);
  - (3) details of how the *Distribution Network Service Provider* proposes to:
    - (i) estimate the *jurisdictional scheme amounts* for the relevant *jurisdictional scheme* for the purposes of clause 6.18.7A(b);

- (ii) carry out any adjustments to *jurisdictional scheme amounts* for the relevant *jurisdictional scheme* for the purposes of clause 6.18.7A(b); and
  - (iii) report to the *AER* on the recovery process under clause 6.18.7A (a) to (c).
- (c) The *AER* must as soon as practicable after receiving a statement under paragraph (b), *publish* the statement.
- (d) Before making a determination under paragraph (e), the *AER* may consult with the relevant *Distribution Network Service Provider* and such other persons as the *AER* considers appropriate, on any matters arising out of the statement the *AER* considers appropriate.
- (e) Within 60 *business days* of receiving the statement under paragraph (b), the *AER* must make a determination on how the *Distribution Network Service Provider* is to report to the *AER* on its recovery of *jurisdictional scheme amounts* for the relevant *jurisdictional scheme* for each *regulatory year* of the *regulatory control period* and on the adjustments to be made to subsequent *pricing proposals* to account for over or under recovery of those amounts.
- (f) If the *AER* does not make the determination referred to in paragraph (e) within 60 *business days* of receiving the statement under paragraph (b) then, on expiry of that period, the *AER* is taken to have approved the process proposed in the *Distribution Network Service Provider's* statement.

### 6.6.2 Service target performance incentive scheme

- (a) The *AER* must, in accordance with the *distribution consultation procedures*, develop and *publish* an incentive scheme or schemes (*service target performance incentive scheme*) to provide incentives (which may include targets) for *Distribution Network Service Providers* to maintain and improve performance.
- (b) In developing and implementing a *service target performance incentive scheme*, the *AER*:
  - (1) must consult with the authorities responsible for the administration of relevant *jurisdictional electricity legislation*; and
  - (2) must ensure that service standards and service targets (including guaranteed service levels) set by the scheme do not put at risk the *Distribution Network Service Provider's* ability to comply with relevant service standards and service targets (including guaranteed service levels) as specified in *jurisdictional electricity legislation*; and

**Note:**

A *service target performance incentive scheme* operates concurrently with any average or minimum service standards and guaranteed service level schemes that apply to the *Distribution Network Service Provider* under *jurisdictional electricity legislation*.

- (3) must take into account:
- (i) the need to ensure that benefits to electricity consumers likely to result from the scheme are sufficient to warrant any reward or penalty under the scheme for *Distribution Network Service Providers*; and
  - (ii) any *regulatory obligation or requirement* to which the *Distribution Network Service Provider* is subject; and
  - (iii) the past performance of the *distribution network*; and
  - (iv) any other incentives available to the *Distribution Network Service Provider* under the *Rules* or a relevant distribution determination; and
  - (v) the need to ensure that the incentives are sufficient to offset any financial incentives the *Distribution Network Service Provider* may have to reduce costs at the expense of service levels; and
  - (vi) the willingness of the customer or end user to pay for improved performance in the delivery of services; and
  - (vii) the possible effects of the scheme on incentives for the implementation of *non-network options*.
- (c) The *AER* may, from time to time and in accordance with the *distribution consultation procedures*, amend or replace any scheme that is developed and *published* under this clause.

**Note:**

A *Distribution Network Service Provider* is not precluded from entering into a contract with a third party (such as a network support service provider) under which the benefits of a *service target performance incentive scheme* are passed on to the third party, or the third party is required to indemnify the provider for penalties to which the provider becomes liable under the scheme.

- (ca) For the application of these *Rules* in this jurisdiction:
- (1) the *service target performance incentive scheme* that is in force in the other *participating jurisdictions* on 1 July 2016 is taken:
    - (i) to be the *service target performance incentive scheme* in force in this jurisdiction (subject to any amendment or replacement under these *Rules*); and

- (ii) to have been developed and *published* by the *AER* on 1 July 2016; and
- (2) the *AER* is taken to have complied with the requirements of paragraphs (a) and (b) in developing and *publishing* the *service target performance incentive scheme*.

### 6.6.3 Demand management incentive scheme

- (a) The *AER* must develop a *demand management incentive scheme* consistent with the *demand management incentive scheme objective*.
- (b) The objective of the *demand management incentive scheme* is to provide *Distribution Network Service Providers* with an incentive to undertake efficient expenditure on relevant *non-network options* relating to demand management (the *demand management incentive scheme objective*).
- (c) In developing, and applying, any *demand management incentive scheme*, the *AER* must take into account the following:
  - (1) the scheme should be applied in a manner that contributes to the achievement of the *demand management incentive scheme objective*;
  - (2) the scheme should reward *Distribution Network Service Providers* for implementing relevant *non-network options* that deliver net cost savings to *retail customers*;
  - (3) the scheme should balance the incentives between expenditure on *network options* and *non-network options* relating to demand management. In doing so, the *AER* may take into account the net economic benefits delivered to all those who produce, consume and transport electricity in the *market*, or the Northern Territory, associated with implementing relevant *non-network options*;
  - (4) the level of the incentive:
    - (i) should be reasonable, considering the long term benefit to *retail customers*;
    - (ii) should not include costs that are otherwise recoverable from any other source, including under a relevant distribution determination; and
    - (iii) may vary by *Distribution Network Service Provider* and over time;
  - (5) penalties should not be imposed on *Distribution Network Service Providers* under any scheme;
  - (6) the incentives should not be limited by the length of a *regulatory control period*, if such limitations would not contribute to the

- achievement of the *demand management incentive scheme objective*;  
and
- (7) the possible interaction between the scheme and:
- (i) any other incentives available to the *Distribution Network Service Provider* in relation to undertaking efficient expenditure on, or implementation of, relevant *non-network options*;
  - (ii) particular control mechanisms and their effect on a *Distribution Network Service Provider's* available incentives referred to in sub-paragraph (i); and
  - (iii) meeting any *regulatory obligation or requirement*.
- (d) The *AER*:
- (1) must develop and *publish* the scheme; and
  - (2) may, from time to time, amend or replace the scheme developed and *published* under this clause,
- in accordance with the *distribution consultation procedures*.

### **6.6.3A Demand management innovation allowance mechanism**

- (a) The *AER* must develop a *demand management innovation allowance mechanism* consistent with the *demand management innovation allowance objective*.
- (b) The objective of the *demand management innovation allowance mechanism* is to provide *Distribution Network Service Providers* with funding for research and development in demand management projects that have the potential to reduce long term *network costs* (the *demand management innovation allowance objective*).
- (c) In developing and applying any *demand management innovation allowance mechanism*, the *AER* must take into account the following:
  - (1) the mechanism should be applied in a manner that contributes to the achievement of the *demand management innovation allowance objective*;
  - (2) demand management projects, the subject of the allowance, should:
    - (i) have the potential to deliver ongoing reductions in demand or peak demand; and
    - (ii) be innovative and not be otherwise efficient and prudent *non-network options* that a *Distribution Network Service Providers* should have provided for in its *regulatory proposal*;

- (3) the level of the allowance:
  - (i) should be reasonable, considering the long term benefit to *retail customers*;
  - (ii) should only provide funding that is not available from any another source, including under a relevant distribution determination; and
  - (iii) may vary by *Distribution Network Service Provider* and over time;
- (4) the allowance may fund demand management projects which occur over a period longer than a *regulatory control period*.
- (d) Any mechanism developed and applied by the *AER* must require *Distribution Network Service Providers* to *publish* reports on the nature and results of demand management projects the subject of the allowance.
- (e) The *AER*:
  - (1) must develop and *publish* the mechanism; and
  - (2) may, from time to time, amend or replace any mechanism developed and *published* under this clause,in accordance with the *distribution consultation procedures*.

#### 6.6.4 Small-scale incentive scheme

- (a) The *AER* may, in accordance with the *distribution consultation procedures*, develop and *publish* an incentive scheme or schemes (*small-scale incentive scheme*) that provides *Distribution Network Service Providers* with incentives to provide *standard control services* in a manner that contributes to the achievement of the *national electricity objective*.
- (ab) For the purposes of paragraph (a), the *AER* must regard the reference to "the national electricity system" in the national electricity objective stated in section 7 of the Law as including a reference to a local electricity system or all local electricity systems, as the case requires.
- (b) In developing and applying a *small-scale incentive scheme*, the *AER* must have regard to the following matters:
  - (1) *Distribution Network Service Providers* should be rewarded or penalised for efficiency gains or losses in respect of their *distribution systems*;
  - (2) the rewards and penalties should be commensurate with the efficiency gains or efficiency losses in respect of a *distribution system*, but a reward for efficiency gains need not correspond in amount to a penalty for efficiency losses;

- (3) the benefits to electricity consumers that are likely to result from efficiency gains in respect of a *distribution system* should warrant the rewards provided under the scheme, and the detriments to electricity consumers that are likely to result from efficiency losses in respect of a *distribution system* should warrant the penalties provided under the scheme;
  - (4) the interaction of the scheme with other incentives that *Distribution Network Service Providers* may have under the *Rules*; and
  - (5) the *capital expenditure objectives* and the *operating expenditure objectives*.
- (c) The *AER* may, from time to time and in accordance with the *distribution consultation procedures*, amend or replace any *small-scale incentive scheme*.
- (d) Where the *AER* applies a *small-scale incentive scheme* to a *Distribution Network Service Provider* for a *regulatory control period*:
- (1) the aggregate rewards or penalties for a *regulatory year* in that *regulatory period* that are provided or imposed under that scheme and any other *small-scale incentive schemes* that apply to that *Distribution Network Service Provider* must not exceed 0.5% of the *annual revenue requirement* for the *Distribution Network Service Provider* for that *regulatory year* unless the *Distribution Network Service Provider* consents to the contrary, in which case that aggregate must not exceed 1% of the *annual revenue requirement* for the *Distribution Network Service Provider* for that *regulatory year*; and
  - (2) the *small-scale incentive scheme* must cease to provide rewards or impose penalties in respect of a *regulatory year* after the expiry of such a period as is determined by the *AER*, being a period that is not more than two *regulatory control periods* after the commencement of that scheme.
- (e) Notwithstanding anything else contained in this clause, the *AER* may require a *Distribution Network Service Provider* to participate in a trial of a *small-scale incentive scheme* under which, for the duration of that trial, the *Distribution Network Service Provider* is not required to bear any penalty and is not entitled to earn any reward.

### **6.6.5 Reopening of distribution determination for capital expenditure**

- (a) Subject to paragraph (b), a *Distribution Network Service Provider* may, during a *regulatory control period*, apply to the *AER* to revoke and substitute a distribution determination that applies to it where:
- (1) an event that is beyond the reasonable control of the *Distribution Network Service Provider* has occurred during that *regulatory control period* and the occurrence of that event during that period (or of an

- event of a similar kind) could not reasonably have been foreseen by the *Distribution Network Service Provider* at the time of the making of the distribution determination (**'the event'**);
- (2) no forecast capital expenditure was accepted or substituted by the *AER* for that period under clauses 6.5.7(c) or 6.12.1(3)(ii) (as the case may be) in relation to the event that has occurred;
  - (3) the *Distribution Network Service Provider* proposes to undertake capital expenditure to rectify the adverse consequences of the event;
  - (4) the total of the capital expenditure required during the *regulatory control period* to rectify the adverse consequences of the event:
    - (i) exceeds 5% of the value of the regulatory asset base for the relevant *Distribution Network Service Provider* for the first year of the relevant *regulatory control period*;
    - (ii) is such that, if undertaken, it is reasonably likely (in the absence of any other reduction in capital expenditure) to result in the total actual capital expenditure for that *regulatory control period* exceeding the total of the forecast capital expenditure for that *regulatory control period* as accepted or substituted by the *AER* in accordance with clauses 6.5.7(c) or 6.12.1(3)(ii) (as the case may be);
  - (5) the *Distribution Network Service Provider* can demonstrate that it is not able to reduce capital expenditure in other areas to avoid the consequence referred to in subparagraph (a)(4)(ii) without materially adversely affecting the *reliability* and security of the relevant *distribution system*;
  - (6) a failure to rectify the adverse consequences of the event would be likely to materially adversely affect the *reliability* and security of the relevant *distribution system*; and
  - (7) the event is not a *pass through event* or a *contingent project*.

In this paragraph (a), a reference to an event includes a series of events or a state of affairs, which may include a greater than anticipated increase in demand.

- (b) An application referred to in paragraph (a) must not be made within 90 *business days* prior to the end of a *regulatory year*.
- (c) Following its receipt of an application made in accordance with paragraphs (a) and (b), the *AER* must:
  - (1) consult with the *Distribution Network Service Provider* and such other persons as it considers appropriate in relation to the application; and



- (2) make its decision on the application within 40 *business days* from the later of the date the *AER* receives the application and the date the *AER* receives any information required by the *AER* under paragraph (g).
- (d) The *AER* must, and must only, revoke a distribution determination following an application made in accordance with paragraphs (a) and (b) if the *AER* is satisfied of each of the matters referred to in paragraph (a).
- (e) If the *AER* revokes a distribution determination under paragraph (d), the *AER* must make a new distribution determination in substitution for the revoked determination to apply for the remainder of the *regulatory control period* for which the revoked determination was to apply.
- (f) The substituted distribution determination must only vary from the revoked distribution determination to the extent necessary:
  - (1) to adjust the forecast capital expenditure for that *regulatory control period* to accommodate the amount of such additional capital expenditure as the *AER* determines is appropriate (in which case the amount of that adjustment will be taken to be accepted by the *AER* under clause 6.5.7(c)); and
  - (2) to reflect the effect of any resultant increase in forecast capital expenditure on:
    - (i) the forecast operating expenditure for the remainder of the *regulatory control period*;
    - (ii) the *annual revenue requirement* for each *regulatory year* in the remainder of the *regulatory control period*; and
    - (iii) the X factor for each of the remaining *regulatory years* of the *regulatory control period*.
- (g) A *Distribution Network Service Provider* must provide the *AER* with such additional information as the *AER* requires for the purpose of making a decision on an application made by that *Distribution Network Service Provider* under paragraph (a) within the time specified by the *AER* in a notice provided to the *Distribution Network Service Provider* by the *AER* for that purpose.

#### **Extension of time limit**

- (h) If the *AER* is satisfied that the revocation and substitution of a distribution determination under paragraphs (d) and (e) involves issues of such complexity or difficulty that the time limit fixed in subparagraph (c)(2) should be extended, the *AER* may extend that time limit by a further period of up to 60 *business days*, provided that it gives written notice to the *Distribution Network Service Provider* of that extension not later than 10 *business days* before the expiry of that time limit.

- (i) If the *AER* extends the time limit under paragraph (h), it must make available on its website a notice of that extension as soon as is reasonably practicable.
- (j) Subject to paragraph (11), if the *AER* gives a written notice to the *Distribution Network Service Provider* stating that it requires information from an *Authority* in order to make a decision on an application made by the *Distribution Network Service Provider* under paragraph (a) then, for the purpose of calculating elapsed time, the period between when the *AER* gives that notice to the *Distribution Network Service Provider* and when the *AER* receives that information from that *Authority* is to be disregarded.
- (k) Subject to paragraph (11), if the *AER* gives a written notice to the *Distribution Network Service Provider* stating that, in order to make a decision on an application made by the *Distribution Network Service Provider* under paragraph (a), it requires information that it anticipates will be made publicly available by a judicial body or royal commission then, for the purpose of calculating elapsed time, the period between when the *AER* gives that notice to the *Distribution Network Service Provider* and when that information is made publicly available is to be disregarded.
- (l) Where the *AER* gives a notice to the *Distribution Network Service Provider* under paragraph (j) or (k), it must:
  - (1) as soon as is reasonably practicable make available on its website a notice stating when the period referred to in paragraph (j) or (k), as the case may be, has commenced;
  - (2) as soon as is reasonably practicable make available on its website a notice stating when the period referred to in paragraph (j) or (k), as the case may be, has ended; and
  - (3) if the information specified in that notice is required from an *Authority*, promptly request that information from the relevant *Authority*.
- (11) Paragraphs (j) and (k) do not apply if the *AER* gives the notice specified in those paragraphs to the *Distribution Network Service Provider* later than 10 *business days* before the expiry of the time limit fixed in subparagraph (c)(2).

**Revocation and substitution of distribution determination**

- (m) If the *AER* revokes and substitutes a distribution determination under paragraph (e), that revocation and substitution must take effect from the commencement of the next *regulatory year*.

## 6.6A Contingent Projects

### 6.6A.1 Acceptance of a contingent project in a distribution determination

- (a) A *regulatory proposal* may include *proposed contingent capital expenditure*, which the *Distribution Network Service Provider* considers is reasonably required for the purpose of undertaking a *proposed contingent project*.
- (b) The *AER* must determine that a *proposed contingent project* is a *contingent project* if the *AER* is satisfied that:
  - (1) the *proposed contingent project* is reasonably required to be undertaken in order to achieve any of the *capital expenditure objectives*;
  - (2) the *proposed contingent capital expenditure*:
    - (i) is not otherwise provided for (either in part or in whole) in the total of the forecast capital expenditure for the relevant *regulatory control period* which is accepted in accordance with clause 6.5.7(c) or substituted in accordance with clause 6.12.1(3)(ii) (as the case may be);
    - (ii) reasonably reflects the *capital expenditure criteria*, taking into account the *capital expenditure factors*, in the context of the *proposed contingent project* as described in the *regulatory proposal*; and
    - (iii) exceeds either \$15 million or 5% of the value of the *annual revenue requirement* for the relevant *Distribution Network Service Provider* for the first year of the relevant *regulatory control period*, whichever is the larger amount;
  - (3) the *proposed contingent project* and the *proposed contingent capital expenditure*, as described or set out in the *regulatory proposal*, and the information provided in relation to these matters, complies with the relevant requirements of any relevant *regulatory information instrument*; and
  - (4) the *trigger events* in relation to the *proposed contingent project* which are proposed by the *Distribution Network Service Provider* in its *regulatory proposal* are appropriate.
- (c) In determining whether a *trigger event* in relation to a *proposed contingent project* is appropriate for the purposes of subparagraph (b)(4), the *AER* must have regard to the need for a *trigger event*:
  - (1) to be reasonably specific and capable of objective verification;

- (2) to be a condition or event, which, if it occurs, makes the undertaking of the *proposed contingent project* reasonably necessary in order to achieve any of the *capital expenditure objectives*;
- (3) to be a condition or event that generates increased costs or categories of costs that relate to a specific location rather than a condition or event that affects the *distribution network* as a whole;
- (4) to be described in such terms that the occurrence of that event or condition is all that is required for the distribution determination to be amended under clause 6.6A.2; and
- (5) to be an event or condition, the occurrence of which is probable during the *regulatory control period*, but the inclusion of capital expenditure in relation to it under clause 6.5.7 is not appropriate because:
  - (i) it is not sufficiently certain that the event or condition will occur during the *regulatory control period* or if it may occur after that *regulatory control period* or not at all; or
  - (ii) subject to the requirement to satisfy subparagraph (b)(2)(iii), the costs associated with the event or condition are not sufficiently certain.

#### **6.6A.2 Amendment of distribution determination for contingent project**

- (a) Subject to paragraph (b), a *Distribution Network Service Provider* may, during a *regulatory control period*, apply to the *AER* to amend a distribution determination that applies to that *Distribution Network Service Provider* where a *trigger event* for a *contingent project* in relation to that distribution determination has occurred.
- (b) An application referred to in paragraph (a):
  - (1) must not be made within 90 *business days* prior to the end of a *regulatory year*;
  - (2) subject to subparagraph (1), must be made as soon as practicable after the occurrence of the *trigger event*;
  - (3) must contain the following information:
    - (i) an explanation that substantiates the occurrence of the *trigger event*;
    - (ii) a forecast of the total capital expenditure for the *contingent project*;
    - (iii) a forecast of the capital and incremental operating expenditure, for each remaining *regulatory year* which the *Distribution*

- Network Service Provider* considers is reasonably required for the purpose of undertaking the *contingent project*;
- (iv) how the forecast of the total capital expenditure for the *contingent project* meets the threshold as referred to in clause 6.6A.1(b)(2)(iii);
  - (v) the intended date for commencing the *contingent project* (which must be during the *regulatory control period*);
  - (vi) the anticipated date for completing the *contingent project* (which may be after the end of the *regulatory control period*);
  - (vii) an estimate of the incremental revenue which the *Distribution Network Service Provider* considers is likely to be required to be earned in each remaining *regulatory year* of the *regulatory control period* as a result of the *contingent project* being undertaken as described in subparagraph (iii); and
- (4) the estimate referred to in subparagraph (3)(vii) must be calculated:
- (i) in accordance with the requirements of the *post-tax revenue model* referred to in clause 6.4.1;
  - (ii) in accordance with the requirements of the *roll forward model* referred to in clause 6.5.1(b);
  - (iii) using the *allowed rate of return* for that *Distribution Network Service Provider* for the *regulatory control period* as determined in accordance with clause 6.5.2;
  - (iv) in accordance with the requirements for depreciation referred to in clause 6.5.5; and
  - (v) on the basis of the capital expenditure and incremental operating expenditure referred to in subparagraph (3)(iii).
- (c) As soon as practicable after its receipt of an application made in accordance with paragraphs (a) and (b), the *AER* must *publish* the application, together with an invitation for written submissions on the application.
- (d) The *AER* must consider any written submissions made under paragraph (c) and must make its decision on the application within 40 *business days* from the later of the date the *AER* receives the application and the date the *AER* receives any information required by the *AER* under paragraph (i). In doing so the *AER* may also take into account such other information as it considers appropriate, including any analysis (such as benchmarking) that is undertaken by it for that purpose.
- (e) If the *AER* is satisfied that the *trigger event* has occurred, and that the forecast of the total capital expenditure for the *contingent project* meets the threshold as referred to in clause 6.6A.1(b)(2)(iii), it must:

- (1) determine:
    - (i) the amount of capital and incremental operating expenditure, for each remaining *regulatory year*, which the *AER* considers is reasonably required for the purpose of undertaking the *contingent project*;
    - (ii) the total capital expenditure which the *AER* considers is reasonably required for the purpose of undertaking the *contingent project*;
    - (iii) the likely commencement and completion dates for the *contingent project*; and
    - (iv) the incremental revenue which is likely to be required by the *Distribution Network Service Provider* in each remaining *regulatory year* as a result of the *contingent project* being undertaken as described in subparagraphs (i) and (ii), such estimate being calculated in accordance with subparagraph (2);
  - (2) calculate the estimate referred to in subparagraph (1)(iv):
    - (i) on the basis of the capital expenditure and incremental operating expenditure referred to in subparagraph (1)(i); and
    - (ii) otherwise in accordance with subparagraph (b)(4); and
  - (3) amend the distribution determination in accordance with paragraph (h).
- (f) In making the determinations referred to in subparagraph (e)(1), the *AER* must accept the relevant amounts and dates, contained in the *Distribution Network Service Provider's* application, as referred to in subparagraph (b)(3)(ii) to (vii), if the *AER* is satisfied that:
- (1) the forecast of the total capital expenditure for the *contingent project* meets the threshold as referred to in clause 6.6A.1(b)(2)(iii);
  - (2) the amounts of forecast capital expenditure and incremental operating expenditure reasonably reflect the *capital expenditure criteria* and the *operating expenditure criteria*, taking into account the *capital expenditure factors* and the *operating expenditure factors* respectively, in the context of the *contingent project*;
  - (3) the estimates of incremental revenue are reasonable; and
  - (4) the dates are reasonable.
- (g) In making the determinations referred to in subparagraph (e)(1) and paragraph (f), the *AER* must have regard to:
- (1) the information included in or accompanying the application;

- (2) submissions received in the course of consulting on the application;
  - (3) such analysis as is undertaken by or for the *AER*;
  - (4) the expenditure that would be incurred in respect of a *contingent project* by an efficient and prudent *Distribution Network Service Provider* in the circumstances of the *Distribution Network Service Provider*;
  - (5) the actual and expected capital expenditure of the *Distribution Network Service Provider* for *contingent projects* during any preceding *regulatory control periods*;
  - (6) the extent to which the forecast capital expenditure for the *contingent project* is referable to arrangements with a person other than the *Distribution Network Service Provider* that, in the opinion of the *AER*, do not reflect arm's length terms;
  - (7) the relative prices of operating and capital inputs in relation to the *contingent project*;
  - (8) the substitution possibilities between operating and capital expenditure in relation to the *contingent project*; and
  - (9) whether the capital and operating expenditure forecasts for the *contingent project* are consistent with any incentive scheme or schemes that apply to the *Distribution Network Service Provider* under clauses 6.5.8, 6.5.8A or 6.6.2 to 6.6.4.
- (h) Amendments to a distribution determination referred to in subparagraph (e)(3) must only vary the determination to the extent necessary:
- (1) to adjust the forecast capital expenditure for that *regulatory control period* to accommodate the amount of capital expenditure determined under subparagraph (e)(1)(i) (in which case the amount of that adjustment will be taken to be accepted by the *AER* under clause 6.5.7(c));
  - (2) to adjust the forecast operating expenditure for that *regulatory control period* to accommodate the amount of incremental operating expenditure determined under subparagraph (e)(1)(i) (in which case the amount of that adjustment will be taken to be accepted by the *AER* under clause 6.5.6(c));
  - (3) to reflect the effect of any resultant increase in forecast capital and operating expenditure on:
    - (i) the *annual revenue requirement* for each *regulatory year* in the remainder of the *regulatory control period*; and
    - (ii) the X factor for each *regulatory year* in the remainder of the *regulatory control period*.

- (i) A *Distribution Network Service Provider* must provide the *AER* with such additional information as the *AER* requires for the purpose of making a decision on an application made by that *Distribution Network Service Provider* under paragraph (a) within the time specified by the *AER* in a notice provided to the *Distribution Network Service Provider* by the *AER* for that purpose.

**Extension of time limit**

- (j) If the *AER* is satisfied that amending a distribution determination under subparagraphs (e)(3) and (h) involves issues of such complexity or difficulty that the time limit fixed in paragraph (d) should be extended, the *AER* may extend that time limit by a further period of up to 60 *business days*, provided that it gives written notice to the *Distribution Network Service Provider* of that extension no later than 10 *business days* before the expiry of that time limit.
- (k) If the *AER* extends the time limit under paragraph (j), it must make available on its website a notice of that extension as soon as is reasonably practicable.
- (l) Subject to paragraph (n1), if the *AER* gives a written notice to the *Distribution Network Service Provider* stating that it requires information from an *Authority* in order to make a decision on an application made by the *Distribution Network Service Provider* under paragraph (a) then, for the purpose of calculating elapsed time, the period between when the *AER* gives that notice to the *Distribution Network Service Provider* and when the *AER* receives that information from that *Authority* is to be disregarded.
- (m) Subject to paragraph (n1), if the *AER* gives a written notice to the *Distribution Network Service Provider* stating that, in order to make a decision on an application made by the *Distribution Network Service Provider* under paragraph (a), it requires information from a judicial body or royal commission then, for the purpose of calculating elapsed time, the period between when the *AER* gives that notice to the *Distribution Network Service Provider* and when that information is made publicly available is to be disregarded.
- (n) Where the *AER* gives a notice to the *Distribution Network Service Provider* under paragraph (l) or (m), it must:
  - (1) as soon as is reasonably practicable make available on its website a notice stating when the period referred to in paragraph (l) or (m), as the case may be, has commenced;
  - (2) as soon as is reasonably practicable make available on its website a notice stating when the period referred to in paragraph (l) or (m), as the case may be, has ended; and
  - (3) if the information specified in that notice is required from an *Authority*, promptly request that information from the relevant *Authority*.



- (n1) Paragraphs (l) and (m) do not apply if the *AER* gives the notice specified in those paragraphs to the *Distribution Network Service Provider* later than 10 *business days* before the expiry of the time limit fixed in paragraph (d).

#### **Amendment of distribution determination**

- (o) If the *AER* amends a distribution determination under paragraph (h), that amendment must take effect from the commencement of the next *regulatory year*.

## **Part D Negotiated distribution services**

### **6.7 Negotiated distribution services**

#### **6.7.1 Principles relating to access to negotiated distribution services**

The following principles constitute the *Negotiated Distribution Service Principles*:

- (1) the price for a *negotiated distribution 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 Method* for the relevant *Distribution Network Service Provider*;
- (2) subject to subparagraphs (3) and (4), the price for a *negotiated distribution service* should be at least equal to the cost that would be avoided by not providing the service but no more than the cost of providing it on a stand alone basis;
- (3) if the *negotiated distribution service* is the provision of a *shared distribution service* that:
  - (i) exceeds the *network* performance requirements (if any) which that *shared distribution 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 distribution 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 *Distribution Network Service Provider's* incremental cost of providing that service;

- (4) if the *negotiated distribution service* is the provision of a *shared distribution 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 distribution service* which meets (but does not exceed) the *network* performance requirements set out

in schedules 5.1a and 5.1 should reflect the cost the *Distribution Network Service Provider* would avoid by not providing that service;

- (5) the price for a *negotiated distribution service* must be the same for all *Distribution Network Users* unless there is a material difference in the costs of providing the *negotiated distribution service* to different *Distribution Network Users* or classes of *Distribution Network Users*;
- (6) the price for a *negotiated distribution 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 the adjustment should reflect the extent to which the costs of that asset are being recovered through charges to that other person;
- (7) the price for a *negotiated distribution service* should be such as to enable the *Distribution Network Service Provider* to recover the efficient costs of complying with all *regulatory obligations or requirements* associated with the provision of the *negotiated distribution service*;
- (8) any access charges:
  - (A) in respect of providing *distribution network user access to negotiated distribution services* which would have been *negotiated distribution services* regardless of the operation of clause 6.24.2(c) should be based on the costs reasonably incurred by the *Distribution Network Service Provider* in providing that access and, in the case of compensation referred to in clauses 5.5(f)(4)(ii) and (iii), on the revenue that is likely to be foregone and the costs that are likely to be incurred by a person referred to in those provisions where an event referred to in those provisions occurs; and
  - (B) in respect of providing *transmission network user access to negotiated distribution services* which would have been treated as *negotiated transmission services* were it not for the operation of clause 6.24.2(c) should be based on the costs reasonably incurred by the *Distribution Network Service Provider* in providing that access and, in the case of compensation referred to in clauses 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 those provisions where an event referred to in those provisions occurs;
- (9) the *terms and conditions of access* for a *negotiated distribution 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 distribution service* is to be treated as being fair and reasonable if it complies with principles (1) to (7) of this clause);
- (10) the *terms and conditions of access* for a *negotiated distribution 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 *Distribution Network Service Provider* and the other party, the price for the *negotiated distribution service* and the costs to the *Distribution Network Service Provider* of providing the *negotiated distribution service*;

- (11) the *terms and conditions of access* for a *negotiated distribution 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*.

### 6.7.2 Determination of terms and conditions of access for negotiated distribution services

- (a) A *Distribution Network Service Provider* must comply with:

- (1) the provider's *negotiating framework*; and
- (2) the provider's *Negotiated Distribution Service Criteria*,

when the provider is negotiating the *terms and conditions of access* to *negotiated distribution services*.

- (b) The *Distribution Network Service Provider* must also comply with any other applicable requirements of the *Rules*, including the requirements of:

- (1) rules 5.3, 5.3A and 5.5, when negotiating for the provision of *connection services* and the associated *connection service charges* in respect of the provision of *negotiated distribution services* which would have been *negotiated distribution services* regardless of the operation of clause 6.24.2(c);
- (2) rules 5.3, 5.3A, when negotiating for the provision of *connection services* and the associated *connection service charges* in respect of the provision of *negotiated distribution services* which would have been treated as *negotiated transmission services* were it not for the operation of clause 6.24.2(c);
- (3) rule 5.5, when negotiating the *use of system services charges* and *access charges* to be paid to or by a *Distribution Network User* in respect of the provision of *negotiated distribution services* which would have been *negotiated distribution services* regardless of the operation of clause 6.24.2(c); and
- (4) rule 5.4A, when negotiating the *use of system services charges* and *access charges* to be paid to or by a *Distribution Network User* in respect of the provision of *negotiated distribution services* which would have been treated as *negotiated transmission services* were it not for the operation of clause 6.24.2(c).

### 6.7.3 Negotiating framework determination

The determination specifying requirements relating to the *negotiating framework* forming part of a distribution determination for a *Distribution Network Service Provider* is to set out requirements that are to be complied with in respect of the preparation, replacement, application or operation of its *negotiating framework*.

### 6.7.4 Negotiated Distribution Service Criteria determination

- (a) The determination by the *AER* specifying the *Negotiated Distribution Service Criteria* forming part of a distribution determination for a *Distribution Network Service Provider* is to set out the criteria that are to be applied:
- (1) by the provider in negotiating *terms and conditions of access* including:
    - (i) the prices that are to be charged for the provision of *negotiated distribution services* by the provider for the relevant *regulatory control period*; or
    - (ii) any *access charges* which are negotiated by the provider during that *regulatory control period*; and
  - (2) by the *AER* in resolving an access dispute about *terms and conditions of access* including:
    - (i) the price that is to be charged for the provision of a *negotiated distribution service* by the provider; or
    - (ii) any *access charges* that are to be paid to or by the provider.
- (b) The *Negotiated Distribution Service Criteria* must give effect to and be consistent with the *Negotiated Distribution Service Principles* set out in clause 6.7.1.

### 6.7.5 Preparation of and requirements for negotiating framework for negotiated distribution services

- (a) A *Distribution Network Service Provider* must prepare a document (the *negotiating framework*) setting out the procedure to be followed during negotiations between that provider and any person (the *Service Applicant* or applicant) who wishes to receive a *negotiated distribution service* from the provider, as to the *terms and conditions of access* for the provision of the service.
- (b) The *negotiating framework* for a *Distribution Network Service Provider* must comply with and be consistent with:
- (1) the applicable requirements of the relevant distribution determination; and

**Note:**

See clause 6.7.3.

- (2) paragraph (c), which sets out the minimum requirements for a *negotiating framework*.
- (c) The *negotiating framework* for a *Distribution Network Service Provider* must specify:
  - (1) a requirement for the provider and a *Service Applicant* to negotiate in good faith the *terms and conditions of access* to a *negotiated distribution service*; and
  - (2) a requirement for the provider to provide all such commercial information a *Service Applicant* may reasonably require to enable that applicant to engage in effective negotiation with the provider for the provision of the *negotiated distribution service*, including the cost information described in subparagraph (3); and
  - (3) a requirement for the provider:
    - (i) to identify and inform a *Service Applicant* of the reasonable costs and/or the increase or decrease in costs (as appropriate) of providing the *negotiated distribution service*; and
    - (ii) to demonstrate to a *Service Applicant* that the charges for providing the *negotiated distribution service* reflect those costs and/or the cost increment or decrement (as appropriate); and
    - (iii) to have appropriate arrangements for assessment and review of the charges and the basis on which they are made; and

**Note:**

If (for example) a charge, or an element of a charge, is based on a customer's actual or assumed *maximum demand*, the assessment and review arrangements should allow for a change to the basis of the charge so that it more closely reflects the customer's *load* profile where a reduction or increase in *maximum demand* has been demonstrated.

- (4) a requirement for a *Service Applicant* to provide all commercial information the provider may reasonably require to enable the provider to engage in effective negotiation with that applicant for the provision of the *negotiated distribution service*; and
- (5) a requirement that negotiations with a *Service Applicant* for the provision of the *negotiated distribution service* be commenced and finalised within specified periods and a requirement that each party to the negotiations must make reasonable endeavours to adhere to the specified time limits; and
- (6) a process for dispute resolution which provides that all disputes as to the *terms and conditions of access* for the provision of *negotiated distribution services* are to be dealt with in accordance with the

- relevant provisions of the Law and the *Rules* for dispute resolution;  
and
- (7) the arrangements for payment by a *Service Applicant* of the provider's reasonable direct expenses incurred in processing the application to provide the *negotiated distribution service*; and
  - (8) a requirement that the *Distribution Network Service Provider* determine the potential impact on other *Distribution Network Users* of the provision of the *negotiated distribution service*; and
  - (9) a requirement that the *Distribution Network Service Provider* must notify and consult with any affected *Distribution Network Users* and ensure that the provision of *negotiated distribution services* does not result in non-compliance with obligations in relation to other *Distribution Network Users* under the *Rules*; and
  - (10) a requirement that the *Distribution Network Service Provider* publish the results of negotiations on its website.
- (d) Notwithstanding the foregoing, the negotiating framework must not be inconsistent with any of the requirements of:
- (1) rules 5.3, 5.3A and 5.5 insofar as the *negotiating framework* applies to *negotiated distribution services* which would have been *negotiated distribution services* regardless of the operation of clause 6.24.2(c); and
  - (2) rules 5.3, 5.3A and 5.4A insofar as the *negotiating framework* applies to *negotiated distribution services* which would have been treated as *negotiated transmission services* were it not for the operation of clause 6.24.2(c),
- and any other relevant provisions of this Chapter 6 and, in the event of any inconsistency, those requirements prevail.
- (e) Each *Distribution Network Service Provider* and *Service Applicant* who is negotiating for the provision of a *negotiated distribution service* by the provider must comply with the requirements of the *negotiating framework* in accordance with its terms.

#### **6.7.6 Confidential information**

- (a) Commercial information to be provided to a *Service Applicant* in accordance with clause 6.7.5(c)(2):
- (1) does not include *confidential information* provided to the *Distribution Network Service Provider* by another person; and
  - (2) may be provided subject to a condition that the *Service Applicant* must not provide any part of that commercial information to any other

person without the consent of the *Distribution Network Service Provider*.

- (b) Commercial information to be provided to a *Distribution Network Service Provider* in accordance with clause 6.7.5(c)(4):
  - (1) does not include *confidential information* provided to a *Service Applicant* by another person; and
  - (2) may be provided subject to a condition that the provider must not provide any part of that commercial information to any other person without the consent of the *Service Applicant*.

## Part DA Connection policies

### Note:

Part DA has no effect in this jurisdiction until the *National Energy Retail Law* is applied as a law of this jurisdiction.

### 6.7A Connection policy requirements

This *Rule* deals with the preparation of, requirements for and approval of *connection policies*.

#### 6.7A.1 Preparation of, and requirements for, connection policy

- (a) A *Distribution Network Service Provider* must prepare a document (its proposed *connection policy*) setting out the circumstances in which it may require a *retail customer* or *real estate developer* to pay a *connection charge*, for the provision of a *connection service* under Chapter 5A.
- (b) The proposed *connection policy*:
  - (1) must be consistent with:
    - (i) the *connection charge principles*; and
    - (ii) the *connection charge guidelines*; and
  - (2) must specify:
    - (i) the categories of persons that may be required to pay a *connection charge* and the circumstances in which such a requirement may be imposed; and
    - (ii) the aspects of a *connection service* for which a *connection charge* may be made; and

#### Example

The *Distribution Network Service Provider* might (for example) make separate *connection charges* for the provision of a *connection asset* and for

making a necessary *extension* to, or other *augmentation* of, the *distribution network*.

- (iii) the basis on which *connection charges* are determined; and
- (iv) the manner in which *connection charges* are to be paid (or equivalent consideration is to be given); and

#### **Examples**

The payment (or equivalent consideration) might take the form of a capital contribution, prepayment or financial guarantee.

- (v) a threshold (based on capacity or any other measure identified in the *connection charge guidelines*) below which a *retail customer* (not being a non-registered *embedded generator* or a *real estate developer*) will not be liable for a *connection charge* for an *augmentation* other than an *extension*.

## **Part E Regulatory proposal and proposed tariff structure statement**

### **6.8 Regulatory proposal and proposed tariff structure statement**

#### **6.8.1 AER's framework and approach paper**

- (a) The *AER* must make and *publish* a document (a *framework and approach paper*) that applies in respect of a distribution determination for a matter listed in paragraph (b) in accordance with this clause if:
  - (1) there is no *framework and approach paper* that applies in respect of that distribution determination for that matter; or
  - (2) there is a *framework and approach paper* that would apply in respect of that distribution determination for that matter, but the *AER* has *published* a notice under paragraph (c)(3) stating that it will make an amended or replacement *framework and approach paper* with respect to that matter.
- (b) A *framework and approach paper* that applies in respect of a distribution determination must set out:
  - (1) the *AER's* decision (together with its reasons for the decision), for the purposes of the forthcoming distribution determination, on the following matters:
    - (i) the form (or forms) of the control mechanisms; and
    - (ii) as to whether or not Part J of Chapter 6A is to be applied to determine the pricing of *transmission standard control services* provided by any *dual function assets* owned, controlled or operated by the *Distribution Network Service Provider*; and



**Note:**

See clause 6.25(b).

- (2) the AER's proposed approach (together with its reasons for the proposed approach), in the forthcoming distribution determination, to the following matters:
  - (i) the classification of *distribution services* under this Chapter;
  - (ii) the formulae that give effect to the control mechanisms referred to in subparagraph (1)(i);
  - (iii) the application to the *Distribution Network Service Provider* of any *service target performance incentive scheme*;
  - (iv) the application to the *Distribution Network Service Provider* of any *efficiency benefit sharing scheme*;
  - (v) the application to the *Distribution Network Service Provider* of any *capital expenditure sharing scheme*;
  - (vi) the application to the *Distribution Network Service Provider* of any *demand management incentive scheme* or *demand management innovation allowance mechanism*;
  - (vii) the application to the *Distribution Network Service Provider* of any *small-scale incentive scheme*; and
  - (viii) the application to the *Distribution Network Service Provider* of the *Expenditure Forecast Assessment Guidelines*; and
  - (ix) whether depreciation for establishing the regulatory asset base for the relevant *distribution system* as at the commencement of the following *regulatory control period* is to be based on actual or forecast capital expenditure in accordance with clause S6.2.2B.
- (c) If there is a *framework and approach paper* that would apply in respect of the distribution determination for a matter listed in paragraph (b) then:
  - (1) no later than 32 months before the end of the *regulatory control period* that precedes that for which the distribution determination is to be made, the *Distribution Network Service Provider* may request the AER in writing to make an amended or replacement *framework and approach paper* in respect of a matter. The request must specify the *Distribution Network Service Provider's* reasons for making that request;
  - (2) no later than 31 months before the end of the *regulatory control period* that precedes that for which the distribution determination is to be made, the AER must *publish* a notice inviting submissions on whether it is necessary or desirable to amend or replace that

- framework and approach paper* in so far as it relates to a matter (other than any matter specified in a request from the *Distribution Network Service Provider* under subparagraph (1)); and
- (3) no later than 30 months before the end of the *regulatory control period* that precedes that for which the distribution determination is to be made, the *AER* must make and *publish* a notice that:
- (i) states that it will make an amended or replacement *framework and approach paper* in respect of the matters specified in a request from the *Distribution Network Service Provider* under subparagraph (1) (if any);
  - (ii) if subparagraph (i) applies, is accompanied by a copy of the request from the *Distribution Network Service Provider* under subparagraph (1); and
  - (iii) states whether it will make an amended or replacement *framework and approach paper* in respect of any matter other than any matters referred to in subparagraph (i) above and, if so, the reasons why it considers that it is necessary or desirable to make an amended or replacement *framework and approach paper* in respect of that matter.
- (d) In making the decision referred to in paragraph (c)(3)(iii), the *AER* must have regard to any submissions made in response to the invitation under paragraph (c)(2).
- (e) Where paragraph (a) applies then, at least 23 months before the end of the current *regulatory control period*, the *AER* must, after consulting with the relevant *Distribution Network Service Provider* and other persons as the *AER* considers appropriate, make, amend or replace the *framework and approach paper*, as the case may be, and:
- (1) give a copy of it to the relevant *Distribution Network Service Provider*; and
  - (2) *publish* it,
- as soon as is reasonably practicable.
- (ea) Despite paragraph (e), for a *Distribution Network Service Provider* in this jurisdiction, the *AER* must:
- (1) after consulting with the *Distribution Network Service Provider* and other persons as the *AER* considers appropriate, make a *framework and approach paper* by 1 August 2017; and
  - (2) give a copy of the paper to the *Distribution Network Service Provider*, and *publish* it, as soon as is reasonably practicable.

**Note:**

This paragraph expires on 1 July 2019.

- (f) Subject to clauses 6.12.3 and 6.25(d), a *framework and approach paper* is not binding on the *AER* or a *Distribution Network Service Provider*.
- (g) The *AER* may make and *publish* a *framework and approach paper* that applies in respect of a distribution determination for a matter that is not listed in paragraph (b) and, if it does so, this clause 6.8.1 applies as if that matter were listed in paragraph (b).

**6.8.1A Notification of approach to forecasting expenditure**

- (a) A *Distribution Network Service Provider* must inform the *AER* of the methodology it proposes to use to prepare the forecasts of operating expenditure and capital expenditure that form part of its *regulatory proposal*.
- (b) A *Distribution Network Service Provider* must submit the information referred to in paragraph (a):
  - (1) at least 24 months before the expiry of a distribution determination that applies to the *Distribution Network Service Provider*; or
  - (2) if no distribution determination applies to the *Distribution Network Service Provider*, within 3 months after being required to do so by the *AER*.
- (c) Despite paragraph (b), for a distribution determination for a *Distribution Network Service Provider* in this jurisdiction that will apply during the *1st regulatory control period*, the provider must submit the information referred to in paragraph (a) on or before 1 July 2017.

**Note:**

This paragraph expires on 1 July 2019.

**6.8.2 Submission of regulatory proposal and tariff structure statement**

- (aa) Paragraph (c)(5A) has no effect in this jurisdiction until the *National Energy Retail Law* is applied as a law of this jurisdiction.
- (a) A *Distribution Network Service Provider* must, whenever required to do so under paragraph (b), submit to the *AER* a *regulatory proposal* and a proposed *tariff structure statement* related to the *distribution services* provided by means of, or in connection with, the *Distribution Network Service Provider's distribution system*.
- (b) A *regulatory proposal* and a proposed *tariff structure statement* must be submitted:

- (1) at least 17 months before the expiry of a distribution determination that applies to the *Distribution Network Service Provider*; or
  - (2) if no distribution determination applies to the *Distribution Network Service Provider*, within 3 months after being required to do so by the *AER*.
- (c) A *regulatory proposal* must include (but need not be limited to) the following elements:
- (1) a classification proposal:
    - (i) showing how the *distribution services* to be provided by the *Distribution Network Service Provider* should, in the *Distribution Network Service Provider's* opinion, be classified under this Chapter; and
    - (ii) if the proposed classification differs from the classification suggested in the relevant *framework and approach paper* – including the reasons for the difference;
  - (2) for *direct control services* classified under the proposal as *standard control services* – a *building block proposal*;
  - (3) for *direct control services* classified under the proposal as *alternative control services* – a demonstration of the application of the control mechanism, as set out in the *framework and approach paper*, and the necessary supporting information;
  - (4) **[Deleted]**.
  - (5) for services classified under the proposal as *negotiated distribution services* – the proposed *negotiating framework*;
  - (5A) the proposed *connection policy*;
  - (6) an identification of any parts of the *regulatory proposal* the *Distribution Network Service Provider* claims to be confidential and wants suppressed from publication on that ground in accordance with the *Distribution Confidentiality Guidelines*; and

**Note:**

Additional information that must be included in a *regulatory proposal* is referred to in clause 6.3.1(c) and Schedule 6.1.

- (7) a description (with supporting materials) of how the proposed *tariff structure statement* complies with the *pricing principles for direct control services* including:
  - (i) a description of where there has been any departure from the pricing principles set out in paragraphs 6.18.5(e) to (g); and

- (ii) an explanation of how that departure complies with clause 6.18.5(c).
- (c1) The *regulatory proposal* must be accompanied by an overview paper which includes each of the following matters:
  - (1) a summary of the *regulatory proposal* the purpose of which is to explain the *regulatory proposal* in reasonably plain language to electricity consumers;
  - (2) a description of how the *Distribution Network Service Provider* has engaged with electricity consumers in developing the *regulatory proposal* and has sought to address any relevant concerns identified as a result of that engagement;
  - (3) a description of the key risks and benefits of the *regulatory proposal* for electricity consumers; and
  - (4) a comparison of the *Distribution Network Service Provider's* proposed *total revenue requirement* with its *total revenue requirement* for the current *regulatory control period* and an explanation for any material differences between the two amounts;
- (c1a) The overview paper must also include a description of how the *Distribution Network Service Provider* has engaged with *retail customers* and *retailers* in developing the proposed *tariff structure statement* and has sought to address any relevant concerns identified as a result of that engagement.
- (c2) The *regulatory proposal* must be accompanied by information required by the *Expenditure Forecast Assessment Guidelines* as set out in the *framework and approach paper*.
- (d) The *regulatory proposal* must comply with the requirements of, and must contain or be accompanied by the information required by any relevant *regulatory information instrument*.
- (d1) The proposed *tariff structure statement* must be accompanied by an *indicative pricing schedule*.
- (d2) The proposed *tariff structure statement* must comply with the *pricing principles for direct control services*.
- (e) If more than one *distribution system* is owned, controlled or operated by a *Distribution Network Service Provider*, then, unless the AER otherwise determines, a separate *regulatory proposal* and a separate *tariff structure statement* are to be submitted for each *distribution system*.
- (f) If, at the commencement of this Chapter, different parts of the same *distribution system* were separately regulated, then, unless the AER otherwise determines, a separate *regulatory proposal* and a separate *tariff structure statement* are to be submitted for each part as if it were a separate *distribution system*.

## 6.9 Preliminary examination and consultation

### 6.9.1 Preliminary examination

(a) If the *AER* considers that:

- (1) a *regulatory proposal* submitted by a *Distribution Network Service Provider*;
- (2) a proposed *tariff structure statement* submitted by a *Distribution Network Service Provider*; or
- (3) any information accompanying such a *regulatory proposal* or proposed *tariff structure statement*,

does not comply, in any respect, with a requirement of the Law or the *Rules*, the *AER* may notify the *Distribution Network Service Provider* that it requires resubmission of the relevant *regulatory proposal*, proposed *tariff structure statement* or accompanying information.

(b) The notice must be given as soon as practicable and must state why, and in what respects, the *AER* considers the *regulatory proposal*, proposed *tariff structure statement* or the accompanying information (as the case may be) to be non-compliant.

### 6.9.2 Resubmission of proposal

- (a) A *Distribution Network Service Provider* must, within 20 *business days* after receiving a notice under clause 6.9.1, resubmit its *regulatory proposal*, proposed *tariff structure statement* or the accompanying information (as the case may be) in an amended form that complies with the relevant requirements set out in the notice.
- (b) A *Distribution Network Service Provider* may only make changes to its *regulatory proposal*, proposed *tariff structure statement* or the accompanying information (as the case may be) to address the deficiencies identified in the notice.

### 6.9.2A Confidential information

If the *Distribution Network Service Provider* has identified any part of the *regulatory proposal* as submitted or resubmitted to the *AER* (as the case may be) under this Part to be confidential, the *AER* must, as soon as is reasonably practicable, include on its website a notice that sets out:

- (a) the fact that the *regulatory proposal* contains information over which a claim of confidentiality has been made;
- (b) the proportion of material in the *regulatory proposal* that is subject to any claim of confidentiality compared to that which is not subject to any such claim; and

- (c) the comparative proportion of material in the *regulatory proposal* that is subject to any claim of confidentiality compared to that which is subject to claims of confidentiality in the *regulatory proposals* of other *Distribution Network Service Providers*.

### 6.9.3 Consultation

- (a) Subject to the provisions of the Law and the *Rules* about the disclosure of *confidential information*, the AER must *publish*:

- (1) a *regulatory proposal*;
- (2) a proposed *tariff structure statement*; and
- (3) any information accompanying such a *regulatory proposal* or proposed *tariff structure statement*,

submitted or resubmitted to it (as the case may be) by the *Distribution Network Service Provider* under clause 6.8.2 or 6.9.2, together with:

- (4) the AER's proposed *Negotiated Distribution Service Criteria* for the *Distribution Network Service Provider*; and
- (5) an invitation for written submissions on the documents and information referred to in sub-paragraphs (1) to (4),

after the AER decides that the *regulatory proposal*, proposed *tariff structure statement* and accompanying information comply (or that there is sufficient compliance) with the requirements of the Law and the *Rules*.

- (b) The AER must *publish*:

- (1) an issues paper not more than 40 *business days* after the submission, under clause 6.8.2, of the documents and information, but not any resubmitted documents or information, referred to in sub-paragraphs (a)(1) to (a)(3);
- (2) an invitation for written submissions on the issues paper; and
- (3) an invitation to attend a public forum on the issues paper.

- (b1) The issues paper referred to in paragraph (b) must identify preliminary issues, whether or not arising out of the documents and information referred to in sub-paragraphs (a)(1) to (a)(3), that the AER considers are likely to be relevant to its assessment of those documents or that information (however, nothing in this clause is to be taken as precluding the AER from considering other issues in making a distribution determination for the *Distribution Network Service Provider*).

- (b2) The AER must hold a public forum on the issues paper not more than 10 *business days* after the *publication* of the issues paper.

- (c) Any person may make a written submission to the *AER* on the documents and information referred to in sub-paragraphs (a)(1) to (a)(4) or the issues paper within the time specified in the invitations referred to in paragraphs (a)(5) and (b), which in each case must be not earlier than 30 *business days* after the *publication* of the issues paper.

## 6.10 Draft distribution determination and further consultation

### 6.10.1 Making of draft distribution determination

- (a) The *AER* must make a draft distribution determination in relation to the *Distribution Network Service Provider*.
- (b) In making a draft distribution determination in relation to the *Distribution Network Service Provider*, and subject to clause 6.14, the *AER* must have regard to each of the following:
  - (1) the information included in or accompanying the *regulatory proposal* and the proposed *tariff structure statement*;
  - (2) written submissions on the issues paper received under clause 6.9.3 and on the documents and information referred to in sub-paragraphs 6.9.3(a)(1) to 6.9.3(a)(4); and
  - (3) any analysis undertaken by or for the *AER* that is *published* prior to the making of the draft distribution determination or as part of the draft distribution determination.
- (ba) In addition, if the draft distribution determination will apply to a *distribution system* in this jurisdiction during the *1st regulatory control period*, the *AER* must have regard to:
  - (1) any amount that, under clause 3.1.3(a)(ii) or 3.1.5(a)(ii)(B) of Part B of the *2014 NT Network Price Determination*, the *AER* determined, before 1 July 2018, should be passed through to network users in a *regulatory year* of the *1st regulatory control period* or a subsequent *regulatory control period*; and
  - (2) any amount that, under clause 3.1.3(d)(ii) of Part B of the *2014 NT Network Price Determination*, should be passed through to network users in a *regulatory year* of the *1st regulatory control period* or a subsequent *regulatory control period* as a result of the *AER* failing, before 1 July 2018, to make a determination within the prescribed period.

**Note:**

This paragraph expires on 1 July 2019.



### 6.10.2 Publication of draft determination and consultation

- (a) The *AER* must, as soon as practicable after the relevant date referred to in clause 6.8.2(b), *publish*:
  - (1) the draft distribution determination;
  - (2) notice of the making of the draft distribution determination;
  - (3) the *AER's* reasons for suggesting that the distribution determination should be made as proposed including the draft constituent decisions i.e. the decisions made in accordance with rule 6.12 on which the draft distribution determination is predicated;
  - (4) notice of a predetermination conference; and
  - (5) an invitation for written submissions on its draft distribution determination.
- (b) The *AER* must hold the predetermination conference at the time, date and place specified in the notice under subparagraph (a)(4) for the purpose of explaining the draft distribution determination.
- (c) Any person may make a written submission to the *AER* on the draft distribution determination within the time specified in the invitation referred to in paragraph (a)(5), which must be not earlier than 45 *business days* after the making of the draft determination.

### 6.10.3 Submission of revised proposal

- (a) In addition to making written submissions, the *Distribution Network Service Provider* may, not more than 45 *business days* after the publication of the draft distribution determination, submit a revised *regulatory proposal* or a revised proposed *tariff structure statement* to the *AER*.
- (b) A *Distribution Network Service Provider* may only make the revisions referred to in paragraph (a) so as to incorporate the substance of any changes required to address matters raised by the draft distribution determination or the *AER's* reasons for it.
  - (b1) A revised proposed *tariff structure statement* must comply with the *pricing principles for direct control services* and must be accompanied by a revised *indicative pricing schedule*.
- (c) A revised *regulatory proposal* must comply with the requirements of, and must contain or be accompanied by the information required by, any relevant *regulatory information instrument* or the *Rules*.
  - (c1) If the *Distribution Network Service Provider* has identified any part of the revised *regulatory proposal* to the *AER* under this Part to be confidential, the *AER* must, as soon as is reasonably practicable, make available on its website a notice that sets out:

- (1) the fact that the revised *regulatory proposal* contains information over which a claim of confidentiality has been made;
  - (2) the proportion of material in the revised *regulatory proposal* that is subject to any claim of confidentiality compared to that which is not subject to any such claim; and
  - (3) the comparative proportion of material in the revised *regulatory proposal* that is subject to any claim of confidentiality compared to that which is subject to claims of confidentiality in the revised *regulatory proposals* of other *Distribution Network Service Providers*.
- (d) Subject to the provisions of the Law and the *Rules* about the disclosure of *confidential information*, the *AER* must *publish* a revised *regulatory proposal* or a revised proposed *tariff structure statement* submitted by the *Distribution Network Service Provider* under paragraph (a), together with the accompanying information, as soon as practicable after receipt by the *AER*.
- (e) The *AER* may invite written submissions on the revised *regulatory proposal* or the revised proposed *tariff structure statement*.

#### **6.10.4 Submissions on specified matters**

If the *AER* invites submissions on a revised *regulatory proposal* or a revised proposed *tariff structure statement* under clause 6.10.3(e), the *AER* may invite further written submissions on the submissions received under clause 6.10.2(c) or 6.10.3(e) by *publishing* an invitation which specifies:

- (a) the matters in respect of which submissions are invited; and
- (b) the time for making submissions, which must not be earlier than 15 *business days* after the date on which the invitation was *published*.

### **6.11 Distribution determination**

#### **6.11.1 Making of distribution determination**

- (a) The *AER* must make a distribution determination in relation to the *Distribution Network Service Provider*.
- (b) In making a distribution determination in relation to the *Distribution Network Service Provider*, and subject to rule 6.14, the *AER* must have regard to each of the following:
  - (1) the information included in or accompanying the *regulatory proposal* and the proposed *tariff structure statement*;
  - (2) written submissions received under this Part E; and

- (3) any analysis undertaken by or for the *AER* that is *published* prior to the making of the distribution determination or as part of the distribution determination.
- (ba) In addition, if the distribution determination will apply to a *distribution system* in this jurisdiction during the *1st regulatory control period*, the *AER* must have regard to:
- (1) any amount that, under clause 3.1.3(a)(ii) or 3.1.5(a)(ii)(B) of Part B of the *2014 NT Network Price Determination*, the *AER* determined, before 1 July 2018, should be passed through to network users in a *regulatory year* of the *1st regulatory control period* or a subsequent *regulatory control period*; and
  - (2) any amount that, under clause 3.1.3(d)(ii) of Part B of the *2014 NT Network Price Determination*, should be passed through to network users in a *regulatory year* of the *1st regulatory control period* or a subsequent *regulatory control period* as a result of the *AER* failing, before 1 July 2018, to make a determination within the prescribed period.

**Note:**

This paragraph (ba) expires on 1 July 2019.

- (c) The *AER* must use its best endeavours to *publish*, a reasonable time prior to the making of the distribution determination, any analysis undertaken by or for it on which it proposes to rely, or to which it proposes to refer, for the purposes of the distribution determination.

### **6.11.1A Out of scope revised regulatory proposal or late submissions**

On or before making a distribution determination, the *AER* must make available on its website:

- (a) a summary of any revisions to the relevant *regulatory proposal* or proposed *tariff structure statement* that have been made in a revised *regulatory proposal* or revised proposed *tariff structure statement* that do not comply with clause 6.10.3(b), together with an indication of the amount of that information;
- (b) a summary of any submissions on the draft distribution determination, revised *regulatory proposal* or revised proposed *tariff structure statement* that were made by the *Distribution Network Service Provider* and that contain information that the *Distribution Network Service Provider* was entitled to incorporate in the revised *regulatory proposal* or the revised proposed *tariff structure statement* under clause 6.10.3(b), together with an indication of the amount of that information;
- (c) a summary of any submissions that purport to be made by the *Distribution Network Service Provider* under clause 6.10.4 but are in respect of matters

other than those specified by the *AER* under that clause, together with an indication of the length of those submissions; and

- (d) a summary of any submissions on the draft determination, revised *regulatory proposal* or revised proposed *tariff structure statement* that were made by the *Distribution Network Service Provider* after the time for making the submissions has expired, together with an indication of the length of those submissions.

For the purpose of this clause 6.11.1A, revisions or submissions may be summarised by cross-referencing to the relevant *regulatory proposal*, proposed *tariff structure statement* or submissions.

### **6.11.2 Notice of distribution determination**

The *AER* must as soon as practicable, but not later than 2 months before the commencement of the relevant *regulatory control period*, publish:

- (1) notice of the making of the distribution determination;
- (2) the distribution determination itself; and
- (3) the *AER's* reasons for making the distribution determination in its final form including the constituent decisions i.e. the decisions made in accordance with rule 6.12 on which the distribution determination is predicated.

### **6.11.3 Commencement of distribution determination**

- (a) A distribution determination takes effect at the commencement of the *regulatory control period* to which it relates.
- (b) If a period intervenes between the end of one *regulatory control period* and the commencement of a new distribution determination providing for the next *regulatory control period*:
  - (1) the previous distribution determination continues in force during the intervening period;
  - (2) the previous *approved pricing proposal* continues in force (despite any contrary provision of these *Rules*) during the intervening period and the first *regulatory year* of the later *regulatory control period*; and
  - (3) the later distribution determination is to make provision for appropriate adjustments to the *approved pricing proposals* for subsequent *regulatory years* of the *regulatory control period*.

## 6.12 Requirements relating to draft and final distribution determinations

### 6.12.1AA Application in this jurisdiction

Clauses 6.12.1(21) and 6.12.3(i) and (j) have no effect in this jurisdiction until the *National Energy Retail Law* is applied as a law of this jurisdiction.

### 6.12.1 Constituent decisions

A distribution determination is predicated on the following decisions by the *AER* (**constituent decisions**):

- (1) a decision on the classification of the services to be provided by the *Distribution Network Service Provider* during the course of the *regulatory control period*;
- (2) a decision on the *Distribution Network Service Provider's* current *building block proposal* in which the *AER* either approves or refuses to approve:
  - (i) the *annual revenue requirement* for the *Distribution Network Service Provider*, as set out in the *building block proposal*, for each *regulatory year* of the *regulatory control period*; and
  - (ii) the commencement and length of the *regulatory control period* as proposed in the *building block proposal*;
- (3) a decision in which the *AER* either:
  - (i) acting in accordance with clause 6.5.7(c), accepts the total of the forecast capital expenditure for the *regulatory control period* that is included in the current *building block proposal*; or
  - (ii) acting in accordance with clause 6.5.7(d), does not accept the total of the forecast capital expenditure for the *regulatory control period* that is included in the current *building block proposal*, in which case the *AER* must set out its reasons for that decision and an estimate of the total of the *Distribution Network Service Provider's* required capital expenditure for the *regulatory control period* that the *AER* is satisfied reasonably reflects the *capital expenditure criteria*, taking into account the *capital expenditure factors*;
- (4) a decision in which the *AER* either:
  - (i) acting in accordance with clause 6.5.6(c), accepts the total of the forecast operating expenditure for the *regulatory control period* that is included in the current *building block proposal*; or
  - (ii) acting in accordance with clause 6.5.6(d), does not accept the total of the forecast operating expenditure for the *regulatory control period* that is included in the current *building block proposal*, in which case the *AER* must set out its reasons for that decision and an estimate of

the total of the *Distribution Network Service Provider's* required operating expenditure for the *regulatory control period* that the *AER* is satisfied reasonably reflects the *operating expenditure criteria*, taking into account the *operating expenditure factors*;

- (4A) a decision in which the *AER* determines:
- (i) whether each of the *proposed contingent projects* (if any) described in the current *regulatory proposal* are *contingent projects* for the purposes of the distribution determination in which case the decision must clearly identify each of those *contingent projects*;
  - (ii) the capital expenditure that it is satisfied reasonably reflects the *capital expenditure criteria*, taking into account the *capital expenditure factors*, in the context of each *contingent project* as described in the current *regulatory proposal*;
  - (iii) the *trigger events* in relation to each *contingent project* (in which case the decision must clearly specify those *trigger events*); and
  - (iv) if the *AER* determines that such a *proposed contingent project* is not a *contingent project* for the purposes of the distribution determination, its reasons for that conclusion, having regard to the requirements of clause 6.6A.1(b);
- (5) a decision on the *allowed rate of return* for each *regulatory year* of the *regulatory control period* in accordance with clause 6.5.2;
- (5A) a decision on whether the return on debt is to be estimated using a methodology referred to in clause 6.5.2(i)(2) and, if that is the case, the formula that is to be applied in accordance with clause 6.5.2(1);
- (5B) a decision on the value of imputation credits as referred to in clause 6.5.3;
- (6) a decision on the regulatory asset base as at the commencement of the *regulatory control period* in accordance with clause 6.5.1 and schedule 6.2;
- (7) a decision on the estimated cost of corporate income tax to the *Distribution Network Service Provider* for each *regulatory year* of the *regulatory control period* in accordance with clause 6.5.3;
- (8) a decision on whether or not to approve the depreciation schedules submitted by the *Distribution Network Service Provider* and, if the *AER* decides against approving them, a decision determining depreciation schedules in accordance with clause 6.5.5(b);
- (9) a decision on how any applicable *efficiency benefit sharing scheme*, *capital expenditure sharing scheme*, *service target performance incentive scheme*, *demand management incentive scheme*, *demand management innovation allowance mechanism* or *small-scale incentive scheme* is to apply to the *Distribution Network Service Provider*;

- (10) a decision in which the *AER* decides other appropriate amounts, values or inputs;
- (11) a decision on the form of the control mechanisms (including the X factor) for *standard control services* (to be in accordance with the relevant *framework and approach paper*) and on the formulae that give effect to those control mechanisms;
- (12) a decision on the form of the control mechanisms for *alternative control services* (to be in accordance with the relevant *framework and approach paper*) and on the formulae that give effect to those control mechanisms;
- (13) a decision on how compliance with a relevant control mechanism is to be demonstrated;
- (14) a decision on the additional *pass through events* that are to apply for the *regulatory control period* in accordance with clause 6.5.10;
- (14A) a decision on the *Distribution Network Service Provider's* proposed *tariff structure statement*, in which the *AER* either approves or refuses to approve that statement;
- (15) a decision on the *negotiating framework* that is to apply to the *Distribution Network Service Provider* for the *regulatory control period* (which may be the *negotiating framework* as proposed by the *Distribution Network Service Provider*, some variant of it, or a framework substituted by the *AER*);
- (16) a decision in which the *AER* decides the *Negotiated Distribution Service Criteria* for the *Distribution Network Service Provider*;
- (17) a decision on the policies and procedures for assigning *retail customers* to *tariff classes*, or reassigning *retail customers* from one *tariff class* to another (including any applicable restrictions);
- (17A) a decision on the approval of the proposed *pricing methodology* for *transmission standard control services* (if rule 6.26 applies);
- (18) a decision on whether depreciation for establishing the regulatory asset base as at the commencement of the following *regulatory control period* is to be based on actual or forecast capital expenditure;

**Note:**

See clause S6.2.2B.

- (19) a decision on how the *Distribution Network Service Provider* is to report to the *AER* on its recovery of *designated pricing proposal charges* for each *regulatory year* of the *regulatory control period* and on the adjustments to be made to subsequent *pricing proposals* to account for over or under recovery of those charges;
- (20) a decision on how the *Distribution Network Service Provider* is to report to the *AER* on its recovery of *jurisdictional scheme amounts* for each

*regulatory year of the regulatory control period and on the adjustments to be made to subsequent pricing proposals to account for over or under recovery of those amounts. A decision under this subparagraph (20) must be made in relation to each jurisdictional scheme under which the Distribution Network Service Provider has jurisdictional scheme obligations at the time the decision is made; and*

- (21) a decision on the *connection policy* that is to apply to the *Distribution Network Service Provider* for the *regulatory control period* (which may be the *connection policy* as proposed by the *Distribution Network Service Provider*, some variant of it, or a policy substituted by the *AER*).

### 6.12.2 Reasons for decisions

- (a) The reasons given by the *AER* for a draft distribution determination under rule 6.10 or a final distribution determination under rule 6.11 must set out the basis and rationale of the determination, including:
- (1) details of the qualitative and quantitative methods applied in any calculations and formulae made or used by the *AER*;
  - (2) the values adopted by the *AER* for each of the input variables in any calculations and formulae, including:
    - (i) whether those values have been taken or derived from the *Distribution Network Service Provider's* current building block proposal; and
    - (ii) if not, the rationale for the adoption of those values;
  - (3) details of any assumptions made by the *AER* in undertaking any material qualitative and quantitative analyses; and
  - (4) reasons for the making of any decisions, the giving or withholding of any approvals, and the exercise of any discretions as referred to in this Chapter 6, for the purposes of the determination, such reasons being expressed by reference to the requirements relating to such decisions, approvals or discretions as are contained in this Chapter.
- (b) The *AER* must include in its reasons for a draft distribution determination under rule 6.10 or a final distribution determination under rule 6.11 a statement, with supporting reasons, as to the extent to which the roll forward of the regulatory asset base as determined under clause 6.12.1(6) contributes to the achievement of the *capital expenditure incentive objective*.

### 6.12.3 Extent of AER's discretion in making distribution determinations

- (a) Subject to this clause and other provisions of this Chapter 6 explicitly negating or limiting the *AER's* discretion, the *AER* has a discretion to accept or approve, or to refuse to accept or approve, any element of a *regulatory proposal* or proposed *tariff structure statement*.



- (b) The classification of *distribution services* must be as set out in the relevant *framework and approach paper* unless the *AER* considers that unforeseen circumstances justify departing from the classification as set out in that paper.
- (c) The form of the control mechanisms must be as set out in the relevant *framework and approach paper*.
- (c1) The formulae that give effect to the control mechanisms referred to in paragraph (c) must be as set out in the relevant *framework and approach paper* unless the *AER* considers that unforeseen circumstances justify departing from the formulae as set out in that paper.
- (d) The *AER* must approve the *total revenue requirement* for a *Distribution Network Service Provider* for a *regulatory control period*, and the *annual revenue requirement* for each *regulatory year* of the *regulatory control period*, as set out in the *Distribution Network Service Provider's current building block proposal*, if the *AER* is satisfied that those amounts have been properly calculated using the *post-tax revenue model* on the basis of amounts calculated, determined or forecast in accordance with the requirements of Part C of this Chapter 6.
- (e) The *AER* must approve a proposed *regulatory control period* if the proposed period consists of 5 *regulatory years*.
- (f) **[Deleted]**
- (g) The *AER* must approve a proposed *negotiating framework* if the *AER* is satisfied that it adequately complies with the requirements of Part D.
- (h) If the *AER* refuses to approve the proposed *negotiating framework*, the approved amended *negotiating framework* must be:
  - (1) determined on the basis of the current proposed *negotiating framework*; and
  - (2) amended from that basis only to the extent necessary to enable it to be approved in accordance with the *Rules*.
- (i) The *AER* must approve the proposed *connection policy* if the *AER* is satisfied that it adequately complies with the requirements of Part DA.
- (j) If the *AER* refuses to approve the proposed *connection policy*, the approved amended *connection policy* must be:
  - (1) determined on the basis of the current proposed *connection policy*; and
  - (2) amended from that basis only to the extent necessary to enable it to be approved in accordance with the *Rules*.
- (k) The *AER* must approve a *Distribution Network Service Provider's* proposed *tariff structure statement* unless the *AER* is reasonably satisfied that the

proposed *tariff structure statement* does not comply with the *pricing principles for direct control services* or other applicable requirements of the *Rules*.

- (l) If, in making a distribution determination in relation to a *Distribution Network Service Provider*, the *AER* refuses to approve the *Distribution Network Service Provider's* proposed *tariff structure statement*, the *AER* must include in that distribution determination an amended *tariff structure statement* which is:
  - (1) determined on the basis of the *Distribution Network Service Provider's* proposed *tariff structure statement*; and
  - (2) amended from that basis only to the extent necessary to enable it to be approved in accordance with the *Rules*.

### **6.13 Revocation and substitution of distribution determination for wrong information or error**

- (a) The *AER* may (but is not required to) revoke a distribution determination during a *regulatory control period* if it appears to the *AER* that the distribution determination is affected by a material error or deficiency of one or more of the following kinds:
  - (1) a clerical mistake or an accidental slip or omission;
  - (2) a miscalculation or misdescription;
  - (3) a defect in form; or
  - (4) a deficiency resulting from the provision of false or materially misleading information to the *AER*.
- (b) If the *AER* revokes a distribution determination under paragraph (a), the *AER* must make a new distribution determination in substitution for the revoked distribution determination to apply for the remainder of the *regulatory control period* for which the revoked distribution determination was to apply.
- (c) If the *AER* revokes and substitutes a distribution determination under paragraphs (a) and (b), the substituted distribution determination must only vary from the revoked distribution determination to the extent necessary to correct the relevant error or deficiency.
- (d) The *AER* may only revoke and substitute a distribution determination under this rule 6.13, if it has first consulted with the relevant *Distribution Network Service Provider* and such other persons as it considers appropriate.

## 6.14 Miscellaneous

- (a) The *AER* may, but is not required to, consider any submission made pursuant to an invitation for submissions after the time for making the submission has expired.
- (b) Nothing in this Part E is to be construed as precluding the *AER* from *publishing* any issues, consultation and discussion papers, or holding any conferences and information sessions, that the *AER* considers appropriate.
- (c) Subject to paragraph (d), as soon as practicable after the *AER* receives a submission in response to an invitation for submissions that is made under this Chapter (whether or not the submission was made before the time for making it has expired), the *AER* must *publish* that submission.
- (d) The *AER* must not *publish* a submission referred to in paragraph (c) to the extent it contains information which has been clearly identified as confidential by the person making the submission.
- (e) The *AER* may give such weight to *confidential information* identified in accordance with paragraph (d) in a submission as it considers appropriate, having regard to the fact that such information has not been made publicly available.
- (f) Paragraph (d) does not apply to the extent that any other provision of the Law or the *Rules* permits or requires such information to be publicly released by the *AER*.

## 6.14A Distribution Confidentiality Guidelines

- (a) The *AER* must, in accordance with the *distribution consultation procedures*, make and *publish* guidelines (*Distribution Confidentiality Guidelines*).
- (b) The *Distribution Confidentiality Guidelines* must specify the manner in which the *Distribution Network Service Provider* may make confidentiality claims in its *regulatory proposal*, which may include categories of confidential information by reference to which *Distribution Network Service Providers* must classify any claims of confidentiality in their *regulatory proposals*.
- (c) There must be *Distribution Confidentiality Guidelines* in force at all times after the date on which the *AER* first *publishes* the *Distribution Confidentiality Guidelines* under these *Rules*.
- (d) The *Distribution Confidentiality Guidelines* are binding on the *AER* and each *Distribution Network Service Provider* to which they apply.
- (da) For the application of these *Rules* in this jurisdiction:
  - (1) the *Distribution Confidentiality Guidelines* that are in force in the other *participating jurisdictions* on 1 July 2016 are taken:

- (i) to be the *Distribution Confidentiality Guidelines* in force in this jurisdiction (subject to any amendment or replacement under these *Rules*); and
  - (ii) to have been made and *published* by the *AER* on 1 July 2016; and
- (2) the *AER* is taken to have complied with the requirements of paragraphs (a) and (b) in making and *publishing* the *Distribution Confidentiality Guidelines*.

## **Part F Cost Allocation**

### **6.15 Cost allocation**

#### **6.15.1 Duty to comply with Cost Allocation Method**

A *Distribution Network Service Provider* must comply with the *Cost Allocation Method* that has been approved in respect of that provider from time to time by the *AER* under this rule 6.15.

#### **6.15.2 Cost Allocation Principles**

The following principles constitute the *Cost Allocation Principles*:

- (1) the detailed principles and policies used by a *Distribution Network Service Provider* to allocate costs between different categories of *distribution services* must be described in sufficient detail to enable the *AER* to replicate reported outcomes through the application of those principles and policies;
- (2) the allocation of costs must be determined according to the substance of a transaction or event rather than its legal form;
- (3) only the following costs may be allocated to a particular category of *distribution services*:
  - (i) costs which are directly attributable to the provision of those services;
  - (ii) costs which are not directly attributable to the provision of those services but which are incurred in providing those services, in which case such costs must be allocated to the provision of those services using an appropriate allocator which should:
    - (A) except to the extent the cost is immaterial or a causal based method of allocation cannot be established without undue cost and effort, be causation based; and
    - (B) to the extent the cost is immaterial or a causal based method of allocation cannot be established without undue cost and effort, be an allocator that accords with a well accepted cost allocation method;

- (4) any cost allocation method which is used, the reasons for using that method and the numeric quantity (if any) of the chosen allocator must be clearly described;
- (5) the same cost must not be allocated more than once;
- (6) the principles, policies and approach used to allocate costs must be consistent with the *Distribution Ring-Fencing Guidelines*;
- (7) costs which have been allocated to a particular service cannot be reallocated to another service during the course of a *regulatory control period*.

**Note:**

The *Cost Allocation Guidelines* are required by clause 6.15.3 to give effect to and be consistent with, the *Cost Allocation Principles*.

### **6.15.3 Cost Allocation Guidelines**

- (a) The *AER* must, in accordance with the *distribution consultation procedures*, make and *publish* guidelines (the *Cost Allocation Guidelines*) relating to the preparation by a *Distribution Network Service Provider* of its *Cost Allocation Method*.
- (b) The *Cost Allocation Guidelines* must give effect to and be consistent with the *Cost Allocation Principles*.
- (c) Without limiting the generality of paragraph (b), the *Cost Allocation Guidelines* may specify:
  - (1) the format of a *Cost Allocation Method*;
  - (2) the detailed information that is to be included in a *Cost Allocation Method*;
  - (3) the categories of *distribution services* which are to be separately addressed in a *Cost Allocation Method*, such categories being determined by reference to the nature of those services, the persons to whom those services are provided or such other factors as the *AER* considers appropriate; and
  - (4) the allocation methods which are acceptable and the supporting information that is to be included in relation to such methodologies in a *Cost Allocation Method*.
- (d) The *Cost Allocation Guidelines* are binding on the *AER* and each *Distribution Network Service Provider* to which they apply.
- (e) The *AER* must *publish* the first *Cost Allocation Guidelines* within 6 months after the commencement of these *Rules* and there must be *Cost Allocation Guidelines* in force at all times after that date.
- (ea) For the application of these *Rules* in this jurisdiction:

- (1) the *Cost Allocation Guidelines* that are in force in the other *participating jurisdictions* on 1 July 2016 are taken:
  - (i) to be the *Cost Allocation Guidelines* in force in this jurisdiction (subject to any amendment or replacement under these *Rules*); and
  - (ii) to have been made and *published* by the AER on 1 July 2016; and
- (2) the AER is taken to have complied with the requirements of paragraphs (a), (b) and (e) in making and *publishing* the *Cost Allocation Guidelines*.

#### **6.15.4 Cost Allocation Method**

- (a) Each *Distribution Network Service Provider* in this jurisdiction must submit to the AER for its approval a document setting out its proposed *Cost Allocation Method* within 6 months of being required to do so by the AER.
- (b) The *Cost Allocation Method* proposed by a *Distribution Network Service Provider* must give effect to and be consistent with the *Cost Allocation Guidelines*.
- (c) The AER may approve or refuse to approve a *Cost Allocation Method* submitted under paragraph (a).
- (d) The AER must notify the relevant *Distribution Network Service Provider* of its decision to approve or refuse to approve the *Cost Allocation Method* submitted to it under paragraph (a) within 6 months of its submission, failing which the AER will be taken to have approved it.
- (e) As part of giving any approval referred to in paragraph (c), the AER may, after consulting with the relevant *Distribution Network Service Provider*, amend the *Cost Allocation Method* submitted to it, in which case the *Cost Allocation Method* as so amended will be taken to be approved by the AER.
- (f) A *Distribution Network Service Provider* may, with the AER's approval, amend its *Cost Allocation Method* from time to time but:
  - (1) the amendment:
    - (i) may be approved on condition that the *Distribution Network Service Provider* agree to incorporate into the amendment specified additional changes to the *Cost Allocation Method* the AER reasonably considers necessary or desirable as a result of the amendment as submitted; and
    - (ii) if approved on such a condition, does not take effect unless and until the *Distribution Network Service Provider* notifies the AER of its agreement; and

- (2) if 6 months elapse from the date of the submission of the amendment and the *AER* has not notified the *Distribution Network Service Provider* within that period of its approval or refusal to approve the amendment, the amendment is, at the end of that period, conclusively presumed to have been unconditionally approved.
- (g) A *Distribution Network Service Provider* must amend its *Cost Allocation Method* where the amendment is required by the *AER* to take into account any change to the *Cost Allocation Guidelines*, but the amendment only comes into effect:
  - (1) on the date that the *AER* approves that amendment, or 3 months after the submission of the amendment, whichever is the earlier; and
  - (2) subject to additional changes to the *Cost Allocation Method* (if any) the *AER* reasonably considers necessary or desirable as a result of the amendment and notifies to the *Distribution Network Service Provider* before the amendment takes effect.
- (h) A *Distribution Network Service Provider* must maintain a current copy of its *Cost Allocation Method* on its website.

## **Part G Distribution consultation procedures**

### **6.16 Distribution consultation procedures**

- (a) This rule 6.16 applies wherever the *AER* is required to comply with the *distribution consultation procedures*. For the avoidance of doubt, the *distribution consultation procedures* are separate from, and (where they are required to be complied with) apply to the exclusion of, the *Rules consultation procedures* under rule 8.9.
- (b) If the *AER* is required to comply with the *distribution consultation procedures* in preparing, making, developing, reviewing, amending or replacing any guidelines, methodologies, models, schemes, or tests, it must *publish*:
  - (1) the proposed guideline, methodology, model, scheme, test or amendment;
  - (2) an explanatory statement that sets out the provision of the *Rules* under or for the purposes of which the guideline, methodology, model, scheme, test or amendment is proposed to be prepared, made or developed or is required to be reviewed, and the reasons for the proposed guideline, methodology, model, scheme, test or amendment; and
  - (3) an invitation for written submissions on the proposed guideline, methodology, model, scheme, test or amendment, or the review, (as the case may be).

- (c) The invitation must allow no less than 30 *business days* for the making of submissions, and the *AER* is not required to consider any submission made pursuant to that invitation after this time period has expired.
- (d) The *AER* may *publish* such issues, consultation and discussion papers, and hold such conferences and information sessions, in relation to the proposed guideline, methodology, model, scheme, test or amendment, or the review, as it considers appropriate.
- (e) Within 80 *business days* of *publishing* the documents referred to in paragraph (b), the *AER* must *publish*:
  - (1) its final decision on the guideline, methodology, model, scheme, test, amendment or review that sets out:
    - (i) the guideline, methodology, model, scheme, test or amendment (if any);
    - (ii) the provision of the *Rules* under which or for the purposes of which the guideline, methodology, model, scheme, test or amendment is being prepared, made or developed or is being reviewed;
    - (iii) the reasons for the guideline, methodology, model, scheme, test or amendment; and
    - (iv) the reasons for the outcome of any review; and
  - (2) notice of the making of the final decision on the guideline, methodology, model, scheme, test, amendment or review.
- (f) Subject to paragraph (c), the *AER* must, in making its final decision referred to in paragraph (e)(1), consider any submissions made pursuant to the invitation for submissions referred to in paragraph (b)(3), and the reasons referred to in paragraph (e)(1)(iii) or (iv) must include:
  - (1) a summary of each issue raised in those submissions that the *AER* reasonably considers to be material; and
  - (2) the *AER's* response to each such issue.
- (g) The *AER* may extend the time within which it is required to publish its final decision if:
  - (1) the consultation involves issues of unusual complexity or difficulty; and
  - (2) the extension of time has become necessary because of circumstances beyond the *AER's* control.



## Part H Ring-Fencing Arrangements for Distribution Network Service Providers

### 6.17 Distribution Ring-Fencing Guidelines

#### 6.17.1 Compliance with Distribution Ring-Fencing Guidelines

All *Distribution Network Service Providers* must comply with the *Distribution Ring-Fencing Guidelines* prepared in accordance with clause 6.17.2.

#### 6.17.2 Development of Distribution Ring-Fencing Guidelines

- (a) Guidelines must be developed by the *AER* for the accounting and functional separation of the provision of *direct control services* by *Distribution Network Service Providers* from the provision of other services by *Distribution Network Service Providers* (the *Distribution Ring-Fencing Guidelines*). The guidelines may vary in application as between different *participating jurisdictions*.

**Note:**

Clause 11.14.5 will have a bearing on the application of these guidelines in certain cases.

- (b) The *Distribution Ring-Fencing Guidelines* may include, but are not limited to:
- (1) provisions defining the need for and extent of:
    - (i) legal separation of the entity through which a *Distribution Network Service Provider* provides *network services* from any other entity through which it conducts business; and
    - (ii) the establishment and maintenance of consolidated and separate accounts for *standard control services*, *alternative control services* and other services provided by the *Distribution Network Service Provider*; and
    - (iii) allocation of costs between *standard control services*, *alternative control services* and other services provided by the *Distribution Network Service Provider*; and
    - (iv) limitations on the flow of information between the *Distribution Network Service Provider* and any other person; and
    - (v) limitations on the flow of information where there is the potential for a competitive disadvantage between those parts of the *Distribution Network Service Provider's* business which provide *direct control services* and parts of the provider's business which provide any other services; and

- (2) provisions allowing the *AER* to add to or to waive a *Distribution Network Service Provider's* obligations under the *Distribution Ring-Fencing Guidelines*.
- (c) In developing or amending the *Distribution Ring-Fencing Guidelines* the *AER* must consider, without limitation, the need, so far as practicable, for consistency between the *Distribution Ring-Fencing Guidelines* and the *Transmission Ring-Fencing Guidelines*.
- (d) In developing or amending the *Distribution Ring-Fencing Guidelines*, the *AER* must consult with *participating jurisdictions, Registered Participants, AEMO* and other *interested parties*, and such consultation must be otherwise in accordance with the *distribution consultation procedures*.

## **Part I Distribution Pricing Rules**

### **6.18 Distribution Pricing Rules**

#### **6.18.1 Application of this Part**

This Part applies to tariffs and *tariff classes* related to *direct control services*.

#### **6.18.1A Tariff structure statement**

- (a) A *tariff structure statement* of a *Distribution Network Service Provider* must include the following elements:
  - (1) the *tariff classes* into which *retail customers* for *direct control services* will be divided during the relevant *regulatory control period*;
  - (2) the policies and procedures the *Distribution Network Service Provider* will apply for assigning *retail customers* to tariffs or reassigning *retail customers* from one tariff to another (including any applicable restrictions);
  - (3) the structures for each proposed tariff;
  - (4) the *charging parameters* for each proposed tariff; and
  - (5) a description of the approach that the *Distribution Network Service Provider* will take in setting each tariff in each *pricing proposal* of the *Distribution Network Service Provider* during the relevant *regulatory control period* in accordance with clause 6.18.5.
- (b) A *tariff structure statement* must comply with the *pricing principles* for *direct control services*.
- (c) A *Distribution Network Service Provider* must comply with the *tariff structure statement* approved by the *AER* and any other applicable requirements in the *Rules*, when the provider is setting the prices that may be charged for *direct control services*.

- (d) Subject to clause 6.18.1B, a *tariff structure statement* may not be amended during a *regulatory control period*.

**Note:**

Rule 6.13 still applies in relation to a *tariff structure statement* because that rule deals with the revocation and substitution of a distribution determination (which includes a *tariff structure statement*) as opposed to its amendment.

- (e) A *tariff structure statement* must be accompanied by an *indicative pricing schedule* which sets out, for each tariff for each *regulatory year* of the *regulatory control period*, the indicative price levels determined in accordance with the *tariff structure statement*.

### 6.18.1B Amending a tariff structure statement with the AER's approval

- (a) No later than nine months before the start of a *regulatory year* (other than the first *regulatory year* of a *regulatory control period*) (**relevant regulatory year**), a *Distribution Network Service Provider* may request the *AER* to approve an amendment to its current *tariff structure statement*.
- (b) A request for an amendment to a *tariff structure statement* under paragraph (a) must include:
- (1) the proposed amended *tariff structure statement*;
  - (2) a description of the event that has occurred to cause the *Distribution Network Service Provider* to seek an amendment to its current *tariff structure statement* and why the event:
    - (i) was beyond the reasonable control of the *Distribution Network Service Provider*; and
    - (ii) could not reasonably have been foreseen by the *Distribution Network Service Provider* at the time its current *tariff structure statement* was approved by the *AER*.
  - (3) a description and justification of the differences between the proposed amended *tariff structure statement* and the *Distribution Network Service Provider's* current *tariff structure statement*;
  - (4) a description of how the differences referred to in sub-paragraph (3) would impact the other elements of the *tariff structure statement*;
  - (5) a description of how the proposed amended *tariff structure statement* would better comply with the *pricing principles for direct control services* than the current *tariff structure statement*; and
  - (6) a description of how the *Distribution Network Service Provider* has engaged with *retail customers* and *retailers* in developing the proposed amended *tariff structure statement* and has sought to address any relevant concerns identified as a result of that engagement.

- (c) The *AER* must, on receipt of a *Distribution Network Service Provider's* request for an amendment to its *tariff structure statement*, publish the request.
- (d) The *AER* must approve the request for an amendment to a *tariff structure statement* under paragraph (a) if the *Distribution Network Service Provider* demonstrates to the reasonable satisfaction of the *AER* that:
  - (1) an event has occurred that:
    - (i) was beyond the reasonable control of the *Distribution Network Service Provider*; and
    - (ii) could not reasonably have been foreseen by the *Distribution Network Service Provider* at the time its current *tariff structure statement* was approved by the *AER*; and
  - (2) as a result of the event referred to in sub-paragraph (1), the proposed amended *tariff structure statement* would, or would be likely to, materially better comply with the *pricing principles for direct control services* than the *Distribution Network Service Provider's* current *tariff structure statement*.
- (e) No later than four months before the start of the relevant *regulatory year*, the *AER* must either approve or refuse to approve the request for an amendment to a *tariff structure statement* under paragraph (a) and set out reasons for its decision.
- (f) If the *AER* refuses to approve the request for an amendment to a *tariff structure statement* under paragraph (a), the current *tariff structure statement* will apply for the relevant *regulatory year* and, subject to any subsequent amendment approved under this clause 6.18.1B, the remainder of the *regulatory control period*.

**Note:**

Rule 6.13 still applies in relation to a *tariff structure statement* because that rule deals with the revocation and substitution of a distribution determination (which includes a *tariff structure statement*) as opposed to its amendment.

### **6.18.1C Sub-threshold tariffs**

- (a) No later than four months before the start of a *regulatory year* (other than the first *regulatory year* of a *regulatory control period*), a *Distribution Network Service Provider* may notify the *AER*, affected *retailers* and affected *retail customers* of a new proposed tariff (a **relevant tariff**) that is determined otherwise than in accordance with the *Distribution Network Service Provider's* current *tariff structure statement*, if both of the following are satisfied:
  - (1) the *Distribution Network Service Provider's* forecast revenue from the relevant tariff during each *regulatory year* in which the tariff is to

apply is no greater than 0.5 per cent of the *Distribution Network Service Provider's annual revenue requirement* for that *regulatory year* (the **individual threshold**); and

- (2) the *Distribution Network Service Provider's* forecast revenue from the relevant tariff, as well as from all other relevant tariffs, during each *regulatory year* in which those tariffs are to apply is no greater than one per cent of the *Distribution Network Service Provider's annual revenue requirement* for that *regulatory year* (the **cumulative threshold**).

- (b) Notwithstanding any other provision in the *Rules* to the contrary, a relevant tariff notified by the *Distribution Network Service Provider* in accordance with paragraph (a) is, for the remainder of the *regulatory control period* in which the notification is given:

- (1) not required to comply with the *pricing principles for direct control services*; and
- (2) for the purposes of the submission and approval of a *pricing proposal*, deemed to comply with the *Distribution Network Service Provider's* current *tariff structure statement*,

unless, at any point in time after the notification of the relevant tariff is given under paragraph (a) (the **post-notification point**), either the individual threshold or the cumulative threshold (in each case calculated using actual rather than forecast revenue) are exceeded by virtue of the amount of revenue that is attributable to the relevant tariff, in which case sub-paragraphs (1) and (2) cease to apply to the relevant tariff in relation to the *regulatory years* that commence after the post-notification point.

- (c) Where sub-paragraphs (b)(1) and (2) cease to apply to a relevant tariff in accordance with paragraph (b), then sub-paragraphs (b)(1) and (2) will be taken to continue to apply to other relevant tariffs that were notified before the post-notification point, but only to the extent that those sub-paragraphs would apply if the first-mentioned relevant tariff were not a relevant tariff.

## 6.18.2 Pricing proposals

- (a) A *Distribution Network Service Provider* must:
  - (1) submit to the *AER*, as soon as practicable, and in any case within 15 *business days*, after *publication* of the distribution determination, a *pricing proposal* (the **initial pricing proposal**) for the first *regulatory year* of the *regulatory control period*; and
  - (2) submit to the *AER*, at least 3 months before the commencement of the second and each subsequent *regulatory year* of the *regulatory control period*, a further *pricing proposal* (an **annual pricing proposal**) for the relevant *regulatory year*.

- (b) A *pricing proposal* must:
- (1) **[Deleted]**;
  - (2) set out the proposed tariffs for each *tariff class* that is specified in the *Distribution Network Service Provider's tariff structure statement* for the relevant *regulatory control period*;
  - (3) set out, for each proposed tariff, the *charging parameters* and the elements of service to which each *charging parameter* relates;
  - (4) set out, for each *tariff class* related to *standard control services*, the expected weighted average revenue for the relevant *regulatory year* and also for the current *regulatory year*;
  - (5) set out the nature of any variation or adjustment to the tariff that could occur during the course of the *regulatory year* and the basis on which it could occur;
  - (6) set out how *designated pricing proposal charges* are to be passed on to customers and any adjustments to tariffs resulting from over or under recovery of those charges in the previous *regulatory year*;
  - (6A) set out how *jurisdictional scheme amounts* for each *approved jurisdictional scheme* are to be passed on to customers and any adjustments to tariffs resulting from over or under recovery of those amounts;
  - (6B) describe how each *approved jurisdictional scheme* that has been amended since the *last jurisdictional scheme approval date* meets the *jurisdictional scheme eligibility criteria*;
  - (7) demonstrate compliance with the *Rules* and any applicable distribution determination, including the *Distribution Network Service Provider's tariff structure statement* for the relevant *regulatory control period*;
  - (7A) demonstrate how each proposed tariff is consistent with the corresponding indicative pricing levels for the relevant *regulatory year* as set out in the relevant *indicative pricing schedule*, or explain any material differences between them; and
  - (8) describe the nature and extent of change from the previous *regulatory year* and demonstrate that the changes comply with the *Rules* and any applicable distribution determination.
- (c) The *AER* must on receipt of a *pricing proposal* from a *Distribution Network Service Provider* publish the proposal.
- (d) At the same time as a *Distribution Network Service Provider* submits a *pricing proposal* under paragraph (a), the *Distribution Network Service Provider* must submit to the *AER* a revised *indicative pricing schedule* which sets out, for each tariff and for each of the remaining *regulatory years*

of the *regulatory control period*, the indicative price levels determined in accordance with the *Distribution Network Service Provider's tariff structure statement* for that *regulatory control period* and updated so as to take into account that *pricing proposal*.

- (e) Where the *Distribution Network Service Provider* submits an annual *pricing proposal*, the revised *indicative pricing schedule* referred to in paragraph (d) must also set out, for each relevant tariff under clause 6.18.1C, the indicative price levels for that relevant tariff for each of the remaining *regulatory years* of the *regulatory control period*, updated so as to take into account that *pricing proposal*.

### 6.18.3 Tariff classes

- (a) [Deleted].
- (b) Each customer for *direct control services* must be a member of 1 or more *tariff classes*.
- (c) Separate *tariff classes* must be constituted for *retail customers* to whom *standard control services* are supplied and *retail customers* to whom *alternative control services* are supplied (but a customer for both *standard control services* and *alternative control services* may be a member of 2 or more *tariff classes*).
- (d) A *tariff class* must be constituted with regard to:
  - (1) the need to group *retail customers* together on an economically efficient basis; and
  - (2) the need to avoid unnecessary transaction costs.

### 6.18.4 Principles governing assignment or re-assignment of retail customers to tariff classes and assessment and review of basis of charging

- (a) In formulating provisions of a distribution determination governing the assignment of *retail customers* to *tariff classes* or the re-assignment of *retail customers* from one *tariff class* to another, the *AER* must have regard to the following principles:
  - (1) *retail customers* should be assigned to *tariff classes* on the basis of one or more of the following factors:
    - (i) the nature and extent of their usage;
    - (ii) the nature of their *connection* to the *network*;
    - (iii) whether remotely-read interval metering or other similar metering technology has been installed at the *retail customer's* premises as a result of a *regulatory obligation or requirement*;

- (2) *retail customers* with a similar *connection* and usage profile should be treated on an equal basis;
- (3) however, *retail customers* with micro-generation facilities should be treated no less favourably than *retail customers* without such facilities but with a similar load profile;
- (4) a *Distribution Network Service Provider's* decision to assign a customer to a particular *tariff class*, or to re-assign a customer from one *tariff class* to another should be subject to an effective system of assessment and review.

**Note:**

If (for example) a customer is assigned (or reassigned) to a *tariff class* on the basis of the customer's actual or assumed *maximum demand*, the system of assessment and review should allow for the reassignment of a customer who demonstrates a reduction or increase in *maximum demand* to a *tariff class* that is more appropriate to the customer's *load profile*.

- (b) If the *charging parameters* for a particular tariff result in a basis of charge that varies according to the usage or load profile of the customer, a distribution determination must contain provisions for an effective system of assessment and review of the basis on which a customer is charged.

### 6.18.5 Pricing principles

#### Network pricing objective

- (a) The *network pricing objective* is that the tariffs that a *Distribution Network Service Provider* charges in respect of its provision of *direct control services* to a *retail customer* should reflect the *Distribution Network Service Provider's* efficient costs of providing those services to the *retail customer*.

#### Application of the pricing principles

- (b) Subject to paragraph (c), a *Distribution Network Service Provider's* tariffs must comply with the pricing principles set out in paragraphs (e) to (j).
- (c) A *Distribution Network Service Provider's* tariffs may vary from tariffs which would result from complying with the pricing principles set out in paragraphs (e) to (g) only:
  - (1) to the extent permitted under paragraph (h); and
  - (2) to the extent necessary to give effect to the pricing principles set out in paragraphs (i) to (j).
- (d) A *Distribution Network Service Provider* must comply with paragraph (b) in a manner that will contribute to the achievement of the *network pricing objective*.

#### Pricing principles



- (e) For each *tariff class*, the revenue expected to be recovered must lie on or between:
  - (1) an upper bound representing the stand alone cost of serving the *retail customers* who belong to that class; and
  - (2) a lower bound representing the avoidable cost of not serving those *retail customers*.
- (f) Each tariff must be based on the *long run marginal cost* of providing the service to which it relates to the *retail customers* assigned to that tariff with the method of calculating such cost and the manner in which that method is applied to be determined having regard to:
  - (1) the costs and benefits associated with calculating, implementing and applying that method as proposed;
  - (2) the additional costs likely to be associated with meeting demand from *retail customers* that are assigned to that tariff at times of greatest utilisation of the relevant part of the *distribution network*; and
  - (3) the location of *retail customers* that are assigned to that tariff and the extent to which costs vary between different locations in the *distribution network*.
- (g) The revenue expected to be recovered from each tariff must:
  - (1) reflect the *Distribution Network Service Provider's* total efficient costs of serving the *retail customers* that are assigned to that tariff;
  - (2) when summed with the revenue expected to be received from all other tariffs, permit the *Distribution Network Service Provider* to recover the expected revenue for the relevant services in accordance with the applicable distribution determination for the *Distribution Network Service Provider*; and
  - (3) comply with sub-paragraphs (1) and (2) in a way that minimises distortions to the price signals for efficient usage that would result from tariffs that comply with the pricing principle set out in paragraph (f).
- (h) A *Distribution Network Service Provider* must consider the impact on *retail customers* of changes in tariffs from the previous *regulatory year* and may vary tariffs from those that comply with paragraphs (e) to (g) to the extent the *Distribution Network Service Provider* considers reasonably necessary having regard to:
  - (1) the desirability for tariffs to comply with the pricing principles referred to in paragraphs (f) and (g), albeit after a reasonable period of transition (which may extend over more than one *regulatory control period*);

- (2) the extent to which *retail customers* can choose the tariff to which they are assigned; and
  - (3) the extent to which *retail customers* are able to mitigate the impact of changes in tariffs through their usage decisions.
- (ha) However, for a distribution determination for a *Distribution Network Service Provider* in this jurisdiction that will apply or applies during the *1st regulatory control period*, the reference in paragraph (h) to "the previous *regulatory year*" must be regarded as a reference to "the year that precedes the relevant *regulatory year* of the *1st regulatory control period* (which may be the last year of the *2014-19 NT regulatory control period*)".

**Note:**

This paragraph expires on 1 July 2024.

- (i) The structure of each tariff must be reasonably capable of being understood by *retail customers* that are assigned to that tariff, having regard to:
  - (1) the type and nature of those *retail customers*; and
  - (2) the information provided to, and the consultation undertaken with, those *retail customers*.
- (j) A tariff must comply with the *Rules* and all *applicable regulatory instruments*.

### 6.18.6 Side constraints on tariffs for standard control services

- (a) This clause applies only to *tariff classes* related to the provision of *standard control services*.
- (b) The expected weighted average revenue to be raised from a *tariff class* for a particular *regulatory year* of a *regulatory control period* must not exceed the corresponding expected weighted average revenue for the preceding *regulatory year* in that *regulatory control period* by more than the permissible percentage.
- (c) The permissible percentage is the greater of the following:
  - (1) the CPI-X limitation on any increase in the *Distribution Network Service Provider's* expected weighted average revenue between the two *regulatory years* plus 2%;

**Note:**

The calculation is of the form  $(1 + \text{CPI})(1 - X)(1 + 2\%)$

- (2) CPI plus 2%.

**Note:**

The calculation is of the form  $(1 + \text{CPI})(1 + 2\%)$

- (d) In deciding whether the permissible percentage has been exceeded in a particular *regulatory year*, the following are to be disregarded:
  - (1) the recovery of revenue to accommodate a variation to the distribution determination under rule 6.6 or 6.13;
  - (2) the recovery of revenue to accommodate pass through of *designated pricing proposal charges* to retail customers;
  - (3) the recovery of revenue to accommodate pass through of *jurisdictional scheme amounts* for *approved jurisdictional schemes*; and
  - (4) the recovery of revenue to accommodate any increase in the *Distribution Network Service Provider's annual revenue requirement* by virtue of an application of a formula referred to in clause 6.5.2(1).
- (e) [Deleted].

#### **6.18.7 Recovery of designated pricing proposal charges**

- (a) A *pricing proposal* must provide for tariffs designed to pass on to *retail customers* the *designated pricing proposal charges* to be incurred by the *Distribution Network Service Provider*.
- (b) The amount to be passed on to *retail customers* for a particular *regulatory year* must not exceed the estimated amount of the *designated pricing proposal charges* adjusted for over or under recovery in accordance with paragraph (c).
- (c) The over and under recovery amount must be calculated in a way that:
  - (1) subject to subparagraphs (2) and (3) below, is consistent with the method determined by the *AER* in the relevant distribution determination for the *Distribution Network Service Provider*;
  - (2) ensures a *Distribution Network Service Provider* is able to recover from *retail customers* no more and no less than the *designated pricing proposal charges* it incurs; and
  - (3) adjusts for an appropriate cost of capital that is consistent with the *allowed rate of return* used in the relevant distribution determination for the relevant *regulatory year*.
- (d) Notwithstanding anything else in this clause 6.18.7, a *Distribution Network Service Provider* may not recover charges under this clause to the extent these are:
  - (1) recovered through the *Distribution Network Service Provider's annual revenue requirement*;
  - (2) recovered under clause 6.18.7A; or

- (3) recovered from another *Distribution Network Service Provider*.

### 6.18.7A Recovery of jurisdictional scheme amounts

#### Pricing Proposal

- (a) A *pricing proposal* must provide for tariffs designed to pass on to customers a *Distribution Network Service Provider's jurisdictional scheme amounts* for approved *jurisdictional schemes*.
- (b) The amount to be passed on to customers for a particular *regulatory year* must not exceed the estimated amount of *jurisdictional scheme amounts* for a *Distribution Network Service Provider's approved jurisdictional schemes* adjusted for over or under recovery in accordance with paragraph (c).
- (c) The over and under recovery amount must be calculated in a way that:
- (1) subject to subparagraphs (2) and (3) below, is consistent with the method determined by the *AER* for *jurisdictional scheme amounts* in the relevant distribution determination for the *Distribution Network Service Provider*, or where no such method has been determined, with the method determined by the *AER* in the relevant distribution determination in respect of *designated pricing proposal charges*;
  - (2) ensures a *Distribution Network Service Provider* is able to recover from customers no more and no less than the *jurisdictional scheme amounts* it incurs; and
  - (3) adjusts for an appropriate cost of capital that is consistent with the *allowed rate of return* used in the relevant distribution determination for the relevant *regulatory year*.

#### Jurisdictional schemes

- (d) A scheme is a *jurisdictional scheme* if:
- (1) the scheme is specified in paragraph (e); or
  - (2) the *AER* has determined under clause paragraph (l) that the scheme is a *jurisdictional scheme*,
- and the *AER* has not determined under paragraph (u) that the scheme has ceased to be a *jurisdictional scheme*.
- (e) For the purposes of paragraph (d)(1), the following schemes are *jurisdictional schemes*:
- (1) schemes established under the following laws of participating jurisdictions:
    - (i) Electricity Feed-in (Renewable Energy Premium) Act 2008 (ACT);

- (ii) Division 3AB of the Electricity Act 1996 (SA);
  - (iii) Section 44A of the Electricity Act 1994 (Qld);
  - (iv) Electricity Industry Amendment (Premium Solar Feed-in Tariff) Act 2009 (Vic);
- (2) the Solar Bonus Scheme established under the Electricity Supply Act 1995 (NSW); and
  - (3) the Climate Change Fund established under the Energy and Utilities Administration Act 1987 (NSW).

**AER Requested to determine that scheme is a jurisdictional scheme**

- (f) Any person may request the *AER* to determine whether a scheme is a *jurisdictional scheme*.
- (g) A request made under paragraph (f) must contain the following information:
  - (1) the name and address of the person making the request;
  - (2) details of the law of a *participating jurisdiction* under which the relevant scheme is established;
  - (3) the commencement date of the relevant scheme; and
  - (4) an explanation of how the relevant scheme meets the *jurisdictional scheme eligibility criteria*.
- (h) The *AER* must as soon as practicable after receiving the request under paragraph (f) *publish* the request.

**AER may assess whether a scheme is a jurisdictional scheme**

- (i) The *AER* may at any time initiate an assessment of whether a scheme is a *jurisdictional scheme*.
- (j) If the *AER* decides to initiate an assessment under paragraph (i) it must *publish* details of the scheme it is considering and the reasons for initiating the assessment.

**AER to determine whether a scheme is a jurisdictional scheme**

- (k) Before making a determination under paragraph (l), the *AER* may consult with the relevant *Distribution Network Service Provider* and such other persons as the *AER* considers appropriate, on any matters arising out of the request or the assessment the *AER* considers appropriate.
- (l) The *AER* must within 20 *business days* of:
  - (1) receiving a request under paragraph (f); and

(2) *publishing* details of an assessment under paragraph (j),

determine in accordance with paragraph (n) if the relevant scheme is a *jurisdictional scheme* and *publish* its decision (including the reasons).

(m) The *AER* may extend the time limit fixed in paragraph (l) if it considers that the difficulty of assessing whether a scheme is a *jurisdictional scheme*, or the complexity of the issues raised during any consultation under paragraph (k), justifies the extension.

(n) The *AER* must only determine that a scheme is a *jurisdictional scheme* under paragraph (l) if it considers that the scheme meets the *jurisdictional scheme eligibility criteria*.

**AER requested to determine that scheme should cease to be a jurisdictional scheme**

(o) Any person may request the *AER* to determine that a scheme is no longer a *jurisdictional scheme*.

(p) A request made under paragraph (o) must contain the following information:

(1) the name and address of the person making the request;

(2) the law of a *participating jurisdiction* under which the relevant scheme is established;

(3) the commencement date of the relevant scheme; and

(4) an explanation of why the scheme no longer meets the *jurisdictional scheme eligibility criteria*.

(q) The *AER* must as soon as practicable after receiving the request under paragraph (o) *publish* the request.

**AER may assess whether a scheme should cease to a jurisdictional scheme**

(r) The *AER* may at any time consider whether a scheme should cease to be a *jurisdictional scheme*.

(s) If the *AER* decides to initiate an assessment of whether a scheme should cease to be *jurisdictional scheme* under paragraph (r) it must *publish* details of the scheme it is considering and the reasons for initiating the assessment.

**AER to determine whether a scheme should cease to be a jurisdictional scheme**

(t) Before making a determination under paragraph (u), the *AER* may consult with the relevant *Distribution Network Service Provider* and such other persons as the *AER* considers appropriate, on any matters arising out of the request or the assessment the *AER* considers appropriate.

- (u) The *AER* must within 20 *business days* of:
  - (i) receiving a request under paragraph (o); or
  - (ii) *publishing* details of an assessment under paragraph (s),  
determine in accordance with paragraph (w) if the relevant scheme should cease to be a *jurisdictional scheme* and *publish* its decision (including the reasons).
- (v) The *AER* may extend the time limit fixed in paragraph (u) if it considers that the difficulty of assessing whether a scheme should cease to be a *jurisdictional scheme*, or the complexity of the issues raised during any consultation under paragraph (t), justifies the extension.
- (w) The *AER* must only determine that a scheme has ceased to be a *jurisdictional scheme* under paragraph (u) if it considers that the scheme no longer meets the *jurisdictional scheme eligibility criteria*.

**Jurisdictional scheme eligibility criteria**

- (x) The following are the *jurisdictional scheme eligibility criteria*:
  - (1) the *jurisdictional scheme obligations* require a *Distribution Network Service Provider* to:
    - (i) pay a person;
    - (ii) pay into a fund established under an Act of a *participating jurisdiction*;
    - (iii) credit against charges payable by a person; or
    - (iv) reimburse a person,  
an amount specified in, or determined in accordance with, the *jurisdictional scheme obligations*;
  - (2) the *jurisdictional scheme obligations* are imposed on a *Distribution Network Service Provider* in its capacity as a *Distribution Network Service Provider*;
  - (3) the amount referred to in subparagraph (1) is not in the nature of a fine, penalty or incentive payment for the *Distribution Network Service Provider*; and
  - (4) except as provided in these Rules, the *Distribution Network Service Provider* has no right to recover the amount referred to in subparagraph (1) from any person.

### 6.18.8 Approval of pricing proposal

- (a) The *AER* must approve a *pricing proposal* if the *AER* is satisfied that:
- (1) the proposal complies with this Part, any relevant clauses in Chapter 11 and any applicable distribution determination including any applicable *tariff structure statement*;
  - (2) each proposed tariff set out in the proposal is broadly consistent with the corresponding indicative pricing levels for that tariff for the relevant *regulatory year* as set out in any previously applicable *indicative pricing schedule*, or else any material differences between them have been explained by the *Distribution Network Service Provider*; and
  - (3) all forecasts associated with the proposal are reasonable.
- (b) If the *AER* determines that a *pricing proposal* is deficient:
- (1) the *AER* may require the *Distribution Network Service Provider*, within 10 *business days* after receiving notice of the determination, to re-submit the proposal with the amendments necessary to correct the deficiencies identified in the determination and (unless the *AER* permits further amendment) no further amendment; or
  - (2) the *AER* may itself make the amendments necessary to correct the deficiencies.
- (c) If the *Distribution Network Service Provider* fails to comply with a requirement under paragraph (b), or the resubmitted proposal fails to correct the deficiencies in the former proposal, the *AER* may itself amend the proposal to bring it into conformity with the requirements of this Part, any applicable distribution determination and the *Distribution Network Service Provider's tariff structure statement* for the relevant *regulatory control period*.
- (c1) For the purposes of amending a *pricing proposal* under sub-paragraph (b)(2) or paragraph (c), the *AER* may have regard to the corresponding indicative pricing levels for the relevant *regulatory year* as set out in any previously applicable *indicative pricing schedule*.
  - (c2) The *AER* must, as soon as practicable after a *Distribution Network Service Provider* has submitted an initial *pricing proposal* under sub-paragraph 6.18.2(a)(1), *publish* an *approved pricing proposal* (including any amendments made by the *AER* under this clause 6.18.8) with respect to that initial *pricing proposal*.
  - (c3) The *AER* must, within 30 *business days* from the date of submission of an annual *pricing proposal* by a *Distribution Network Service Provider* under sub-paragraph 6.18.2(a)(2), *publish* an *approved pricing proposal* (including any amendments made by the *AER* under this clause 6.18.8) with respect to that annual *pricing proposal*.



- (d) *An approved pricing proposal* takes effect:
- (1) in the case of an initial *pricing proposal* – at the commencement of the first *regulatory year* of the *regulatory control period* for which the distribution determination is made; and
  - (2) in the case of an annual *pricing proposal* – at the commencement of the *regulatory year* to which the proposal relates.

**Note:**

The operation of this paragraph may, in some instances, be displaced or modified by clause 6.11.3(b).

### **6.18.9 Publication of information about tariffs and tariff classes**

- (aa) Paragraph (a)(3) has no effect in this jurisdiction until 1 July 2019.
- (a) A *Distribution Network Service Provider* must maintain on its website:
- (1) its current *tariff structure statement*;
  - (2) its current *indicative pricing schedule*; and
  - (3) a statement of the provider's *tariff classes* and the tariffs applicable to each class.
- (b) A *Distribution Network Service Provider* must, within 5 *business days* from the date the *AER publishes* a distribution determination under paragraph 6.11.2(2) for that *Distribution Network Service Provider*, publish on its website the *tariff structure statement* approved or contained in that distribution determination and the accompanying *indicative pricing schedule*.
- (c) A *Distribution Network Service Provider* must publish on its website the information referred to in paragraph (a) within 5 *business days* from the date the *AER publishes* an *approved pricing proposal* under paragraphs 6.18.8(c2) or 6.18.8(c3) (as applicable) for that *Distribution Network Service Provider*.

## **6.19 Data Required for Distribution Service Pricing**

### **6.19.1 Forecast use of networks by Distribution Customers and Embedded Generators**

Any information required by *Distribution Network Service Providers* must be provided by *Service Applicants* as part of the *connection* and access requirements set out in Chapter 5.

### 6.19.2 Confidentiality of distribution network pricing information

- (a) Subject to the Law and the *Rules*, all information about a *Service Applicant* or *Distribution Network User* used by *Distribution Network Service Providers* for the purposes of *distribution service* pricing is confidential information.
- (b) No requirement in this Chapter 6 to publish information about a *tariff class* is to be construed as requiring publication of information about an individual *retail customer*.

## Part J Billing and Settlements

### Note:

This Part has no effect in this jurisdiction until 1 July 2019.

### 6.20 Billing and Settlements Process

This clause describes the manner in which *Distribution Customers* and *Embedded Generators* are billed by *Distribution Network Service Providers* for *distribution services* and how payments for *distribution services* are settled.

#### 6.20.1 Billing for distribution services

- (a) A *Distribution Network Service Provider* must bill *Distribution Network Users* for *distribution services* as follows:

- (1) *Embedded Generators*:

- (i) by applying the *entry charge* as a fixed annual charge to each *Embedded Generator*; and
- (ii) by applying any other charge the *Distribution Network Service Provider* makes consistently with these *Rules* and the applicable distribution determination.

- (2) *Distribution Customers*:

The charges to *Distribution Customers* must be determined according to use of the *distribution network* as determined in accordance with a *metrology procedure* or, in the absence of a *metrology procedure* allowing such a determination to be made, by *meter* or by agreement between the *Distribution Customer* and the *Distribution Network Service Provider* by applying one or more of the following measures:

- (i) demand-based prices to the *Distribution Customer's* metered or agreed half-hourly demand;
- (ii) energy-based prices to the *Distribution Customer's* metered or agreed energy;

- (iii) the *Distribution Customer* charge determined under this clause as a fixed periodic charge to each *Distribution Customer*;
  - (iv) a fixed periodic charge, a prepayment or other charge determined by agreement with the *Distribution Customer*;
  - (v) any other measure the *Distribution Network Service Provider* is authorised to apply by the applicable distribution determination.
- (b) Subject to paragraph (c), where a *Distribution Customer* (other than a *Market Customer*) incurs *distribution service* charges, the *Distribution Network Service Provider* must bill the *Market Customer* from whom the *Distribution Customer* purchases electricity directly or indirectly for such *distribution services* in accordance with paragraph (a)(2).
- (c) If a *Distribution Customer* and the *Market Customer* from whom it purchases electricity agree, the *Distribution Network Service Provider* may bill the *Distribution Customer* directly for *distribution services* used by that *Distribution Customer* in accordance with paragraph (a)(2).
- (d) *Distribution Network Service Providers* must:
- (1) calculate *transmission service* charges and *distribution service* charges for all *connection points* in their *distribution network*; and
  - (2) pay to *Transmission Network Service Providers* the *transmission service* charges incurred in respect of use of a *transmission network* at each *connection point* on the relevant *transmission network*.
- (e) Charges for *distribution services* based on metered kW, kWh, kVA, or kVAh for:
- (1) *Embedded Generators* that are *Market Generators*; and
  - (2) *Market Customer*; and
  - (3) *Second-Tier Customers*;

must be calculated by the *Distribution Network Service Provider* from:

- (1) *settlements ready data* obtained from AEMO's *metering database*, for those *Embedded Generators*, *Market Customers* and *Second-Tier Customers* with *connection points* that have a type 1, 2, 3 or 4 *metering installation*; and
- (2) *metering data*, in accordance with a *metrology procedure* that allows the *Distribution Network Service Provider* to use *energy data* for this purpose, or otherwise *settlements ready data* obtained from AEMO's *metering database*, for those *Embedded Generators*, *Market Customers* and *Second-Tier Customers* with *connection points* that have a type 5, 6 or 7 *metering installation*.

- (f) Charges for *distribution services* based on metered kW, kWh, kVA or kVAh for:
- (1) *Embedded Generators* that are not *Market Generators*; and
  - (2) *Non-Registered Customers*; and
  - (3) *franchise customers*,
- must be calculated by the *Distribution Network Service Provider* using data that is consistent with the *metering data* used by the relevant *Local Retailer* in determining *energy settlements*.
- (g) The *Distribution Network Service Provider* may bill the relevant *Local Retailer* for *distribution services* used by *Non-Registered Customers* and *franchise customers*.
- (h) Where the billing for a *Distribution Customer* for a particular *financial year* is based on quantities which are undefined until after the commencement of the *financial year*, charges must be estimated from the previous year's billing quantities with a reconciliation to be made when the actual billing quantities are known.
- (i) Where the previous year's billing quantities are unavailable or no longer suitable, nominated quantities may be used as agreed between the parties.

#### **6.20.2 Minimum information to be provided in distribution network service bills**

- (a) The following is the minimum information that must be provided with a bill for a *network coupling point* issued by a *Distribution Network Service Provider* directly to a *Registered Participant*:
- (1) the *network coupling point* identifier; and
  - (2) the dates on which the billing period starts and ends; and
  - (3) the identifier of the *distribution service* price from which the *network coupling point* charges are calculated; and
  - (4) measured quantities, billed quantities, prices and amounts charged for each component of the total *distribution service* account.
- (b) In addition to the minimum information requirements in paragraph (a), a bill for a *network coupling point* issued by a *Distribution Network Service Provider* directly to another *Distribution Network Service Provider* must separately identify the component of *designated pricing proposal services*, if any, to which each amount charged in the bill relates.

### 6.20.3 Settlement between Distribution Network Service Providers

The billing and settlement process specified in this clause must be applied to all *Distribution Customers* including other *Distribution Network Service Providers*.

### 6.20.4 Obligation to pay

A *Distribution Network User* must pay *distribution service* charges properly charged to it and billed in accordance with this clause by the due date specified in the bill.

## Part K Prudential requirements, capital contributions and prepayments

### Note:

This Part has no effect in this jurisdiction until 1 July 2019.

### 6.21 Distribution Network Service Provider Prudential Requirements

This clause sets out the arrangements by which *Distribution Network Service Providers* may minimise financial risks associated with investment in *network assets* and provides for adoption of cost-reflective payment options in conjunction with the use of average distribution prices. The clause also prevents *Distribution Network Service Providers* from receiving income twice for the same assets through prudential requirements and *distribution service* prices.

#### 6.21.1 Prudential requirements for distribution network service

- (a) A *Distribution Network Service Provider* may require an *Embedded Generator* or *Distribution Customer* that requires a new *connection* or a modification in service for an existing *connection* to establish prudential requirements for *connection service* and/or *distribution use of system service*.
- (b) Prudential requirements for *connection service* and/or *distribution use of system service* are a matter for negotiation between the *Distribution Network Service Provider* and the *Embedded Generator* or *Distribution Customer* and the terms agreed must be set out in the *connection agreement* between the *Distribution Network Service Provider* and the *Embedded Generator* or *Distribution Customer*.
- (c) The *connection agreement* may include one or more of the following provisions:
  - (1) the conditions under which and the time frame within which other *Distribution Network Users* who use that part of the *distribution network* contribute to refunding all or part of the payments;
  - (2) the conditions under which financial arrangements may be terminated; and

- (3) the conditions applying in the event of default by the *Distribution Customer or Embedded Generator*.
- (d) The prudential requirements may incorporate, but are not limited to, one or more of the following arrangements:
  - (1) financial capital contributions;
  - (2) non-cash contributions;
  - (3) *distribution service* charge prepayments;
  - (4) guaranteed minimum *distribution service* charges for an agreed period;
  - (5) guaranteed minimum *distribution service* quantities for an agreed period;
  - (6) provision for financial guarantees for *distribution service* charges.

### **6.21.2 Capital contributions, prepayments and financial guarantees**

Despite any other provision in this Chapter, in relation to capital contributions, prepayments and financial guarantees:

- (1) the *Distribution Network Service Provider* is not entitled to recover, under a mechanism for the economic regulation of *direct control services*, any component representing asset related costs for assets provided by *Distribution Network Users*; and
- (2) the *Distribution Network Service Provider* may receive a capital contribution, prepayment and/or financial guarantee up to the provider's future revenue related to the provision of *direct control services* for any new assets installed as part of a new *connection* or modification to an existing *connection*, including any *augmentation* to the *distribution network*; and
- (3) where assets have been the subject of a contribution or prepayment, the *Distribution Network Service Provider* must amend the provider's revenue related to the provision of *direct control services*.

### **6.21.3 Treatment of past prepayments and capital contributions**

- (a) Payments made by *Distribution Customers* and *Embedded Generators* for *distribution service* prior to 13 December 1998 must be made in accordance with any contractual arrangements with the relevant *Distribution Network Service Providers* applicable at that time.
- (b) Where contractual arrangements referred to in clause paragraph (a) are not in place, past *distribution service* prepayments or capital contributions may be incorporated in the capital structure of the *Distribution Network Service Provider's* business.

- (c) The *AER* may intervene in and resolve any dispute under this clause which cannot be resolved between the relevant *Distribution Network Service Provider* and *Distribution Customer* or *Embedded Generator*.

## Part L Dispute resolution

### Note:

This Part has no effect in this jurisdiction until 1 July 2019.

## 6.22 Dispute Resolution

### 6.22.1 Dispute Resolution by the AER

- (a) A dispute between a *Distribution Network Service Provider* and a *Service Applicant* as to the *terms and conditions of access* to a *direct control service* or to a *negotiated distribution service* is an access dispute for the purposes of Part 10 of the Law.
- (b) A dispute between a *Distribution Network Service Provider* and a *Service Applicant* about *access charges* is an access dispute for the purposes of Part 10 of the Law.
- (c) A dispute between a *Distribution Network Service Provider* and a *Connection Applicant* about matters referred to in clause 5.5(f) or clause 5.5(h) is an access dispute for the purposes of Part 10 of the Law.

### 6.22.2 Determination of dispute

- (a) In determining an access dispute about *terms and conditions of access* to a *direct control service*, the *AER* must apply:
  - (1) in relation to price, the *Distribution Network Service Provider's approved pricing proposal* and the *Distribution Network Service Provider's tariff structure statement* or, in respect of the *Distribution Network Service Provider's transmission standard control services* in respect of which the *AER* has made a determination under clause 6.25(b) that pricing in respect of those services should be regulated under Part J of Chapter 6A through the application of rule 6.26, the *Distribution Network Service Provider's approved pricing methodology*;
  - (2) in relation to other terms and conditions, Chapters 4, 5, this Chapter 6 and Chapter 7 and any other *applicable regulatory instrument*; and
  - (3) in relation to all *terms and conditions of access* (including price) the decisions of *AEMO* or the *AER* where those decisions relate to those terms and conditions and are made under Chapters 4, 5, this Chapter 6 and Chapter 7.

- (b) In determining an access dispute about the *terms and conditions of access* to a *direct control service*, the *AER* may:
- (1) have regard to other matters the *AER* considers relevant; and
  - (2) hear evidence or receive submissions from *AEMO* about *power system security* and from *Distribution Network Users* who may be adversely affected.

**Note:**

Section 130 of the Law requires the *AER*, in making an access determination, to give effect to a network revenue or pricing determination applicable to the services that are the subject of the dispute even though the determination may not have been in force when the dispute arose.

- (c) In determining an access dispute about *terms and conditions of access* to a *negotiated distribution service*, the *AER* must apply:
- (1) in relation to price (including *access charges*), the *Negotiated Distribution Service Criteria* that are applicable to the dispute in accordance with the relevant distribution determination; and
  - (2) in relation to other terms and conditions, the *Negotiated Distribution Service Criteria* that are applicable to the dispute and Chapters 4, 5, this Chapter 6 and Chapter 7 of the *Rules*; and
  - (3) in relation to all *terms and conditions of access* (including price) the decisions of *AEMO* or the *AER* where those decisions relate to those terms and conditions and are made under Chapters 4, 5, this Chapter 6 and Chapter 7 of the *Rules*;

and must have regard:

- (4) to the relevant *negotiating framework* prepared by the *Distribution Network Service Provider* and approved by the *AER*.
- (d) In determining an access dispute about the *terms and conditions of access* to a *negotiated distribution service*, the *AER* may:
- (1) have regard to other matters the *AER* considers relevant; and
  - (2) hear evidence or receive submissions from *AEMO* and *Distribution Network Users* notified and consulted under the *Distribution Network Service Provider's negotiating framework*.
- (e) In determining an access dispute about *access charges*, or involving *access charges*, the *AER* must give effect to the following principle:

*Access charges* should be based on the costs reasonably incurred by the *Distribution Network Service Provider* in providing *distribution network user access* and, where they consist of compensation referred to in clause 5.5(f)(4)(ii) and (iii), on the revenue that is likely to be foregone and the



costs that are likely to be incurred by a person referred to in those provisions where an event referred to in those provisions occurs.

### 6.22.3 Termination of access dispute without access determination

- (a) If the *AER* considers that an access dispute could be effectively resolved by some means other than an access determination, the *AER* may give the parties to the dispute notice of the alternative means of resolving the dispute.
- (b) The giving of such a notice is a specified dispute termination circumstance for the purposes of section 131(3) of the Law.

**Note:**

It follows that the *AER* may exercise its power to terminate the dispute without making an access determination (See section 131(1)(d) of the Law).

## Part M Separate disclosure of transmission and distribution charges

**Note:**

This Part has no effect in this jurisdiction until 1 July 2019.

### 6.23 Separate disclosure of transmission and distribution charges

- (a) *A Distribution Customer*:
  - (1) with a *load* greater than 10MW or 40GWh per annum; or
  - (2) with *metering* equipment capable of capturing relevant *transmission* and *distribution system* usage data,

may make a request (a **TUOS/DUOS disclosure request**) to a *Distribution Network Service Provider* to provide the *Distribution Customer* with a statement (a **TUOS/DUOS disclosure statement**) identifying the separate components of the *designated pricing proposal charges* and *distribution use of system* charges comprised in the charges for electricity supplied to the *Distribution Customer's connection points*.

- (b) Within 10 *business days* of receipt of a *TUOS/DUOS disclosure request*, a *Distribution Network Service Provider* must notify the *Distribution Customer* of the estimated charge (including details of how the charge is calculated) for providing the *TUOS/DUOS disclosure statement*. The charge must be no greater than the reasonable costs directly incurred by the *Distribution Network Service Provider* in preparing the statement for the *Distribution Customer*.
- (c) If the *Distribution Customer* advises the *Distribution Network Service Provider* within 20 *business days* of receipt of the notice referred to in paragraph (b) that it still requires the requested *TUOS/DUOS disclosure*

*statement*, the *Distribution Network Service Provider* must prepare the statement and provide it to the *Distribution Customer* within 20 *business days* of being so advised. The *TUOS/DUOS disclosure statement* must include detailed information on the method used to determine the *distribution use of system charges* and the allocation of the *designated pricing proposal charges* to the *Distribution Customer* for electricity supplied to its *connection points*. The information must be sufficient to allow the *Distribution Customer* to assess the impact on its *network charges* of a change in its *network use*.

- (d) The *TUOS/DUOS disclosure statement* must also separately identify the amounts that have been allocated to the *Distribution Customer's connection points* under Part J of Chapter 6A in respect of each of the *categories of prescribed transmission services*, where the *Distribution Customer* requests this information.
- (e) Where the *Distribution Customer* requests the information referred to in paragraph (d), the *Distribution Network Service Provider* must separately identify the component of the charge notified under paragraph (b) that relates to the provision of the additional information.
- (f) Each *Distribution Network Service Provider* must publish information annually disclosing the *designated pricing proposal charges* and *distribution use of system charges* for each of the classes of *Distribution Customers* identified for this purpose by the *Distribution Network Service Provider*, or as required by the *AER*.

## **Part N Dual Function Assets**

### **Note:**

This Part has no effect in this jurisdiction until 1 July 2019.

### **6.24 Dual Function Assets**

#### **6.24.1 Application of this Part**

This Part applies to *Distribution Network Service Providers* which own, control or operate both a *distribution system* and a *dual function asset*.

#### **6.24.2 Dual Function Assets**

Subject to rule 6.26, for the purposes of Chapters 6 and 6A:

- (a) any part of a *network* owned, operated or controlled by a *Distribution Network Service Provider* which operates between 66 kV and 220 kV and which operates in parallel, and provides support, to the higher voltage *transmission network* is deemed to be a *dual function asset*;
- (b) any service that is provided by a *Distribution Network Service Provider* by means of, or in connection with, the *Distribution Network Service*

*Provider's dual function assets* that, but for this Part, would be a *prescribed transmission service* for the purposes of Chapter 6A is deemed to be a *standard control service*;

- (c) any service that is provided by a *Distribution Network Service Provider* by means of, or in connection with, the *Distribution Network Service Provider's dual function assets* that, but for this Part, would be a *negotiated transmission service* under Chapter 6A is deemed to be a *negotiated distribution service*; and
- (d) references to *prescribed transmission services* do not include a service provided by means of, or in connection with, a *dual function asset*.

## 6.25 AER determination of applicable pricing regime for Dual Function Assets

- (a) A *Distribution Network Service Provider* which owns, controls or operates *dual function assets* must advise the AER at least 32 months prior to the end of the current *regulatory control period* of the value of that *Distribution Network Service Provider's dual function assets* which provide *standard control services* that would be *prescribed transmission services* were it not for the operation of clause 6.24.2 (referred to as *transmission standard control services*). The value to be advised is the value ascribed to the relevant *dual function assets* in the relevant *Distribution Network Service Provider's* regulatory asset base as at the start of the *regulatory year* which commences 36 months prior to the end of the current *regulatory control period*.
- (b) The AER must review the information provided under paragraph (a) and determine, in accordance with clause 6.8.1, whether the value of that *Distribution Network Service Provider's dual function assets* which provide *transmission standard control services* comprise such a material proportion of that *Distribution Network Service Provider's* regulatory asset base that pricing in respect of those services should be regulated under Part J of Chapter 6A through the application of rule 6.26.
- (c) In making its determination under paragraph (b) the AER must consider:
  - (1) whether regulating the pricing of the *transmission standard control services* provided by a *Distribution Network Service Provider's dual function assets*:
    - (i) under Part I of Chapter 6 as though they were *prescribed distribution services*; rather than
    - (ii) under Part J of Chapter 6A as though they were *prescribed transmission services*,

will result in materially different prices for *Distribution Customers* (including those connected directly to the relevant *dual function assets* and those connected to other *distribution networks*);

- (2) whether the materiality of the different prices is likely to impact on future consumption, production and investment decisions by actual or potential *Network Users*; and
  - (3) any other matter that the *AER* considers relevant.
- (d) The *AER's* determination under paragraph (b), which is binding, must be included in a *framework and approach paper* that applies in respect of the distribution determination for the next *regulatory control period*.

## 6.26 Division of Distribution Network Service Provider's revenue

- (a) This rule 6.26 applies if the *AER* has determined under rule 6.25(b) that pricing in respect of *transmission standard control services* provided by a *Distribution Network Service Provider's dual function assets* should be regulated under Part J of Chapter 6A.
- (b) The *AER* must, for the purposes of the distribution determination for the relevant *Distribution Network Service Provider*, divide the revenue calculated under Part C of Chapter 6 into the following two portions:
  - (1) a portion relevant to the *Distribution Network Service Provider's transmission standard control services* provided by its *dual function assets*. This portion is defined as its *transmission standard control service revenue*; and
  - (2) a portion relevant to the other *standard control services* provided by the *Distribution Network Service Provider*. This portion is defined as its *distribution standard control service revenue*,

based on the *Distribution Network Service Provider's* approved *Cost Allocation Method*.

- (c) The relevant *Distribution Network Service Provider* must submit a proposed *pricing methodology* to the *AER* in respect of its *transmission standard control service revenue* as if it were a *Transmission Network Service Provider* as part of its regulatory proposal under Chapter 6, and Part E of Chapter 6A applies in respect of that *pricing methodology* (with the necessary changes).
- (d) The *AER* and the relevant *Distribution Network Service Provider* must apply and comply with all aspects of Part J of Chapter 6A instead of, and to the exclusion of, Parts I, J and K of Chapter 6 in respect of the *dual function assets* which provide *transmission standard control services*, subject to the following:
  - (1) for the purposes of Part J of Chapter 6A:
    - (i) the *dual function assets* are relevantly deemed to be *transmission network assets* which provide *prescribed transmission services*;

- (ii) the *Distribution Network Service Provider* which owns, controls or operates the relevant *dual function assets* is relevantly deemed to be a *Transmission Network Service Provider*;
  - (2) the *maximum allowed revenue* referred to in clause 6A.22.1 is taken to be the *transmission standard control service revenue*;
  - (3) the reference in clause 6A.22.1(1) to clause 6A.3.2 is taken to be a reference to rules 6.6 and 6.13;
  - (4) references to "*transmission determination*" are to be read as references to the relevant "*distribution determination*", with the *AER* being required to include in the distribution determination a decision to approve a proposed *pricing methodology* in relation to the *transmission standard control services* provided by the relevant *dual function assets*; and
  - (5) if there is no previous method to establish prices under clause 6A.24.3(b)(3), the relevant *Distribution Network Service Provider* must apply the *pricing methodology* of the largest *Transmission Network Service Provider* operating in the *participating jurisdiction* in which that *Distribution Network Service Provider* operates the relevant *dual function assets*.
- (e) The pricing rules in Part I of Chapter 6 are to be applied to the *Distribution Network Service Provider's distribution standard control service revenue*.

## Part O Annual Benchmarking Report

### 6.27 Annual Benchmarking Report

- (a) The *AER* must prepare and *publish a network service provider performance report* (an *annual benchmarking report*) the purpose of which is to describe, in reasonably plain language, the relative efficiency of each *Distribution Network Service Provider* in providing *direct control services* over a 12 month period.
- (b) Clause 8.7.4 (excluding clause 8.7.4(a)) applies in respect of the preparation of an *annual benchmarking report*.
- (c) Subject to paragraphs (d) and (e), the *AER* must *publish an annual benchmarking report* at least every 12 months.
- (d) The first *annual benchmarking report* must be *published* by 30 September 2014.
- (e) The second *annual benchmarking report* must be *published* by 30 November 2015.

## 6.27A Application in this jurisdiction

- (a) Despite rule 6.27, an *annual benchmarking report published* before 1 January 2018 must not relate to a *Distribution Network Service Provider* in this jurisdiction.
- (b) For an *annual benchmarking report* that is to be *published* between 1 January 2018 and 30 June 2019, the reference in rule 6.27(a) to "*direct control services*" must, in relation to *Distribution Network Service Providers* in this jurisdiction, be regarded as a reference to "*NT equivalent services*".

**Note:**

This rule expires on 1 July 2019.

## Part P Distribution Reliability Measures Guidelines

### 6.28 Distribution Reliability Measures Guidelines

- (a) The *AER* must in accordance with the *distribution consultation procedures* make and *publish* guidelines (the *Distribution Reliability Measures Guidelines*) that describe a set of common definitions of reliability measures that can be used to assess and compare the reliability performance of *Distribution Network Service Providers*.
- (b) There must be *Distribution Reliability Measures Guidelines* in force at all times after the date on which the *AER* first *publishes Distribution Reliability Measures Guidelines* under these *Rules*.
- (c) The *AER* must review the *Distribution Reliability Measures Guidelines* at least every 5 years.

## Schedule 6.1 Contents of building block proposals

### S6.1.1 Information and matters relating to capital expenditure

A *building block proposal* must contain at least the following information and matters relating to capital expenditure:

- (1) a forecast of the required capital expenditure that complies with the requirements of clause 6.5.7 and identifies the forecast capital expenditure by reference to well accepted categories such as:
  - (i) asset class (eg. *distribution lines, substations* etc); or
  - (ii) category driver (eg. *regulatory obligation or requirement, replacement, reliability, net market benefit, business support* etc),

and identifies, in respect of proposed material assets:

- (iii) the location of the proposed asset;

- (iv) the anticipated or known cost of the proposed asset; and
  - (v) the categories of *distribution services* which are to be provided by the proposed asset;
- (2) the method used for developing the capital expenditure forecast;
  - (3) the forecasts of load growth relied upon to derive the capital expenditure forecasts and the method used for developing those forecasts of load growth;
  - (4) the key assumptions that underlie the capital expenditure forecast;
  - (5) a certification of the reasonableness of the key assumptions by the directors of the *Distribution Network Service Provider*;
- (5A) in the case of a *building block proposal* for a distribution determination for a *Distribution Network Service Provider* in this jurisdiction that will apply during the *1st regulatory control period*:
- (i) capital expenditure for each of the past years of the *2009-14 NT regulatory control period* and *2014-19 NT regulatory control period*, and the expected capital expenditure for each of the last two years of the *2014-19 NT regulatory control period*, categorised in the same way as for the capital expenditure forecast and separately identifying for each such year:
    - (A) margins paid or expected to be paid by the *Distribution Network Service Provider* in circumstances where those margins are referable to arrangements that do not reflect arm's length terms; and
    - (B) expenditure that should have been treated as operating expenditure in accordance with the policy submitted under paragraph (8) for that year; and
  - (ii) an explanation of any significant variations in the forecast capital expenditure from capital expenditure in the *2009-14 NT regulatory control period* and *2014-19 NT regulatory control period*;
- (5B) in the case of a *building block proposal* for a distribution determination for a *Distribution Network Service Provider* in this jurisdiction that will apply during the *2nd regulatory control period*:
- (i) capital expenditure for each of the past years of the *2014-19 NT regulatory control period* and each of the past regulatory years of the *1st regulatory control period*, and the expected capital expenditure for each of the last two *regulatory years* of the *1st regulatory control period*, categorised in the same way as for the capital expenditure forecast and separately identifying for each such year:

- (A) margins paid or expected to be paid by the *Distribution Network Service Provider* in circumstances where those margins are referable to arrangements that do not reflect arm's length terms; and
  - (B) expenditure that should have been treated as operating expenditure in accordance with the policy submitted under paragraph (8) for that year; and
  - (ii) an explanation of any significant variations in the forecast capital expenditure from capital expenditure in the *2014–19 NT regulatory control period* and *1st regulatory control period*; and
- (6) in the case of a *building block proposal* for a distribution determination for a *Distribution Network Service Provider* in this jurisdiction that will apply after the *2nd regulatory control period* – capital expenditure for each of the past *regulatory years* of the previous and current *regulatory control period*, and the expected capital expenditure for each of the last two *regulatory years* of the current *regulatory control period*, categorised in the same way as for the capital expenditure forecast and separately identifying for each such *regulatory year*:
- (i) margins paid or expected to be paid by the *Distribution Network Service Provider* in circumstances where those margins are referable to arrangements that do not reflect arm's length terms; and
  - (ii) expenditure that should have been treated as operating expenditure in accordance with the policy submitted under paragraph (8) for that *regulatory year*;
- (7) in the case of a *building block proposal* for a distribution determination for a *Distribution Network Service Provider* in this jurisdiction that will apply after the *2nd regulatory control period* – an explanation of any significant variations in the forecast capital expenditure from historical capital expenditure; and
- (8) the policy that the *Distribution Network Service Provider* applies in capitalising operating expenditure.

**Note:**

The modifications to this clause expire on 1 July 2029.

### **S6.1.2 Information and matters relating to operating expenditure**

A *building block proposal* must contain at least the following information and matters relating to operating expenditure:

- (1) a forecast of the required operating expenditure that complies with the requirements of clause 6.5.6 and identifies the forecast operating expenditure by reference to well accepted categories such as:



- (i) particular programs; or
- (ii) types of operating expenditure (eg. maintenance, payroll, materials etc),

and identifies in respect of each such category:

- (iii) to what extent that forecast expenditure is on costs that are fixed and to what extent it is on costs that are variable; and
  - (iv) the categories of *distribution services* to which that forecast expenditure relates;
- (2) the method used for developing the operating expenditure forecast;
  - (3) the forecasts of key variables relied upon to derive the operating expenditure forecast and the method used for developing those forecasts of key variables;
  - (4) the method used for determining the cost associated with planned maintenance programs designed to improve the performance of the relevant *distribution system* for the purposes of any *service target performance incentive scheme* that is to apply to the *Distribution Network Service Provider* in respect of the relevant *regulatory control period*;
  - (5) the key assumptions that underlie the operating expenditure forecast;
  - (6) a certification of the reasonableness of the key assumptions by the directors of the *Distribution Network Service Provider*;
- (6A) in the case of a *building block proposal* for a distribution determination for a *Distribution Network Service Provider* in this jurisdiction that will apply during the *1st regulatory control period*:
    - (i) operating expenditure for each of the past years of the *2009-14 NT regulatory control period* and *2014-19 NT regulatory control period*, and the expected operating expenditure for each of the last two years of the *2014-19 NT regulatory control period*, categorised in the same way as for the operating expenditure forecast; and
    - (ii) an explanation of any significant variations in the forecast operating expenditure from operating expenditure in the *2009-14 NT regulatory control period* and *2014-19 NT regulatory control period*;
  - (6B) in the case of a *building block proposal* for a distribution determination for a *Distribution Network Service Provider* in this jurisdiction that will apply during the *2nd regulatory control period*:
    - (i) operating expenditure for each of the past years of the *2014-19 NT regulatory control period* and each of the past *regulatory years* of the *1st regulatory control period*, and the expected operating expenditure for each of the last two *regulatory years* of the *1st regulatory control*

*period*, categorised in the same way as for the operating expenditure forecast; and

- (ii) an explanation of any significant variations in the forecast operating expenditure from operating expenditure in the *2014-19 NT regulatory control period* and the *1st regulatory control period*;
- (7) in the case of a *building block proposal* for a distribution determination for a *Distribution Network Service Provider* in this jurisdiction that will apply after the *2nd regulatory control period* – operating expenditure for each of the past *regulatory years* of the previous and current *regulatory control period*, and the expected operating expenditure for each of the last two *regulatory years* of the current *regulatory control period*, categorised in the same way as for the operating expenditure forecast;
- (8) in the case of a *building block proposal* for a distribution determination for a *Distribution Network Service Provider* in this jurisdiction that will apply after the *2nd regulatory control period* – an explanation of any significant variations in the forecast operating expenditure from historical operating expenditure.

**Note:**

The modifications to this clause expire on 1 July 2029.

### **S6.1.3 Additional information and matters**

A *building block proposal* must contain at least the following additional information and matters:

- (1) an identification and explanation of any significant interactions between the forecast capital expenditure and forecast operating expenditure programs;
- (2) **[Deleted]**
- (3) a description, including relevant explanatory material, of how the *Distribution Network Service Provider* proposes any *efficiency benefit sharing scheme* that has been specified in a *framework and approach paper* that applies in respect of the forthcoming distribution determination should apply to it;
- (3A) a description, including relevant explanatory material, of how the *Distribution Network Service Provider* proposes any *capital expenditure sharing scheme* that has been specified in a *framework and approach paper* that applies in respect of the forthcoming distribution determination should apply to it;
- (4) a description, including relevant explanatory material, of how the *Distribution Network Service Provider* proposes any *service target performance incentive scheme* that has been specified in a *framework and approach paper* that applies in respect of the forthcoming distribution determination should apply to it;

- (5) a description, including relevant explanatory material, of how the *Distribution Network Service Provider* proposes any *demand management incentive scheme* or *demand management innovation allowance mechanism* that has been specified in a *framework and approach paper* that applies in respect of the forthcoming distribution determination should apply to it;
- (5A) a description, including relevant explanatory material, of how the *Distribution Network Service Provider* proposes any *small-scale incentive scheme* that has been specified in a *framework and approach paper* that applies in respect of the forthcoming distribution determination should apply to it;
- (6) the *Distribution Network Service Provider's* calculation of revenues or prices for the purposes of the control mechanism proposed by the *Distribution Network Service Provider* together with:
  - (i) details of all amounts, values and inputs (including X factors) relevant to the calculation;
  - (ii) an explanation of the calculation and the amounts, values and inputs involved in the calculation; and
  - (iii) a demonstration that the calculation and the amounts, values and inputs on which it is based comply with relevant requirements of the Law and the *Rules*;
- (7) the *Distribution Network Service Provider's* calculation of the regulatory asset base for the relevant *distribution system* for each *regulatory year* of the relevant *regulatory control period* using the *roll forward model* referred to in clause 6.5.1 , together with:
  - (i) details of all amounts, values and other inputs used by the *Distribution Network Service Provider* for that purpose;
  - (ii) a demonstration that any such amounts, values and other inputs comply with the relevant requirements of Part C of Chapter 6 ; and
  - (iii) an explanation of the calculation of the regulatory asset base for each *regulatory year* of the relevant *regulatory control period* and of the amounts, values and inputs referred to in subparagraph (i);
- (8) **[Deleted]**.
- (9) the *Distribution Network Service Provider's* calculation of the proposed return on equity, return on debt and *allowed rate of return*, for each *regulatory year* of the *regulatory control period*, in accordance with clause 6.5.2, including any departure from the methodologies set out in the *Rate of Return Guidelines* and the reasons for that departure;
- (9A) if the *Distribution Network Service Provider* proposes that the return on debt for a *regulatory year* of the *regulatory control period* is to be

determined using the methodology referred to in clause 6.5.2(i)(2), the formula it proposes should be applied in accordance with clause 6.5.2(l);

- (9B) the *Distribution Network Service Provider's* proposed value of imputation credits as referred to in clause 6.5.3;
- (10) the *post-tax revenue model* completed to show its application to the *Distribution Network Service Provider* and the completed *roll-forward model*;
- (11) the *Distribution Network Service Provider's* estimate of the cost of corporate income tax for each *regulatory year* of the *regulatory control period*;
- (12) the depreciation schedules nominated by the *Distribution Network Service Provider* for the purposes of clause 6.5.5 , which categorise the relevant assets for these purposes by reference to well accepted categories such as:
  - (i) asset class (eg *distribution lines* and *substations*); or
  - (ii) category driver (eg *regulatory obligation or requirement*, replacement, *reliability*, net market benefit, and business support),

together with:

- (iii) details of all amounts, values and other inputs used by the *Distribution Network Service Provider* to compile those depreciation schedules;
  - (iv) a demonstration that those depreciation schedules conform with the requirements set out in clause 6.5.5(b) ; and
  - (v) an explanation of the calculation of the amounts, values and inputs referred to in subparagraph (iii);
- (13) the commencement and length of the *regulatory control period* proposed by the *Distribution Network Service Provider*; and
  - (14) if the *Distribution Network Service Provider* is seeking a determination by the *AER* that a *proposed contingent project* is a *contingent project* for the purposes of the relevant distribution determination:
    - (i) a description of the *proposed contingent project*, including reasons why the *Distribution Network Service Provider* considers the project should be accepted as a *contingent project* for the *regulatory control period*;
    - (ii) a forecast of the capital expenditure which the *Distribution Network Service Provider* considers is reasonably required for the purpose of undertaking the *proposed contingent project*;
    - (iii) the methodology used for developing that forecast and the key assumptions that underlie it;

- (iv) information that demonstrates that the undertaking of the *proposed contingent project* is reasonably required in order to achieve one or more of the *capital expenditure objectives*;
- (v) information that demonstrates that the *proposed contingent capital expenditure* for the *proposed contingent project* complies with the requirements set out in clause 6.6A.1(b)(2); and
- (vi) the *trigger events* which are proposed in relation to the *proposed contingent project* and an explanation of how each of those conditions or events addresses the matters referred to in clause 6.6A.1(c).

## Schedule 6.2 Regulatory Asset Base

### S6.2.1 Establishment of opening regulatory asset base for a regulatory control period

#### (a) Application of this clause

This clause S6.2.1

- (1) applies to the establishment of the value of the regulatory asset base for a *distribution system* as at the beginning of a *regulatory control period* on the roll forward of the regulatory asset base to that *regulatory control period* from the previous *regulatory control period*; and
- (2) also applies to the establishment of the value of the regulatory asset base for a *distribution system* as at the beginning of a *regulatory control period* where the *distribution system* was not immediately before that time the subject of a *building block determination*.

However, this clause S6.2.1 does not apply to the establishment of the value of the regulatory asset base for a *distribution system* in this jurisdiction as at the beginning of the *1st regulatory control period*.

#### Note:

See clause S6.2.3A for the establishment of the value of the regulatory asset base for a *distribution system* in this jurisdiction as at the beginning of the *1st regulatory control period*. Also see rule 6.0(b)(2) for the treatment of *distribution systems* in this jurisdiction for the purposes of this schedule.

#### (b) Roll forward model to comply with this clause

The values to be used for completing the *roll forward model* must be established in accordance with this clause and clauses S6.2.3 and S6.2.3A.

#### (c) Distribution systems of specific providers

- (1) In the case of a *distribution system* owned, controlled or operated by one of the following *Distribution Network Service Providers* as at the commencement of this schedule, the value of the regulatory asset base

for that *distribution system* as at the beginning of that first *regulatory year* must be determined by rolling forward the regulatory asset base for that *distribution system*, as set out in the table below, in accordance with this schedule:

<b>Jurisdiction</b>	<b><i>Distribution Network Service Provider</i></b>	<b>Regulatory Asset Base (\$m)</b>
Australian Capital Territory	ActewAGL	510.54 (as at 1 July 2004 in July 2004 dollars)
New South Wales	Country Energy	2,440 (as at 1 July 2004 in July 2004 dollars)
	EnergyAustralia	4,116 (as at 1 July 2004 in July 2004 dollars)
	Integral Energy	2,283 (as at 1 July 2004 in July 2004 dollars)
Queensland	ENERGEX	4,308.1 (as at 1 July 2005 in July 2005 dollars)
	Ergon Energy	4,198.2 (as at 1 July 2005 in July 2005 dollars) but, if the Queensland Competition Authority nominates a different amount in writing to the <i>AER</i> , the regulatory asset base is the amount so nominated.
South Australia	ETSA Utilities	2,466 (as at 1 July 2005 in December 2004 dollars)
Tasmania	Aurora Energy	981.108 (as at 1 January 2008 in July 2006 dollars)
Victoria	AGL Electricity	578.4 (as at 1 January 2006 in July 2004 dollars)
	Citipower	990.9 (as at 1 January 2006 in July 2004 dollars)
	Powercor	1,626.5 (as at 1 January 2006 in July 2004 dollars)
	SP AusNet	1,307.2 (as at 1 January 2006 in July 2004 dollars)
	United Energy	1,220.3 (as at 1 January 2006 in July 2004 dollars)

- (2) The values in the table above are to be adjusted for the difference between:
- (i) any estimated capital expenditure that is included in those values for any part of a previous *regulatory control period*; and
  - (ii) the actual capital expenditure for that part of the previous *regulatory control period*.

This adjustment must also remove any benefit or penalty associated with any difference between the estimated and actual capital expenditure.

- (3) When rolling forward a regulatory asset base under subparagraph (1), the *AER* must take into account the derivation of the values in the above table from past regulatory decisions and the consequent fact that they relate only to the regulatory asset base identified in those decisions.

(d) **Other distribution systems**

(1AA) This paragraph (d) and clause S6.2.2 have no effect in this jurisdiction.

- (1) This paragraph (d) applies to a *distribution system* not referred to in paragraphs (c) when *standard control services* that are provided by means of, or in connection with, that system are to be regulated under a *building block determination*.

- (2) The value of the regulatory asset base for that *distribution system* as at the beginning of the first *regulatory year* of the first *regulatory control period* for the relevant *Distribution Network Service Provider* is the prudent and efficient value of the assets that are used by the provider to provide those *standard control services* (but only to the extent that they are used to provide such services), as determined by the *AER*. In determining this value, the *AER* must have regard to the matters referred to in clause S6.2.2.

- (3) The value of the regulatory asset base for that *distribution system* as at the beginning of the first *regulatory year* of any subsequent *regulatory control period* must be determined by rolling forward the value of the regulatory asset base for that *distribution system* as at the beginning of the first *regulatory year* of the first *regulatory control period* in accordance with this schedule.

(e) **Method of adjustment of value of regulatory asset base**

Except as otherwise provided in paragraph (c) or (d) and subject to paragraph (g), the value of the regulatory asset base for a *distribution system* as at the beginning of the first *regulatory year* of a *regulatory control period* must be calculated by adjusting the value (the **previous value**) of the

regulatory asset base for that *distribution system* as at the beginning of the first *regulatory year* of the immediately preceding *regulatory control period* (the **previous control period**) as follows:

- (1) The previous value of the regulatory asset base must be:
  - (i) increased by the amount of all capital expenditure incurred during the previous control period, including any capital expenditure determined for that period under clause 6.6A.2(e)(1)(i) in relation to *contingent projects* where the distribution determination has been amended by the *AER* in accordance with clause 6.6A.2(h) (regardless of whether such capital expenditure is above or below the forecast capital expenditure for the period that is adopted for the purposes of the distribution determination (if any) for that period); and
  - (ii) reduced by the amount of any capital expenditure that has been recovered by way of a pass through under clause 6.6.1 where the amount of that capital expenditure would otherwise have been included in the value of the regulatory asset base.
- (2) The previous value of the regulatory asset base must be increased by the amount of the estimated capital expenditure approved by the *AER* for any part of the previous control period for which actual capital expenditure is not available, including any capital expenditure in relation to *contingent projects* where the *total revenue requirement* has been amended by the *AER* in accordance with clause 6.6A.2(h).
- (3) The previous value of the regulatory asset base must be adjusted for the difference between:
  - (i) the estimated capital expenditure for any part of a previous *regulatory control period* where that estimated capital expenditure has been included in that value; and
  - (ii) the actual capital expenditure for that part of the previous *regulatory control period*.

This adjustment must also remove any benefit or penalty associated with any difference between the estimated and actual capital expenditure.

- (3A) However, in calculating the value of the regulatory asset base for a *distribution system* in this jurisdiction as at the beginning of the first *regulatory year* of the *2nd regulatory control period*, the previous value of the regulatory asset base must be adjusted for the difference between:
  - (i) the estimated capital expenditure for any part of the *2014-19 NT regulatory control period* or *1st regulatory control period* where that estimated capital expenditure has been included in that value; and



- (ii) the actual capital expenditure for that part of the *2014-19 NT regulatory control period* or *1st regulatory control period*.

This adjustment must also remove any benefit or penalty associated with any difference between the estimated and actual capital expenditure.

**Note:**

This subparagraph expires on 1 July 2029.

- (4) The previous value of the regulatory asset base must only be increased by actual or estimated capital expenditure to the extent that all such capital expenditure is properly allocated to the provision of *standard control services* in accordance with the *Cost Allocation Method* for the relevant *Distribution Network Service Provider*.
- (5) The previous value of the regulatory asset base must be reduced by the amount of depreciation of the regulatory asset base during the previous *regulatory control period*, calculated in accordance with the distribution determination for that period.
- (6) The previous value of the regulatory asset base must be reduced by the disposal value of any asset where that asset has been disposed of during the previous *regulatory control period*.
- (7) The previous value of the regulatory asset base must be reduced by the value of an asset where the asset was previously used to provide *standard control services* (or their equivalent under the previous regulatory system) but, as a result of a change to the classification of a particular service under Part B, is not to be used for that purpose for the relevant *regulatory control period*.
- (8) The previous value of the regulatory asset base may be increased by the value of an asset to which this subparagraph applies to the extent that:
  - (i) the *AER* considers the asset to be reasonably required to achieve one or more of the *capital expenditure objectives*; and
  - (ii) the value of the asset has not been otherwise recovered.

This subparagraph applies to an asset that:

- (i) was not used to provide *standard control services* (or their equivalent under the previous regulatory system) in the previous *regulatory control period* but, as a result of a change to the classification of a particular service under Part B, is to be used for that purpose for the relevant *regulatory control period*; or
- (ii) was never previously used to provide *standard control services* (or their equivalent under the previous regulatory system) but is

to be used for that purpose for the relevant *regulatory control period*.

- (f) An increase or reduction in the value of the regulatory asset base under subparagraph (7) or (8) of paragraph (e) is to be based on the portion of the value of the asset properly allocated, or formerly properly allocated, to *standard control services* in accordance with the principles and policies set out in the *Cost Allocation Method* for the relevant *Distribution Network Service Provider*. The value of the relevant asset is taken to be its value as shown in independently audited and published accounts.
- (g) The previous value of the regulatory asset base must be reduced by any amount determined by the *AER* in accordance with clause S6.2.2A(f), (i) or (j).

### **S6.2.2 Prudency and efficiency of capital expenditure**

In determining the prudency or efficiency of capital expenditure under clause S6.2.1(d)(2), the *AER* must have regard to the following:

- (1) the need to provide a reasonable opportunity for the relevant *Distribution Network Service Provider* to recover the efficient costs of complying with all applicable *regulatory obligations or requirements* associated with the provision of *standard control services*;
- (2) the need to provide effective incentives to the *Distribution Network Service Provider* to promote economic efficiency in the provision of *standard control services*;
- (3) whether the relevant project in respect of which capital expenditure was made was evaluated against, and satisfied, the *regulatory investment test for transmission* or the *regulatory investment test for distribution* (as the case may be);
- (4) whether the *Distribution Network Service Provider* undertook the capital expenditure in a manner consistent with good business practice and so as to practicably achieve the lowest sustainable cost of delivering the *standard control services* to be provided as a consequence of that capital expenditure;
- (5) the desirability of minimising investment uncertainty for the *Distribution Network Service Provider*;
- (6) the need to provide incentives to the *Distribution Network Service Provider* to avoid undertaking inefficient capital expenditure;
- (7) the value of the relevant asset as shown in independently audited and published accounts.

In determining the prudency or efficiency of capital expenditure the *AER* must only take into account information and analysis that the *Distribution Network Service Provider* could reasonably be expected to have considered or undertaken at the time that it undertook the relevant capital expenditure.

### S6.2.2A Reduction for inefficient past capital expenditure

- (a) Prior to making a decision on the regulatory asset base for a *distribution system* as required by clause 6.12.1(6), the *AER* may determine under this clause S6.2.2A that the amount of capital expenditure as a result of which the previous value of the regulatory asset base would otherwise be increased in accordance with clause S6.2.1(e) should be reduced.
- (a1) for the purposes of this clause S6.2.2A, "**review period**" means:
- (1) the previous control period (excluding the last two *regulatory years* of that previous control period); and
  - (2) the last two *regulatory years* of the *regulatory control period* preceding the previous control period.
- (a2) However, for a decision on the regulatory asset base for a *distribution system* in this jurisdiction as at the commencement of the *2nd regulatory control period*, "**review period**" means only the previous control period (excluding the last two *regulatory years* of that previous control period).

**Note:**

This paragraph expires on 1 July 2029.

- (b) The *AER* may only make a determination under paragraph (a) if any of the following requirements is satisfied:
- (1) the requirement set out in paragraph (c) (the *overspending requirement*);
  - (2) the requirement set out in paragraph (d) (the *margin requirement*); or
  - (3) the requirement set out in paragraph (e) (the *capitalisation requirement*).
- (c) The *overspending requirement* is satisfied where the sum of all capital expenditure incurred during the review period exceeds the sum of:
- (1) the forecast capital expenditure accepted or substituted by the *AER* for the review period as such forecast capital expenditure has been adjusted in accordance with clauses 6.6.5(f) and 6.6A.2(h); and
  - (2) any capital expenditure that is recovered by way of such part of an *approved pass through amount* as is permitted to be passed through to *Distribution Network Users* during the review period less any capital expenditure that is included in a *negative pass through amount* that is required to be passed through to *Distribution Network Users* during the review period.
- (d) The *margin requirement* is satisfied where the amount of the capital expenditure as a result of which the previous value of the regulatory asset base would otherwise be increased in accordance with clause S6.2.1(e)

includes capital expenditure that represents a margin paid by the *Distribution Network Service Provider* in circumstances where the margin is referable to arrangements that, in the opinion of the *AER*, do not reflect arm's length terms.

- (e) The *capitalisation requirement* is satisfied where the amount of the capital expenditure as a result of which the previous value of the regulatory asset base would otherwise be increased in accordance with clause S6.2.1(e) includes expenditure that, under the *Distribution Network Service Provider's* applicable capitalisation policy submitted to the *AER* as part of a *regulatory proposal*, should have been treated as operating expenditure.
- (f) Where the *overspending requirement* is satisfied, and subject to paragraphs (g) and (h), the *AER* may determine that the amount of the capital expenditure as a result of which the previous value of the regulatory asset base would otherwise be increased in accordance with clause S6.2.1(e) should be reduced by such amount as the *AER* is satisfied corresponds to capital expenditure incurred during the review period that does not reasonably reflect the *capital expenditure criteria*.
- (g) The amount determined by the *AER* under paragraph (f):
  - (1) must not be greater than the amount calculated in accordance with paragraph (c);
  - (2) must be determined in a manner that is consistent with the *capital expenditure incentive objective*; and
  - (3) must be determined taking into account the *Capital Expenditure Incentive Guidelines*.
- (h) In making a determination under paragraph (f), the *AER* must:
  - (1) have regard to the *capital expenditure factors*; and
  - (2) only take into account information and analysis that the *Distribution Network Service Provider* could reasonably be expected to have considered or undertaken at the time that it undertook the relevant capital expenditure.
- (i) Where the *margin requirement* is satisfied, and subject to paragraph (k), the *AER* may determine that the amount of the capital expenditure as a result of which the previous value of the regulatory asset base would otherwise be increased in accordance with clause S6.2.1(e) should be reduced by such of the margin referred to in paragraph (d) as the *AER* is reasonably satisfied would not have been paid if the arrangements to which the margin is referable had been on arm's length terms.
- (j) Where the *capitalisation requirement* is satisfied, and subject to paragraph (k), the *AER* may determine that the amount of the capital expenditure as a result of which the previous value of the regulatory asset base would otherwise be increased in accordance with clause S6.2.1(e) should be

reduced by any or all of the amount of expenditure referred to in paragraph (e) which should have been treated as operating expenditure .

- (k) A determination made under paragraph (i) or (j) must be consistent with the *capital expenditure incentive objective* and, in making such a determination, the *AER* must take into account the *Capital Expenditure Incentive Guidelines*.
- (l) Nothing in this clause S6.2.2A is to be taken to preclude the *AER* from:
  - (1) requiring a *Distribution Network Service Provider* to provide such information; or
  - (2) undertaking such analysis,

as the *AER* considers appropriate to enable it to make a statement, with supporting reasons, as referred to in clause 6.12.2(b).

### **S6.2.2B Depreciation**

- (aa) Paragraphs (b) and (c) have no effect in this jurisdiction until 1 July 2019.
- (a) Pursuant to clause 6.12.1(18), the *AER* must decide, for a distribution determination, whether depreciation for establishing the regulatory asset base for a *distribution system* as at the commencement of the following *regulatory control period* is to be based on actual or forecast capital expenditure.
- (b) The decision referred to in paragraph (a) must be consistent with the *capital expenditure incentive objective*.
- (c) In making the decision referred to in paragraph (a), the *AER* must have regard to:
  - (1) the incentives that the *Distribution Network Service Provider* has in relation to undertaking efficient capital expenditure, including as a result of the application of any incentive scheme or any other incentives under the *Rules*;
  - (2) the substitution possibilities between assets with relatively short economic lives and assets with relatively long economic lives and the relative benefits of such asset types;
  - (3) the extent to which any capital expenditure incurred by the *Distribution Network Service Provider* has exceeded the corresponding amount of forecast capital expenditure accepted or substituted by the *AER* and the amount of that excess expenditure which is not efficient;
  - (4) the *Capital Expenditure Incentive Guidelines*; and
  - (5) the *capital expenditure factors*.

### **S6.2.3 Roll forward of regulatory asset base within the same regulatory control period**

(a) **Application of this clause**

This clause applies to the establishment of the value of the regulatory asset base for a *distribution system* as at the beginning of one *regulatory year* in a *regulatory control period* on the roll forward of the regulatory asset base to that *regulatory year* from the immediately preceding *regulatory year* (if any) in that *regulatory control period*.

(b) **Roll forward model to comply with this clause**

The *roll forward model* referred to in clause 6.5.1 must provide for that value to be established in accordance with the requirements of this clause.

(c) **Method of adjustment of value of regulatory asset base**

The value of the regulatory asset base for a *distribution system* as at the beginning of the second or a subsequent year (**the later year**) in a *regulatory control period* must be calculated by adjusting the value (**the previous value**) of the regulatory asset base for that *distribution system* as at the beginning of the immediately preceding *regulatory year* (**the previous year**) in that *regulatory control period* as follows:

- (1) The previous value of the regulatory asset base must be increased by the amount of forecast capital expenditure accepted or substituted by the *AER* for the previous year in accordance with clause 6.5.7(c) or clause 6.12.1(3) (as the case may be).
- (2) The previous value of the regulatory asset base must be reduced by the amount of depreciation included in the *Distribution Network Service Provider's annual revenue requirement* for the previous year.
- (3) The previous value of the regulatory asset base must be reduced by the disposal value of any asset included in that value where the asset is forecast to be disposed of during the previous year.
- (4) The previous value of the regulatory asset base must be increased by an amount necessary to maintain the real value of the regulatory asset base as at the beginning of the later year by adjusting that value for inflation.

(d) **Allowance for working capital**

If the *AER* determines that it is appropriate to do so, it may include an allowance for working capital in the regulatory asset base for a *distribution system* which is rolled forward in accordance with this clause.

**S6.2.3A Establishment of opening regulatory asset base for distribution system in this jurisdiction for 1st regulatory control period**

(a) **Application of this clause**

This clause applies to the establishment of the value of the regulatory asset base for a *distribution system* in this jurisdiction as at the beginning of the *1st regulatory control period*.

(b) **Roll forward model to comply with this clause**

The values to be used for completing the *roll forward model* must be established in accordance with this clause.

(c) **Previous value of regulatory asset base for distribution system in this jurisdiction**

For paragraph (d), the previous value of the regulatory asset base for all *distribution systems* in this jurisdiction that are owned, controlled or operated by the *Distribution Network Service Provider* mentioned in the table below is as set out in the table:

Jurisdiction	Distribution Network Service Provider	Regulatory Asset Base (\$m)
Northern Territory	Power and Water Corporation ABN 15 947 352 360	928.34 (as at 1 July 2014 in July 2014 dollars)

(d) **Method of adjustment of value of regulatory asset base**

The value of the regulatory asset base for the *distribution systems* mentioned in paragraph (c) as at the beginning of the first *regulatory year* of the *1st regulatory control period* must be calculated by adjusting the previous value (the **previous value**) of the regulatory asset base for the *distribution systems* as specified in paragraph (c) as follows:

- (1) The previous value of the regulatory asset base must be:
  - (i) increased by the amount of all capital expenditure incurred during the *2014-19 NT regulatory control period* (the **previous control period**), including any capital expenditure determined for that period under clause 3.2.4(d)(i)(A) of Part B of the *2014 NT Network Price Determination* where the Determination has been amended under clause 3.2.4(d)(iii) of the Determination (regardless of whether such capital expenditure is above or below the forecast capital expenditure for the period that is adopted for the purposes of the Determination (if any) for that period); and

- (ii) reduced by the amount of any capital expenditure that has been recovered by way of a pass through under clause 3.1 of Part B of the *2014 NT Network Price Determination* where the amount of that capital expenditure would otherwise have been included in the value of the regulatory asset base.
- (2) The previous value of the regulatory asset base must be increased by the amount of the estimated capital expenditure approved by the *Utilities Commission* or *AER* for any part of the previous control period for which actual capital expenditure is not available.
- (3) The previous value of the regulatory asset base must be adjusted for the difference between:
  - (i) the estimated capital expenditure for any part of the *2009-14 NT regulatory control period* or *2014-19 NT regulatory control period* where that estimated capital expenditure has been included in that value; and
  - (ii) the actual capital expenditure for that part of the *2009-14 NT regulatory control period* or *2014-19 NT regulatory control period*.

This adjustment must also remove any benefit or penalty associated with any difference between the estimated and actual capital expenditure.

- (4) The previous value of the regulatory asset base must only be increased by estimated or actual capital expenditure to the extent that all such capital expenditure is properly allocated to the provision of *NT equivalent services* in accordance with the *Cost Allocation Methodology* (as amended, varied or substituted from time to time) that is the subject of the *Utilities Commission's* final decision referred to in Chapter 5 of Part A of the *2014 NT Network Price Determination*.
- (5) The previous value of the regulatory asset base must be reduced by the amount of depreciation of the regulatory asset base during the previous control period, calculated in accordance with the *2014 NT Network Price Determination*.
- (6) The previous value of the regulatory asset base must be reduced by the disposal value of any asset where that asset has been disposed of during the previous control period.
- (7) The previous value of the regulatory asset base must be reduced by the value of an asset where the asset was previously used to provide *NT equivalent services* but, as a result of the classification of the asset under Part B, the asset is not to be used to provide *standard control services* for the *1st regulatory control period*.



- (8) The previous value of the regulatory asset base may be increased by the value of an asset to which this subparagraph applies to the extent that:
- (i) the *AER* considers the asset to be reasonably required to achieve one or more of the *capital expenditure objectives*; and
  - (ii) the value of the asset has not been otherwise recovered.

This subparagraph applies to an asset that:

- (i) was not used to provide *NT equivalent services* in the previous control period but, as a result of a change to the classification of a particular service under Part B, is to be used to provide *standard control services* for the *1st regulatory control period*; or
  - (ii) was never previously used to provide *NT equivalent services* but is to be used to provide *standard control services for the 1st regulatory control period*.
- (e) An increase or reduction in the value of the regulatory asset base under paragraph (d)(7) or (8) is to be based on the portion of the value of the asset properly allocated, or formerly properly allocated, to *NT equivalent services* in accordance with the principles and policies set out in the Cost Allocation Methodology (as amended, varied or substituted from time to time) that is the subject of the *Utilities Commission's* final decision referred to in Chapter 5 of Part A of the *2014 NT Network Price Determination*. The value of the relevant asset is taken to be its value as shown in independently audited and published accounts.



**CHAPTER 6A**





## **6A. Economic Regulation of Transmission Services**

Chapter 6A of the National Electricity Rules (NER) has no effect in the Northern Territory until 1 July 2019 (Clause 1.11A.3 of Northern Territory NER; Part 6 of Schedule 2 of the National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations) until 1 July 2019.



**CHAPTER 6B**







## **6B. Retail Markets**

Chapter 6B of the National Electricity Rules (NER) has no effect in the Northern Territory until the Northern Territory adopts the National Electricity Retail Law as a Law of that jurisdiction (Clause 1.11A.2 of Northern Territory NER; Part 3 of Schedule 2 of the National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations).



**CHAPTER 7**





## **7. Metering**

Chapter 7 of the National Electricity Rules (NER) has no effect in the Northern Territory until 1 July 2017 (Clause 1.11A.4 of Northern Territory NER; Part 7 of Schedule 2 of the National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations)



**CHAPTER 8**





## 8. Administrative Functions

### Part A Introductory

#### 8.1 Administrative functions

##### 8.1.1 [Deleted]

##### 8.1.2 [Deleted]

##### 8.1.3 Structure of this Chapter

- (a) This Chapter describes some of the key processes and obligations associated with the administration of the *Rules* and deals also with *augmentations*.
- (b) It is divided into Parts as follows:
  - (1) this Part is introductory;
  - (2) Part B deals with dispute resolution;
  - (3) Part C deals with the obligations of *Registered Participants* to maintain confidentiality;
  - (4) Part D deals with monitoring and reporting;
  - (5) Part E deals with the structure and responsibilities of the *Reliability Panel*;
  - (6) Part F sets out the *Rules consultation procedures*;
  - (7) Part G deals with funding for the Consumer Advocacy Panel;
  - (8) Part H deals with *augmentations*.
- (c) [Deleted]
- (d) [Deleted]
- (e) [Deleted]
- (f) [Deleted]
- (g) [Deleted]

### Part B Disputes

Part B of Chapter 8 of the National Electricity Rules (NER) has no effect in the Northern Territory until 1 July 2019 (Clause 1.11A.3 of Northern Territory NER; Part 6 of Schedule 2 of the National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations)

## Part C Registered Participants' confidentiality obligations

### 8.6 Confidentiality

#### 8.6.1 Confidentiality

(a) Each *Registered Participant* must use all reasonable endeavours to keep confidential any *confidential information* that comes into the possession or control of the *Registered Participant* or of which the *Registered Participant* becomes aware.

(b) A *Registered Participant*:

(1) must not disclose *confidential information* to any person except as permitted by the *Rules*;

**Note**

This clause is classified as a civil penalty provision under the National Electricity (South Australia) Regulations. (See clause 6(1) and Schedule 1 of the National Electricity (South Australia) Regulations.)

(2) must only use or reproduce *confidential information* for the purpose for which it was disclosed or another purpose contemplated by the *Rules*; and

**Note**

This clause is classified as a civil penalty provision under the National Electricity (South Australia) Regulations. (See clause 6(1) and Schedule 1 of the National Electricity (South Australia) Regulations.)

(3) must not permit unauthorised persons to have access to *confidential information*.

**Note**

This clause is classified as a civil penalty provision under the National Electricity (South Australia) Regulations. (See clause 6(1) and Schedule 1 of the National Electricity (South Australia) Regulations.)

(c) Each *Registered Participant* must use all reasonable endeavours:

(1) to prevent unauthorised access to *confidential information* which is in the possession or control of that *Registered Participant*; and

(2) to ensure that any person to whom it discloses *confidential information* observes the provisions of this rule 8.6 in relation to that information.

(d) The officers of a *Transmission Network Service Provider* participating in *transmission service* pricing must not be involved in or associated with competitive electricity trading activities of any other *Registered Participant*.

**Note**

This clause is classified as a civil penalty provision under the National Electricity (South Australia) Regulations. (See clause 6(1) and Schedule 1 of the National Electricity (South Australia) Regulations.)

- (e) A *Transmission Network Service Provider* participating in *transmission service pricing* must provide to any *Transmission Network Service Provider* or *Registered Participant* which supplies information for *transmission service pricing* an undertaking that the *Transmission Network Service Provider* to which that information was supplied will comply with the confidentiality requirements set out in clause 6.9.2.

**Note**

This clause is classified as a civil penalty provision under the National Electricity (South Australia) Regulations. (See clause 6(1) and Schedule 1 of the National Electricity (South Australia) Regulations.)

**8.6.2 Exceptions**

This rule 8.6 does not prevent:

- (a) (**public domain**): the disclosure, use or reproduction of information if the relevant information is at the time generally and publicly available other than as a result of breach of confidence by the *Registered Participant* who wishes to disclose, use or reproduce the information or any person to whom the *Registered Participant* has disclosed the information;
- (b) (**employees and advisers**): the disclosure of information by a *Registered Participant* or the *Registered Participant's Disclosees* to:
  - (1) an employee or officer of the *Registered Participant* or a *related body corporate* of the *Registered Participant*; or
  - (2) a legal or other professional adviser, auditor or other consultant (in this clause 8.6.2(b) called **Consultants**) of the *Registered Participant*,
 which require the information for the purposes of the *Rules*, or for the purpose of advising the *Registered Participant* or the *Registered Participant's Disclosee* in relation thereto;
- (b1) (**service providers**): the disclosure of *NMI Standing Data* or the provision of means to gain electronic access to that data by a *Customer* or the *Customer's Disclosees* to a person who requires the *NMI Standing Data* for the purposes of providing services in connection with the *Customer's* sale of electricity to end users.
- (c) (**consent**): the disclosure, use or reproduction of information with the consent of the person or persons who provided the relevant information under the *Rules*;
- (d) (**law**): the disclosure, use or reproduction of information to the extent required by law or by a lawful requirement of:

- (1) any government or governmental body, authority or agency having jurisdiction over a *Registered Participant* or its *related bodies corporate*; or
- (2) any stock exchange having jurisdiction over a *Registered Participant* or its *related bodies corporate*;
- (d1) **[Deleted]**
- (e) **(disputes)**: the disclosure, use or reproduction of information if required in connection with legal proceedings, arbitration, expert determination or other dispute resolution mechanism relating to the *Rules*, or for the purpose of advising a person in relation thereto;
- (f) **(trivial)**: the disclosure, use or reproduction of information which is trivial in nature;
- (g) **(safety)**: the disclosure of information if required to protect the safety of personnel or equipment;
- (h) **(potential investment)**: the disclosure, use or reproduction of information by or on behalf of a *Registered Participant* to the extent reasonably required in connection with the *Registered Participant's* financing arrangements, investment in that *Registered Participant* or a disposal of that *Registered Participant's* assets;
- (i) **(regulator)**: the disclosure of information to the *AER*, the *AEMC* or the *ACCC* or any other regulatory authority having jurisdiction over a *Registered Participant*, pursuant to the *Rules* or otherwise;
- (j) **(reports)**: the disclosure, use or reproduction of information of an historical nature in connection with the preparation and giving of reports under the *Rules*;
- (k) **(aggregate sum)**: the disclosure, use or reproduction of information as an unidentifiable component of an aggregate sum; and
- (l) **(profile)**: the publication of a *profile*.
- (m) **[Deleted]**
- (n) **[Deleted]**
- (o) **[Deleted]**

### 8.6.3 Conditions

In the case of a disclosure under clauses 8.6.2(b), 8.6.2(b1), 8.6.2(h), prior to making the disclosure the *Registered Participant* that wishes to make the disclosure must inform the proposed recipient of the confidentiality of the information and must take appropriate precautions to ensure that the proposed recipient keeps the information confidential in accordance with the provisions of

this rule 8.6 and does not use the information for any purpose other than that permitted under clause 8.6.1.

**Note**

This clause is classified as a civil penalty provision under the National Electricity (South Australia) Regulations. (See clause 6(1) and Schedule 1 of the National Electricity (South Australia) Regulations.)

**8.6.4 [Deleted]**

**8.6.5 Indemnity to AER, AEMC and AEMO**

Each *Registered Participant* must indemnify the *AER*, the *AEMC* and *AEMO* against any claim, action, damage, loss, liability, expense or outgoing which the *AER*, the *AEMC* or *AEMO* pays, suffers, incurs or is liable for in respect of any breach by that *Registered Participant* or any officer, agent or employee of that *Registered Participant* of this rule 8.6.

**8.6.6 AEMO information**

*AEMO* must develop and, to the extent practicable, implement a policy:

- (a) to protect information which it acquires pursuant to its various functions from use or access which is contrary to the provisions of the *Rules*;
- (b) to disseminate such information in accordance with its rights, powers and obligations in a manner which promotes the orderly operation of any *market*; and
- (c) to ensure that *AEMO*, in undertaking any trading activity except the procurement of *ancillary services*, does not make use of such information unless the information is also available to other *Registered Participants*.

**8.6.7 Information on Rules Bodies**

*AEMO* must, in consultation with the *AEMC*, develop and implement policies concerning:

- (a) the protection of information which *Rules bodies* acquire pursuant to their various functions from use or access by *Registered Participants* or *Rules bodies* which is contrary to the provisions of the *Rules*; and
- (b) the dissemination of such information where appropriate to *Registered Participants*.

## Part D Monitoring and reporting

### 8.7 Monitoring and Reporting

#### 8.7.1 Monitoring

- (a) [Deleted]
- (b) The *AER* must, for the purpose of performing its monitoring functions:
  - (1) determine whether *Registered Participants* and *AEMO* are complying with the *Rules*;
  - (2) assess whether the dispute resolution and *Rules* enforcement mechanisms are working effectively in the manner intended; and
  - (3) [Deleted]
  - (4) collect, analyse and disseminate information relevant and sufficient to enable it to comply with its reporting and other obligations and powers under the *Rules*.
- (c) The *AER* must ensure that, to the extent practicable in light of the matters set out in clause 8.7.1(b), the monitoring processes which it implements under this rule 8.7:
  - (1) are consistent over time;
  - (2) do not discriminate unnecessarily between *Registered Participants*;
  - (3) are cost effective to both the *AER*, all *Registered Participants* and *AEMO*; and
  - (4) subject to confidentiality obligations, are publicised or available to the public.

#### 8.7.2 Reporting requirements and monitoring standards for Registered Participants and AEMO

- (a) For the purpose of performing its monitoring functions, the *AER* must establish:
  - (1) reporting requirements which apply to all or particular categories of *Registered Participants* in relation to matters relevant to the *Rules*;
  - (2) reporting requirements for *AEMO* in relation to matters relevant to the *Rules*;
  - (3) procedures and standards generally applicable to *Registered Participants* relating to information and data received by them in relation to matters relevant to the *Rules*;

- (4) procedures and standards applicable to *AEMO* relating to information and data received by it in relation to matters relevant to the *Rules*; and
  - (5) procedures and standards applicable to the *AER* relating to information and data received by the *AER* from *Registered Participants* or *AEMO* in relation to matters relevant to the *Rules*.
- (b) The *AER* must:
- (1) after consultation with the *AEMC*, *AEMO* and *Registered Participants* in accordance with the *Rules consultation procedures*, establish the requirements and standards and procedures referred to in clause 8.7.2(a)(1), (3), (4) and (5); and
  - (2) after consultation with the *AEMC*, *AEMO* and such *Registered Participants* as the *AER* considers appropriate, establish the requirements referred to in clause 8.7.2(a)(2).

In formulating such requirements or procedures and standards, the *AER* must take into consideration the matters set out in clause 8.7.1(c).

- (c) Subject to clause 8.7.2(d), the *AER* must notify to *AEMO* and all *Registered Participants* particulars of the requirements and procedures and standards which it establishes under this clause 8.7.2.
- (d) For the purpose of performing its monitoring functions, the *AER* may establish additional or more onerous requirements or procedures and standards which do not apply to all or a particular category of *Registered Participants*. In formulating such requirements or procedures and standards, the *AER* must take into consideration the matters set out in clause 8.7.1(c) and is not required to consult in accordance with the *Rules consultation procedures* but must consult with the relevant *Registered Participants*. In such a case, and if the *AER* considers it appropriate to do so, the *AER* may choose to notify only those *Registered Participants* to whom these additional or more onerous requirements or procedures and standards apply.
- (e) Each *Registered Participant* and *AEMO* must comply with all requirements, procedures and standards established by the *AER* under this rule 8.7 to the extent that they are applicable to it within the time period specified for the requirement, procedure or standard or, if no such time period is specified, within a reasonable time. Each *Registered Participant* and *AEMO* must bear its own costs associated with complying with these requirements, procedures and standards.

**Note**

This clause is classified as a civil penalty provision under the National Electricity (South Australia) Regulations. (See clause 6(1) and Schedule 1 of the National Electricity (South Australia) Regulations.)

- (f) In complying with its obligations or pursuing its rights under the *Rules*, neither a *Registered Participant* nor *AEMO* must recklessly or knowingly provide, or permit any other person to provide on behalf of that *Registered*

*Participant* or *AEMO* (as the case may be), misleading or deceptive data or information to any other person (including the *AER*).

**Note**

This clause is classified as a civil penalty provision under the National Electricity (South Australia) Regulations. (See clause 6(1) and Schedule 1 of the National Electricity (South Australia) Regulations.)

- (g) Any *Registered Participant* or *AEMO* may ask the *AER* to impose additional or more onerous requirements, procedures or standards under clause 8.7.2(d) on a *Registered Participant* in order to monitor or assess compliance with the *Rules* by that *Registered Participant*. When such a request is made, the *AER* may but is not required to impose the additional or more onerous requirements, procedures or standards.

If the *AER* decides to impose additional or more onerous requirements, procedures or standards on a *Registered Participant*, the *AER* may determine the allocation of costs of any additional compliance monitoring undertaken between the relevant *Registered Participants* and/or *AEMO* (as the case may be). The relevant *Registered Participants* and (to the extent relevant) *AEMO* must pay such costs as allocated. In the absence of such allocation, the *Registered Participant* which is subject to the additional or more onerous requirements, procedures or standards must bear its own costs of compliance.

- (h) The *AER* must develop and implement guidelines in accordance with the *Rules consultation procedures* governing the exercise of the powers conferred on it by clause 8.7.2(g) which guidelines must set out the matters to which the *AER* must have regard prior to deciding the allocation of costs of any additional or more onerous requirements, procedures or standards imposed pursuant to clause 8.7.2(g) between the relevant *Registered Participants* and/or *AEMO* (as the case may be).

**8.7.3 Consultation required for making general regulatory information order (Section 28H of the NEL)**

- (a) Before the *AER* makes a *general regulatory information order*, it must publish:
- (1) the proposed order;
  - (2) an explanatory statement that sets out objectives of the proposed order; and
  - (3) an invitation for written submissions on the proposed order.
- (b) The invitation must allow no less than 30 *business days* for the making of submissions (and the *AER* is not required to consider any submission made after the period has expired).



- (c) The *AER* may *publish* such issues, consultation and discussion papers, and hold such conferences and information sessions, in relation to the proposed order as it considers appropriate.
- (d) Within 80 *business days* of *publishing* the documents referred to in paragraph (a), the *AER* must:
  - (1) consider any submissions made in response to the invitation within the period allowed in the invitation;
  - (2) make a final decision on the order; and
  - (3) *publish* the final decision including:
    - (i) a statement of the reasons for the final decision (including a summary of each material issue raised in the submissions and the *AER's* response to it); and
    - (ii) if the final decision is to make the order (either in the terms in which it was proposed or in modified terms) – the order in its final form.
- (e) The *AER* may extend the time within which it is required to publish its final decision if:
  - (1) the consultation involves questions of unusual complexity or difficulty; or
  - (2) the extension has become necessary because of circumstances beyond the *AER's* control.

#### **8.7.4 Preparation of network service provider performance report (Section 28V of the NEL)**

- (a) Before the *AER* embarks on the preparation of *network service provider performance reports*, the *AER* must consult with:
  - (1) *network service providers*; and
  - (2) bodies representative of the *network service providers* and *network service users*; and
  - (3) the public generally;in order to determine appropriate priorities and objectives to be addressed through the preparation of *network service provider performance reports*.
- (b) In the course of preparing a *network service provider performance report*, the *AER*:
  - (1) must consult with the *network service provider* or *network service providers* to which the report is to relate; and

- (2) must consult with the authority responsible for the administration of relevant *jurisdictional electricity legislation* about relevant safety and technical obligations; and
  - (3) may consult with any other persons who have, in the *AER's* opinion, a proper interest in the subject matter of the report; and
  - (4) may consult with the public.
- (c) A *network service provider* to which the report is to relate:
- (1) must be allowed an opportunity, at least 30 business days before publication of the report, to submit information and to make submissions relevant to the subject matter of the proposed report; and
  - (2) must be allowed an opportunity to comment on material of a factual nature to be included in the report.

#### **8.7.5 [Deleted]**

#### **8.7.6 Recovery of reporting costs**

Where, under the *Rules*, *AEMO* is entitled or required to publish or give information, notices or reports to:

- (a) any *Registered Participant*, any court, the *ACCC* or the *AER*, unless the context otherwise requires, *AEMO* must not charge those persons a separate fee for providing them with a copy of the information or report and the costs in providing that service must be recovered through the *Participant fees* described in rule 2.12;
- (b) any other person, *AEMO* may charge that person a fee which is appropriate to cover the costs of providing that service.

### **Part E Reliability panel**

Part E of Chapter 8 of the National Electricity Rules (NER) has no effect in the Northern Territory until 1 July 2019 (Clause 1.11A.3 of Northern Territory NER; Part 6 of Schedule 2 of the National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations).

### **Part F Rules consultation procedures**

#### **8.9 Rules Consultation Procedures**

- (a) These provisions apply wherever in the *Rules* any person (the *consulting party*) is required to comply with the *Rules consultation procedures*. For the avoidance of doubt, the *Rules consultation procedures* are separate from, and do not apply to, the process for changing the *Rules* under Part 7 of the *National Electricity Law*.

- (b) The *consulting party* must give a notice to all persons nominated (including *Intending Participants* in the class of persons nominated) by the relevant provision as those with whom consultation is required or, if no persons are specifically nominated, *AEMO*, all *Registered Participants* and *interested parties*, (**Consulted Persons**) giving particulars of the matter under consultation.
- (c) Except where the *consulting party* is the *AEMC*, or the *AER*, the *consulting party* must provide a copy of the notice referred to in rule 8.9(b) to *AEMO*. Within 3 *business days* of receipt of the notice *AEMO* must *publish* the notice on its website. Where the *AEMC* is the *consulting party*, the *AEMC* must *publish* the notice referred to in rule 8.9(b) on its website. Where the *AER* is the *consulting party*, the *AER* must *publish* the notice referred to in rule 8.9(b) on its website.
- (d) The notice must invite interested **Consulted Persons** to make written submissions to the *consulting party* concerning the matter.
- (e) A written submission may state whether a **Consulted Person** considers that a meeting is necessary or desirable in connection with the matter under consultation and, if so, the reasons why such a meeting is necessary or desirable. To be valid, a submission must be received not later than the date specified in the notice (not to be less than 25 *business days* after the notice referred to in rule 8.9(b) is given).
- (f) The *consulting party* must consider all valid submissions within a period of not more than a further 20 *business days*. If the *consulting party*, after having considered all valid submissions, concludes that it is desirable or necessary to hold any meetings, the *consulting party* must use its best endeavours to hold such meetings with **Consulted Persons** who have requested meetings within a further 25 *business days*.
- (g) Following the conclusion of any meetings held in accordance with rule 8.9(f) and the *consulting party's* consideration of a matter under consultation, the *consulting party* must publish a draft report, available to all **Consulted Persons**, setting out:
  - (1) the conclusions and any determinations of the *consulting party*;
  - (2) its reasons for those conclusions;
  - (3) the procedure followed by the *consulting party* in considering the matter;
  - (4) summaries of each issue, that the *consulting party* reasonably considers to be material, contained in valid written submissions received from **Consulted Persons** or in meetings, and the *consulting party's* response to each such issue; and
  - (5) in a notice at the front of the draft report, an invitation to **Consulted Persons** to make written submissions to the *consulting party* on the draft report,

and, subject to its confidentiality obligations, the *consulting party* must make available to all Consulted Persons, on request, copies of any material submitted to the *consulting party*.

- (h) Except where the *consulting party* is the *AEMC*, or the *AER*, the *consulting party* must provide a copy of the draft report referred to in rule 8.9(g) to *AEMO*. Within 3 *business days* of receipt of the draft report *AEMO* must *publish* the draft report on its website. Where the *AEMC* is the *consulting party*, the *AEMC* must *publish* the draft report referred to in rule 8.9(g) on its website. Where the *AER* is the *consulting party*, the *AER* must *publish* the draft report referred to in rule 8.9(g) on its website.
- (i) To be valid, a submission invited in a notice referred to in rule 8.9(g)(5) must be received not later than the date specified in the notice (not to be less than 10 *business days* after the publication of the draft report pursuant to rule 8.9(h) or such longer period as is reasonably determined by the *consulting party* having regard to the complexity of the matters and issues under consideration).
- (j) The *consulting party* must consider all valid submissions within a period of not more than a further 30 *business days*.
- (k) Following the conclusion of the *consulting party's* consideration of all valid submissions the *consulting party* must publish a final report, available to all Consulted Persons, setting out:
  - (1) the conclusions and any determinations of the *consulting party* on the matter under consultation;
  - (2) its reasons for those conclusions;
  - (3) the procedure followed by the *consulting party* in considering the matter;
  - (4) summaries required pursuant to rule 8.9(g)(4); and
  - (5) summaries of each issue, that the *consulting party* reasonably considers to be material, contained in valid written submissions received from Consulted Persons on the draft report and the *consulting party's* response to each such submission,

and, subject to its confidentiality obligations, the *consulting party* must make available to all Consulted Persons, on request, copies of any material submitted to the *consulting party*.

- (l) Except where the *consulting party* is the *AEMC*, or the *AER*, the *consulting party* must provide a copy of the final report referred to in rule 8.9(k) to *AEMO*. Within 3 *business days* of receipt of the final report *AEMO* must *publish* the final report on its website. Where the *AEMC* is the *consulting party*, the *AEMC* must *publish* the final report referred to in rule 8.9(k) on its website. Where the *AER* is the *consulting party*, the *AER* must *publish* the final report referred to in rule 8.9(k) on its website.

- (m) The *consulting party* must not make the decision or determination in relation to which the *Rules consultation procedures* apply until the *consulting party* has completed all the procedures set out in this clause.
- (n) Notwithstanding rule 8.9(m), substantial compliance by a *consulting party* with the procedures set out in this clause is sufficient.

## **Part G Consumer advocacy funding**

Parts G of Chapter 8 of the National Electricity Rules (NER) has no effect in the Northern Territory until 1 July 2019 (Clause 1.11A.3 of Northern Territory NER; Part 6 of the National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations).

## **Part H Augmentations**

Part H of Chapter 8 of the National Electricity Rules (NER) has no effect in the Northern Territory until 1 July 2019 (Clause 1.11A.3 of Northern Territory NER; Part 6 of the National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations).

## **Schedule 8.11 Principles to be reflected in agreements relating to contestable augmentations**

### **S8.11.1 Risk allocation**

- (a) This clause sets out the risk allocation principles.
- (b) **Site/Construction Risk**

Site/construction risk is the risk that unanticipated difficulties or liabilities associated with the site or the construction work will adversely affect the *contestable* provider's ability to deliver network services at the price agreed with *AEMO*. This risk comprises (for example) the risk of contamination of the land and the risk that unforeseen difficulties (such as difficulties in sourcing necessary materials) will impede the construction of the *augmentation*.

Site/construction risk is allocated to the *contestable* provider.

- (c) **Statutory approval risk**

This is the risk that a necessary planning, environmental, building or other approval will be refused or granted on conditions adversely affecting the costs of constructing or operating the *contestable augmentation*.

This risk is allocated to the *contestable* provider.

- (d) **Native title risk**

This is the risk that actual or potential native title claims will adversely affect the cost of the *augmentation*.

This risk is allocated to the *contestable* provider.

(e) **Output specification risk**

This is the risk that inadequacies in the output specification will cause or contribute to design inadequacies. This risk is allocated to *AEMO* to the extent the inadequacies in the output specification are attributable to *AEMO*. To the extent the inadequacies are attributable to incorrect information provided by the incumbent *declared transmission system operator*, the risk is allocated to the operator.

(f) **Design, construction and commissioning risk**

This is the risk that an unanticipated increase in the costs of the *augmentation* will have a significant adverse impact on the viability or profitability of the *contestable augmentation*.

This risk is allocated to the *contestable* provider.

(g) **Operating risk**

This is the risk that the *contestable* provider will fail, for a reason other than force majeure or inadequate financial resources, to deliver the *electricity network services* purchased by *AEMO*. It includes (for example) the risk of systems failure.

This risk is allocated to the *contestable* provider.

(h) **Network and interface risk**

This is the risk that the interface between the *augmentation* and the *declared transmission system* will not be constructed or operated in accordance with the tender specification or to a satisfactory standard with the result that the safety, reliability or security of the supply of electricity or the national electricity system (or both) will be adversely affected.

This risk is allocated to the party whose system affects the other in an adverse way. If, however, the adverse result is directly caused by the provision of incorrect information, the risk is allocated to the party that provided the incorrect information.

(i) **Industrial relations risk**

This is the risk that industrial action will adversely affect the construction of the *augmentation* or the delivery of *electricity network services* by means of the *augmentation*.

This risk is allocated to the *contestable* provider. If, however, industrial action directed at the *incumbent declared transmission system operator* causes the adverse effect, the risk is allocated to the operator.

### **S8.11.2 Minimum requirements for agreements relating to contestable augmentation**

- (a) An *augmentation connection agreement* must specify:
  - (1) the technical and other details of *connection* (including the *connection point*); and
  - (2) the *performance standards* that apply to the *contestable* provider.
- (b) There should be no material difference between *performance standards* that apply to the *incumbent declared transmission system operator* and those that apply to the *contestable* provider.

### **S8.11.3 Matters to be dealt with in relevant agreements**

- (a) A relevant agreement should (in addition to the other requirements of the *National Electricity Law* and these *Rules*) contain provisions with respect to:
  - (1) the risks set out in clause S8.11.1; and
  - (2) force majeure events; and
  - (3) project financing risks; and
  - (4) liabilities and indemnities; and
  - (5) any relevant *regulatory obligation or requirement*.
- (b) In this clause:  
**relevant agreement** means:
  - (a) a *network agreement*; or
  - (b) an *augmentation connection agreement*.





**CHAPTER 8A**





## 8A. Participant Derogations

**Note:**

This Chapter contains the *participant derogations* for the purposes of the *National Electricity Law* and the *Rules*.

### Part 1 Derogations Granted to TransGrid

8A.1 [Deleted]

### Part 2 Derogations Granted to EnergyAustralia

8A.2 [Deleted]

8A.2A [Deleted]

Part 3 [Deleted]

Part 4 [Deleted]

Part 5 [Deleted]

### Part 6 Derogations Granted to Victorian Market Participants

[Deleted]

Part 7 [Deleted]

Part 8 [Deleted]

Part 9 [Deleted]

Part 10 [Deleted]

Part 11 [Deleted]

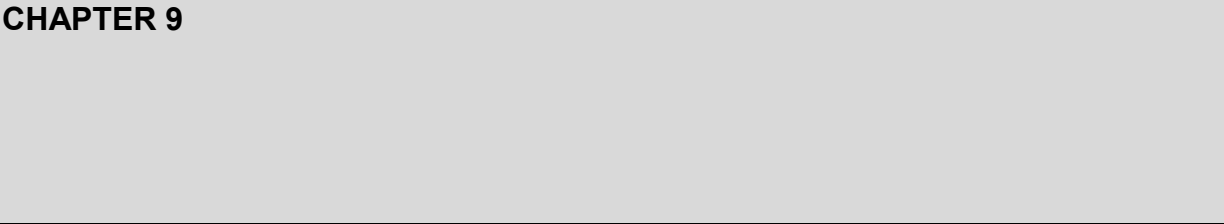
Part 12 [Deleted]

Part 13 Derogation granted to Aurora Energy (Tamar Valley) Pty Ltd

8A.13 [Deleted]



**CHAPTER 9**





## 9. Jurisdictional Derogations and Transitional Arrangements

### 9.1 Purpose and Application

#### 9.1.1 Purpose

- (a) This Chapter contains the *jurisdictional derogations* that apply in relation to each *participating jurisdiction*.
- (b) This Chapter prevails over all other Chapters of the *Rules*.

#### 9.1.2 Jurisdictional Derogations

The *jurisdictional derogations* that apply in relation to each *participating jurisdiction* are set out in this Chapter as follows:

- (a) Part A - Victoria;
- (b) Part B - New South Wales;
- (c) Part C - Australian Capital Territory;
- (d) Part D - South Australia;
- (e) Part E - Queensland; and
- (f) Part F – Tasmania.

Part G sets out the Schedules to this Chapter 9.

### **Part A Jurisdictional Derogations for Victoria**

#### 9.2 [Deleted]

#### 9.3 Definitions

##### 9.3.1 General Definitions

For the purposes of this Part A:

- (1) a word or expression defined in the glossary in Chapter 10 has the meaning given to it in the glossary unless it is referred to in column 1 of the following table; and
- (2) a word or expression referred to in column 1 of the following table has the meaning given to it in column 2 of the table:

Column 1	Column 2
<b>Counterparties</b>	In relation to each Smelter Agreement, means as applicable Portland Smelter Services Pty Ltd, Alcoa of Australia Limited (ACN 004 879 298) or any other party to that Smelter Agreement (other than SEC).
<b>CPI</b>	The Consumer Price Index: All Groups Index Number Melbourne compiled by the Australian Bureau of Statistics.
<b>distribution licence</b>	A <i>licence</i> to distribute and supply electricity.
<b>Distributor</b>	A person who holds a distribution <i>licence</i> .
<b>EI Act</b>	<i>Electricity Industry Act 2000</i> (Vic).
<b>EI (RP) Act</b>	<i>Electricity Industry (Residual Provisions) Act 1993</i> (Vic).
<b>ESC</b>	The Essential Services Commission established under section 7 of the <i>ESC Act</i> .
<b>ESC Act</b>	The <i>Essential Services Commission Act 2001</i> (Vic).
<b>licence</b>	A <i>licence</i> within the meaning of the <i>EI Act</i> or deemed to be issued under the <i>EI Act</i> by operation of clause 5 of Schedule 4 to the <i>EI (RP) Act</i> .
<b>Quarter</b>	The respective 3 monthly periods adopted by the Australian Bureau of Statistics for the compilation and issue of the CPI.
<b>SEC</b>	State Electricity Commission of Victoria established under the <i>State Electricity Commission Act 1958</i> (Vic).
<b>Smelter Agreements</b>	Each of the agreements, contracts and deeds referred to in Part A of schedule 3 to the <i>EI (RP) Act</i> in their form as at 1 July 1996 (other than the Portland and Point Henry Flexible Tariff Deeds between SEC and the State Trust Corporation of Victoria) in each case until that agreement, contract or deed expires or is terminated.
<b>Smelter Trader</b>	SEC in its capacity as Smelter Trader.
<b>System Code</b>	The code of that name sealed by the Office of the Regulator-General under the <i>Office of the Regulator-General Act 1994</i> (Vic) on 3 October 1994 and saved and continued in operation by section 67 of the <i>ESC Act</i> .



Column 1	Column 2
<b>VENCorp</b>	Victorian Energy Networks Corporation established under Division 2A of Part 2 of the <i>Gas Industry Act 1994 (Vic)</i> and continued under Part 8 of the <i>Gas Industry Act 2001 (Vic)</i> .
<b>Victorian Distribution Network</b>	In relation to a person that holds a distribution <i>licence</i> , the <i>distribution systems</i> in Victoria to which that <i>licence</i> relates and includes any part of those systems.
<b>Victorian Minister</b>	The Minister who, for the time being, administers the <i>National Electricity (Victoria) Act 1997 (Vic)</i> .
<b>Victorian Transmission Network</b>	The <i>declared shared network</i> of Victoria.
<b>Wholesale Metering Code</b>	The code of that name sealed by the Office of the Regulator-General under the <i>Office of the Regulator-General Act 1994 (Vic)</i> on 3 October 1994, as in force immediately before <i>market commencement</i> .

**9.3.2 [Deleted]**

**9.3A Fault levels**

Subject to the terms of a *connection agreement* under section 50E(1)(a) of the *National Electricity Law*, AEMO must, when planning the *declared shared network*, use its best endeavours to ensure that fault levels at a *connection point* will not, as a result of a short circuit at that *connection point*, exceed the limits set out in the following table:

**FAULT LEVEL TABLE**

NOMINAL VOLTAGE AT CONNECTION POINT	THREE AND SINGLE PHASE DESIGN FAULT LEVEL
<b>500kV</b>	
Metro	50.0 kA
Latrobe Valley	63.0 kA
Country	40.0 kA
<b>330kV</b>	40.0 kA
<b>220kV</b>	
Metro	40.0 kA

NOMINAL VOLTAGE AT CONNECTION POINT	THREE AND SINGLE PHASE DESIGN FAULT LEVEL
Latrobe Valley	40.0 kA
Country	26.2 kA
<b>66kV</b>	21.9 kA
<b>22kV</b>	26.2 kA

## 9.4 Transitional Arrangements for Chapter 2 - Registered Participants, Registration and Cross Border Networks

### 9.4.1 [Deleted]

### 9.4.2 Smelter Trader

(a) For the purposes of the *Rules*:

- (1) Smelter Trader is deemed to be entitled to register as a *Customer* in respect of the *connection points* used to supply electricity under a Smelter Agreement for so long as those *connection points* are used to supply electricity under that Smelter Agreement;
- (2) Smelter Trader is deemed to be registered as a *Customer* and as a *Market Customer* in relation to electricity supplied under a Smelter Agreement;
- (3) the electricity supplied under the Smelter Agreements is deemed to have been classified as a *market load* and the *connection points* used to supply that electricity are deemed to have been classified as Smelter Trader's *market connection points*;
- (4) **[Deleted]**
- (5) Alcoa of Australia Limited (ACN 004 879 298) is deemed to be entitled to register as a *Generator* and a *Market Generator* in relation to the *generating systems* forming part of the Anglesea Power Station; and
- (6) **[Deleted]**
- (7) no Counterparty is or is to be taken to be entitled to become a *Market Participant*, an *Intending Participant* or a *Customer* in respect of electricity supplied under that Smelter Agreement.
- (8) **[Deleted]**
- (9) **[Deleted]**

- (b) This clause 9.4.2 ceases to have effect upon the termination of the last of the Smelter Agreements.

### 9.4.3 Smelter Trader: compliance

- (a) If complying with a requirement of the *Rules* (the "**Rules Requirement**") would result in the Smelter Trader being in breach of a provision of one or more of the Smelter Agreements (the "**Contractual Requirement**"), then the Smelter Trader is not required to comply with the Rules Requirement to the extent of the inconsistency between the Rules Requirement and the Contractual Requirement.
- (b) If the Smelter Trader does not comply with a Rules Requirement in the circumstances described in clause 9.4.3(a), then the Smelter Trader must:
- (1) give written notice to the *AER* of:
    - (i) the Rules Requirement which has not been complied with;
    - (ii) details of each act or omission which partly or wholly constitutes non-compliance with that Rules Requirement; and
    - (iii) details of each Contractual Requirement which is said by the Smelter Trader to be inconsistent with the Rules Requirement,as soon as practicable and in any event within 30 *days* after the non-compliance with the Rules Requirement occurs or commences; and
  - (2) provide the *AER* with any documents or information in the possession or control of the Smelter Trader which evidence the matters referred to in clause 9.4.3(b)(1) within 14 *days* (or any longer period agreed by the *AER*) of receiving a written request from the *AER*.

#### Note

This clause is classified as a civil penalty provision under the National Electricity (South Australia) Regulations. (See clause 6(1) and Schedule 1 of the National Electricity (South Australia) Regulations.)

- (c) If:
- (1) the Smelter Trader requires the co-operation of a Counterparty to a Smelter Agreement to comply with a requirement of the *Rules*;
  - (2) the Smelter Trader has used reasonable endeavours to obtain the Counterparty's co-operation in order to enable the Smelter Trader to comply with that requirement; and
  - (3) under the Smelter Agreements, SEC has no ability to require the Counterparty to so co-operate with SEC and the Counterparty is not in breach of the Smelter Agreements by refusing to so co-operate with SEC,

then the Smelter Trader is not required to comply with that requirement.

(d) If the Smelter Trader does not comply with a requirement of the *Rules* in the circumstances described in clause 9.4.3(c), then the Smelter Trader must:

(1) give written notice to the *AER* of:

- (i) the requirement of the *Rules* that has not been complied with;
- (ii) details of each act or omission which partly or wholly constitutes non-compliance with that requirement of the *Rules*; and
- (iii) details of the endeavours made by the Smelter Trader to obtain the co-operation of the Counterparty to enable the Smelter Trader to comply with the requirement of the *Rules*,

as soon as reasonably practical and in any event before the expiration of 30 *days* after the non-compliance with the requirement of the *Rules* occurs or commences; and

**Note**

This clause is classified as a civil penalty provision under the National Electricity (South Australia) Regulations. (See clause 6(1) and Schedule 1 of the National Electricity (South Australia) Regulations.)

(2) provide the *AER* with any documents or information in the possession or control of the Smelter Trader which evidence the matters referred to in clause 9.4.3(d)(1) within 14 *days* (or any longer period agreed by the *AER*) of receiving a written request from the *AER*.

**Note**

This clause is classified as a civil penalty provision under the National Electricity (South Australia) Regulations. (See clause 6(1) and Schedule 1 of the National Electricity (South Australia) Regulations.)

(e) To avoid any doubt, if:

- (1) after reviewing any written notice provided by the Smelter Trader under clause 9.4.3(b)(1) and any additional documents or information provided by the Smelter Trader under clause 9.4.3(b)(2), the *AER* forms the view that compliance with the relevant Rules Requirement would not have resulted in the Smelter Trader being in breach of the relevant Contractual Requirement; or
- (2) after reviewing any written notice provided by the Smelter Trader under clause 9.4.3(d)(1) and any additional documents or information provided by the Smelter Trader under clause 9.4.3(d)(2), the *AER* forms the view that any of the requirements of clause 9.4.3(c) were not satisfied in respect of the subject of the notice,

then the matter may be dealt with by the *AER* as a breach of the *Rules*.

- (f) The Smelter Trader must give any notice or other information required to be given under this clause 9.4.3 (called in this clause "**required information**") in advance if it becomes aware of the potential for the circumstances giving rise to its obligation to give the required information to arise. If any required information is given under this clause 9.4.3(f), then:
- (1) the required information is taken to have been given in accordance with this clause 9.4.3; and
  - (2) notwithstanding clause 9.4.3(f)(1), notice must be given of the non-compliance and further information provided to the *AER* upon request under clause 9.4.3(b) or clause 9.4.3(d) (as the case may be) after the non-compliance occurs or commences.

**Note**

This clause is classified as a civil penalty provision under the National Electricity (South Australia) Regulations. (See clause 6(1) and Schedule 1 of the National Electricity (South Australia) Regulations.)

- (g) If non-compliance with the *Rules* is continuing, the notice of non-compliance with the *Rules* provided under clause 9.4.3(b) or clause 9.4.3(d) (as the case may be) will be effective in relation to that non-compliance until that non-compliance ends if the relevant notice specifies that the non-compliance is continuing. The Smelter Trader must notify the *AER* of the end of the non-compliance no later than 30 *days* after the non-compliance ends.

**Note**

This clause is classified as a civil penalty provision under the National Electricity (South Australia) Regulations. (See clause 6(1) and Schedule 1 of the National Electricity (South Australia) Regulations.)

- (h) Clauses 9.4.3(a) and 9.4.3(c) do not affect SEC's obligations with respect to registration with *NEMMCO* or making payments in respect of *Participant fees, prudential requirements* or *settlement amounts*.

#### **9.4.4 Report from AER**

Within 30 *days* of the end of each Quarter, the *AER* must prepare a report for the previous Quarter and make it available on request to all *Registered Participants* and to those *participating jurisdictions* that participated in the *market* during the Quarter covered by the report. The report must include:

- (a) a summary of the acts or omission of the Smelter Trader constituting non-compliance with any requirement of the *Rules*, as disclosed in written notices received by the *AER* under clause 9.4.3 during the Quarter covered by the report; and
- (b) an assessment by the *AER* of the effect that those acts or omissions have had on the efficient operation of the *market* during the Quarter covered by the report.

### 9.4.5 Cross Border Networks

- (a) If:
- (1) the Victorian Minister considers that a *transmission network* or *distribution network* situated in Victoria is a continuation of a *network* situated in another *participating jurisdiction* and should be considered to be part of the *network* of that other *participating jurisdiction*; and
  - (2) the *Minister* for that other *participating jurisdiction* consents,
- then the Victorian Minister and the *Minister* for that other *participating jurisdiction* may nominate that the *network* is deemed to be entirely in that other *participating jurisdiction* and the *Rules* including any relevant *jurisdictional derogations* for the other *participating jurisdiction* are deemed to apply to the *network* as if the *network* were located entirely within that other *participating jurisdiction*.
- (b) If a nomination is made under clause 9.4.5(a), then the *jurisdictional derogations* for Victoria do not apply to the extended part of the relevant *network* which is situated in Victoria.
- (c) If the *Minister* of another *participating jurisdiction* nominates that the *jurisdictional derogations* for Victoria should apply to a *network* part of which is situated in that other *participating jurisdiction*, then if the Victorian Minister consents, the *jurisdictional derogations* for Victoria are also to apply to that part of the *network* situated in the other *participating jurisdiction*.

### 9.5 [Deleted]

## 9.6 Transitional Arrangements for Chapter 4 - System Security

### 9.6.1 Operating Procedures (clause 4.10.1)

- (a) For the purposes of clause 4.10.1(b), the System Operating Procedures as defined in the System Code as at 13 December 1998 (with the necessary changes to be made by VENCORP) are the *regional specific power system operating procedures* that apply from that date in respect of the Victorian Transmission Network.
- (b) This clause is not to be taken as limiting in any way the operation of any other provision of the *Rules* relating to the review, updating and amendment of the *regional specific power system operating procedures*.

### 9.6.2 Nomenclature Standards (clause 4.12)

For the purposes of clause 4.12, the Nomenclature Standards as defined in the System Code as at 13 December 1998 are taken to be the *nomenclature standards* agreed between a *Network Service Provider* in respect of the Victorian Transmission Network or a Victorian Distribution Network and AEMO until

*AEMO* and the relevant *Network Service Provider* agree otherwise under clause 4.12(a) or *AEMO* determines otherwise under clause 4.12(a).

## 9.7 Transitional Arrangements for Chapter 5 - Network Connection

9.7.1 [Deleted]

9.7.2 [Deleted]

9.7.3 [Deleted]

### 9.7.4 Regulation of Distribution Network Connection

(a) In this clause:

**appropriate regulator** means:

- (1) if there has been no transfer of regulatory responsibility to the *AER* under a law of Victoria – the *ESC*;
- (2) if there has been a transfer of regulatory responsibility to the *AER* under a law of Victoria – the *AER*.

(b) This clause 9.7.4:

- (1) applies in respect of the regulation of access to, *connection* to, the modification of a *connection* to, the *augmentation* of, the provision of *network services* or *distribution use of system services*, and the modification of the provision of *network services* or *distribution use of system services*, in respect of, a *distribution network* (including any part of a *distribution network*) situated in Victoria; and
- (2) expires on the date fixed under the *National Electricity (Victoria) Act 2005* as the Victorian distribution pricing determination end date.

**Note:**

The date is 31 December 2010 or a later date fixed in a Victorian distribution pricing determination as the date on which the determination will cease to have effect.

- (c) Notwithstanding anything to the contrary in the *Rules*, the appropriate regulator is responsible for the regulation of access to, *connection* to, the modification of a *connection* to, the *augmentation* of, the provision of *network services* and *distribution use of system services*, and the modification of the provision of *network services* and *distribution use of system services*, in respect of, any *distribution network* to which this clause applies.
- (d) For the purposes of clause 5.3.6(c), any question as to the fairness and reasonableness of an offer to *connect* in relation to a *distribution network* to which this clause applies is to be decided by the appropriate regulator on the

basis of the appropriate regulator’s opinion of the fairness and reasonableness of the offer.

- (e) If a dispute arises in relation to any of access to, *connection* to, the modification of a *connection* to, the *augmentation* of, the provision of *network services* or *distribution use of system services*, or the modification of the provision of *network services* or *distribution use of system services*, in respect of, any *distribution network* to which this clause applies, then that dispute must be resolved in accordance with procedures specified by the appropriate regulator and clause 8.2 does not apply to that dispute.

**9.7.5 [Deleted]**

**9.7.6 [Deleted]**

**9.7.7 [Deleted]**

**9.8 Transitional Arrangements for Chapter 6 - Network Pricing**

**9.8.1 [Deleted]**

**9.8.2 [Deleted]**

**9.8.3 [Deleted]**

**9.8.4 Transmission Network Pricing**

- (a) Notwithstanding Chapter 6A, in determining *transmission service* pricing and revenues in respect of the Victorian Transmission Network or a part of the Victorian Transmission Network, the *AER* must:
  - (1) **[Deleted]**
  - (2) **[Deleted]**
  - (3) ensure that each Distributor has the benefit or burden of an equalisation adjustment for each *financial year* equal to the amount of the adjustment specified for that Distributor in the column headed “Equalisation Adjustment” in the following table:

<b>TABLE</b>	
<b>Business</b>	<b>Equalisation Adjustment (\$'000) Note 2)</b>
TXU Electricity Ltd	(4,939)
Powercor Australia Ltd	(19,011)
AGL Electricity Limited	5,171



<b>TABLE</b>	
<b>Business</b>	<b>Equalisation Adjustment (\$'000) Note 2)</b>
CitiPower Pty Ltd	5,920
United Energy Ltd	12,859

multiplied by the relevant factor determined in accordance with the following table:

<b>TABLE</b>	
<b>If the <i>financial year</i> falls within the period:</b>	<b>then the relevant factor is:</b>
1 July 2001 - 30 June 2005	.80
1 July 2005 - 30 June 2010	.60
1 July 2010 - 30 June 2015	.40
1 July 2015 - 30 June 2020	.20
thereafter	0

- (b) *AEMO* must, in allocating revenue to be recovered from each *Distributor* to which it provides *prescribed TUOS services* and *prescribed common transmission services* by means of, or in connection with a *declared shared network* in each *financial year* of a *relevant regulatory period*, adjust the allocation in accordance with paragraph (a)(3).

**9.8.4A** [Deleted]

**9.8.4B** [Deleted]

**9.8.4C** [Deleted]

**9.8.4D** [Deleted]

**9.8.4E** [Deleted]

**9.8.4F** [Deleted]

**9.8.4G** [Deleted]

**9.8.5** [Deleted]

**9.8.6** [Deleted]

**9.8.7** **Distribution network pricing – transitional application of former Chapter 6**

- (a) Subject to this clause, the former Chapter 6 continues to apply in relation to Victorian distribution networks during the transitional period.
- (b) The appropriate regulator has the powers and functions of the *Jurisdictional Regulator* under the former Chapter 6 as if appointed for Victoria as the *Jurisdictional Regulator* for the purposes of clause 6.2.1(b) of the former Chapter 6.
- (c) The following apply only to the extent they are consistent with clause 2.1 of the *Tariff Order*:
  - (1) national guidelines for *distribution service* pricing (so far as applicable to Victorian distribution networks) formulated under clause 6.2.1(c) of the former Chapter 6;
  - (2) guidelines and rules formulated for Victoria under clause 6.2.1(f) of the former Chapter 6,
- (d) The arrangements outlined in Parts D and E of the former Chapter 6 must also be applied by the appropriate regulator subject to clause 2.1 of the *Tariff Order*.
- (e) The value of sunk assets determined under clause 6.2.3(e)(5)(ii) of the former Chapter 6 must be consistent with clause 2.1 of the *Tariff Order*.
- (f) In regulating *distribution service* pricing for a Victorian distribution network:

- (1) the appropriate regulator must specify explicit price capping as the form of economic regulation to be applied in accordance with clause 6.2.5(b) of the former Chapter 6; and
  - (2) the appropriate regulator must comply with clause 2.1 of the *Tariff Order*.
- (g) Neither this clause, nor the provisions of former Chapter 6 as continued in force by this clause, are relevant to a distribution determination that is to have effect after the end of the transitional period.
- (h) In this clause:

**appropriate regulator** means:

- (1) if there has been no transfer of regulatory responsibility to the *AER* under a law of Victoria – the *ESC*;
- (2) if a transfer of regulatory responsibility has been made to the *AER* under a law of Victoria – the *AER*.

**transitional period** means the period commencing on the commencement of this clause and ending on its expiry.

**Victorian distribution network** means a *distribution network* situated wholly or partly in Victoria.

- (i) This clause expires on the date fixed under the *National Electricity (Victoria) Act 2005* as the Victorian distribution pricing determination end date.

**Note:**

The date is 31 December 2010 or a later date fixed in a Victorian distribution pricing determination as the date on which the determination will cease to have effect.

### 9.8.8 Exclusion of AER's power to aggregate distribution systems and parts of distribution systems

The following provisions of Chapter 6 apply to *distribution systems* situated in Victoria as if, in each case, the words “unless the *AER* otherwise determines” were omitted:

- (a) clause 6.2.4(c);
- (b) clause 6.2.4(d);
- (c) clause 6.8.2(e);
- (d) clause 6.8.2(f).

**Note:**

The effect of these modifications is to exclude the AER's power to consolidate, under the ambit of a single distribution determination, 2 or more distribution systems, or 2 or more parts of a single distribution system that had, before the commencement of Chapter 6, been separately regulated.

## **9.9 Transitional Arrangements for Chapter 7 - Metering**

### **9.9.1 Metering Installations To Which This Schedule Applies**

The transitional arrangements set out in this clause 9.9 apply in relation to a *metering installation* (including a *check metering installation*) in use at *market commencement* that was required to comply with, and did comply with, the *Wholesale Metering Code* at *market commencement*.

#### **9.9.2 [Deleted]**

#### **9.9.3 [Deleted]**

#### **9.9.4 [Deleted]**

#### **9.9.5 [Deleted]**

#### **9.9.6 [Deleted]**

#### **9.9.7 [Deleted]**

#### **9.9.8 [Deleted]**

### **9.9.9 Periodic Energy Metering (clause 7.9.3)**

- (a) Subject to clause 9.9.9(b), for the purposes of clause 7.11.5(a), *AEMO*, the *Local Network Service Provider* and the *Market Participant* are taken to have agreed that the data referred to in clause 7.11.5(a) which is obtained from a *metering installation* to which this clause 9.9 applies may be collated in 15 minute intervals.
- (b) This clause 9.9.9 ceases to apply in respect of a *metering installation* if *AEMO*, the relevant *Local Network Service Provider* or the relevant *Market Participant* gives notice requiring an agreement to be reached under clause 7.11.5(a).

### **9.9.10 Use of Alternate Technologies (clause 7.13)**

- (a) Subject to this clause 9.9.10, if at *market commencement* the *Wholesale Metering Code* provides for the use of alternate technologies or processes for the purpose of calculating the consumption of energy by a non-franchise customer (as defined in the *EI (RP) Act* and in force immediately before the commencement of section 39(a) of the *Electricity Industry Act 1995* (Vic)), then the use of these technologies or processes is taken to have been agreed for the purposes of clause 7.13(a) but only to the extent to which the

alternate technology or process was in use at *market commencement* in relation to that non-franchise customer.

- (b) *AEMO*, the relevant *Local Network Service Provider* or the relevant *Market Participant* may give notice requiring agreement to be reached under clause 7.13(a) in respect of a technology or process referred to in clause 9.9.10(a) and clause 9.9.10(a) ceases to apply to that technology or process from the date specified in the notice.

**9.9A [Deleted]**

**9.9B [Deleted]**

**9.9C Metering services for residential and small business customers**

**9.9C.1 Definitions**

- (a) In this clause 9.9C:

**AMI Cost Recovery Order** means the Order in Council made on 28 August 2007 under sections 15A and 46D of the EI Act and published in the Victoria Government Gazette S200 on that day as amended by the Order in Council made 12 November 2007 and published in the Victoria Government Gazette S286 on that day, the Order in Council made 25 November 2008 and published in the Victoria Government Gazette S314 on that day, the Order in Council made on 31 March 2009 and published in the Victoria Government Gazette G14 on 2 April 2009, the Order in Council made 19 October 2010 and published in the Victoria Government Gazette G42 on 21 October 2010, and the Order in Council made on 21 December 2011 and published in the Victoria Government Gazette G51 on 22 December 2011, and as further amended from time to time.

**relevant metering installation** means a *metering installation* for a *connection point* located in Victoria in respect of which the volume consumption of the customer is less than 160 MWh per annum of *energy* excluding any such *metering installation* that:

- (a) was installed prior to 1 July 2009 and in respect of which, as at that date, a retailer was the *responsible person*; or
- (b) was installed on or after 1 July 2009, by a retailer as part of that retailer's ordinary replacement cycle of those *metering installations* and in respect of which the retailer was, as at 1 July 2009, the *responsible person*;
- (c) is a type 1 *metering installation*;
- (d) is a type 2 *metering installation*; or
- (e) is located at a *high voltage connection point*.

**retailer** has the same meaning as in the EI Act.

**volume consumption** means the volume of *energy* consumed by a customer at the relevant *connection point* calculated in accordance with clause 2.4.17 of the *metrology procedure*.

#### **9.9C.2 Expiry Date**

This clause 9.9C expires on 1 December 2017.

#### **9.9C.3 Designation as responsible person**

Despite anything to the contrary in clause 7.2.2 and 7.2.3, the *Local Network Service Provider* is the *responsible person* for a relevant metering installation.

#### **9.9C.4 Classification of relevant metering installations**

A relevant *metering installation* which, but for it being capable of *remote acquisition*, would be a type 5 or type 6 *metering installation*, is taken to be a type 5 or type 6 *metering installation* respectively.

#### **9.9C.5 Cost recovery of AMI rollout**

Clause 7.3A(a) does not apply to the recovery of costs by a *Local Network Service Provider* that are associated with the provision, installation, maintenance, routine testing and inspection of relevant metering installations, to the extent that these costs can be recovered by the *Local Network Service Provider* in accordance with the AMI Cost Recovery Order.

#### **9.9C.6 Capability for remote acquisition of metering data**

For the purposes of clause 7.11.1(d), a relevant metering installation is taken not to have the capability for *remote acquisition* of actual *metering data*.

### **Schedule 9A1.1 [Deleted]**

### **Schedule 9A1.2 [Deleted]**

### **Schedule 9A1.3 [Deleted]**

### **Schedule 9A2 [Deleted]**

## **Schedule 9A3 Jurisdictional Derogations Granted to Generators**

### **1. Interpretation of tables**

In this schedule 9A3:

- (a) a reference to a *Generator* listed in a table is a reference to a *Generator* listed in column 1 of the relevant table;
- (b) a reference to a *generating unit* listed in a table in relation to a *Generator* is a reference to each *generating unit* listed opposite the *Generator* in the relevant table;
- (c) a reference to a *Network Service Provider* in relation to a *generating unit* or a *Generator* listed in a table is to be taken to be:
  - (1) in the case of a *generating unit connected to a transmission network*, a reference to VENCORP; and
  - (2) in the case of a *generating unit connected to a distribution network*, a reference to the person that is the *Network Service Provider* in relation to that *distribution network*; and
- (d) a reference to a modification or variation of the *Rules* or an item taken to have been agreed for the purposes of the *Rules* listed in a table applies in respect of each *generating unit* listed opposite that modification, variation or agreed item in the table.

## 2. Continuing effect

In this schedule 9A3, a reference to:

- (a) a particular *Generator* in relation to a *generating unit*; or
- (b) a particular *Network Service Provider* in relation to a *Generator*,

at any time after the 13 December 1998 is to be taken as a reference to the person or persons who is or are (or who is or are deemed to be) from time to time registered with AEMO as the *Generator* in respect of that *generating unit* for the purposes of the *Rules* or the *Network Service Provider* from time to time in respect of the *transmission network* or *distribution network* to which the *generating unit* is connected.

## 3. Subsequent agreement

Where, under a provision of this schedule 9A3, a particular matter is taken to have been agreed for the purposes of schedule 5.2 of the *Rules* in relation to a *generating unit*, then that provision ceases to apply in respect of that *generating unit* if all the parties required to reach agreement in relation to that matter under the *Rules* so agree expressly in writing.

**4. [Deleted]**

**5. Reactive Power Capability (clause S5.2.5.1 of schedule 5.2)**

Clause S5.2.5.1 of schedule 5.2 of the *Rules* is replaced for a *Generator* listed in Table 2 in respect of those *generating units* listed in column 2 of Table 2 by the following:

For the purpose of this clause S5.2.5.1:

**rated active power output** means the 'Rated MW (Generated)' (as defined in the *Generating System Design Data Sheet*) for the relevant *synchronous generating unit*; and

**nominal terminal voltage** means the 'Nominal Terminal Voltage' (as defined in the *Generating System Design Data Sheet*) for the relevant *synchronous generating unit*.

- (a) Each of the *synchronous generating units*, while operating at any level of *active power* output, must be capable of:
  - (1) supplying at its terminals an amount of *reactive power* of at least the amount that would be supplied if the *generating unit* operated at *rated active power output, nominal terminal voltage* and a lagging power factor of 0.9; and
  - (2) absorbing at its terminals an amount of *reactive power* of at least the amount that would be absorbed if the *generating unit* operated at *rated active power output, nominal terminal voltage* and a leading power factor set out in respect of that *generating unit* in column 3 of Table 2.
- (b) In the event that any of the relevant power factors referred to in paragraph (a) above cannot be provided in respect of a *generating unit*, the relevant *Generator* must reach a commercial arrangement under its *connection agreement* with the relevant *Network Service Provider*, or with another *Registered Participant*, for the supply of the deficit in *reactive power* as measured at that *generating unit's* terminals.

**Table 2:**

<b>Generator</b>	<b>Generating Unit</b>	<b>Leading Power Factor</b>
Alcoa of Australia Limited (ACN 004 879 298)	Anglesea Power Station Unit 1	0.991



6. [Deleted]

7. [Deleted]

8. [Deleted]

9. [Deleted]

10. [Deleted]

11. [Deleted]

12. [Deleted]

**13. Governor Systems (load control) (clause S5.2.5.11 of schedule 5.2)**

For the purposes of clause S5.2.5.11 of schedule 5.2 of the *Rules*, a *Generator* listed in Table 10 is not required to include *facilities* for *load* control for the *generating unit* listed in column 2 of Table 10.

**Table 10:**

<b>Generator</b>	<b>Generating Unit</b>
Alcoa of Australia Limited (ACN 004 879 298)	Anglesea Power Station Unit 1

14. [Deleted]

15. [Deleted]

**16. Excitation Control System (clause S5.2.5.13 of schedule 5.2)**

For the purposes of clause S5.2.5.13(b) of schedule 5.2 of the *Rules*, a *Generator* listed in Table 13 is not required to provide *power system* stabilising action in relation to the *generating unit* listed in column 2 of Table 13.

**Table 13:**

<b>Generator</b>	<b>Generating Unit</b>
Alcoa of Australia Limited (ACN 004 879 298)	Anglesea Power Station Unit 1

## Part B Jurisdictional Derogations for New South Wales

### 9.10 [Deleted]

### 9.11 Definitions

#### 9.11.1 Definitions used in this Part B

For the purposes of this Part B:

- (a) a word or expression defined in the glossary in Chapter 10 has the meaning given to it in the glossary unless it is referred to in column 1 of the following table; and
- (b) a word or expression referred to in column 1 of the following table has the meaning given to it in column 2 of the table:

Column 1	Column 2
<b>ES Act</b>	<i>Electricity Supply Act 1995</i> (NSW).
<b>IPART</b>	The New South Wales Independent Pricing and Regulatory Tribunal established under the <i>IPART Act</i> .
<b>IPART Act</b>	<i>Independent Pricing and Regulatory Tribunal Act 1992</i> (NSW).
<b>Minister</b>	The Minister administering the <i>ES Act</i> from time to time.
<b>Mount Piper Power Station</b>	The <i>power station</i> known as the “Mount Piper Power Station” located at Portland, New South Wales.
<b>Mount Piper Trader</b>	Delta Electricity or such other of the Mount Piper Participants from time to time which is operating the Mount Piper Power Station.
<b>NSW Electricity Market Code</b>	The code entitled NSW State Electricity Market Code, as in force immediately before 13 December 1998.
<b>Power Supply Agreements</b>	Each of the following agreements in their form as at 1 July 1996: <ul style="list-style-type: none"> <li>(a) Power Supply Agreement dated 23 January 1991 between Macquarie Generation, Tomago Aluminium Company Pty Ltd and others;</li> <li>(b) the contract known as the <b>BHP Port Kembla Slab and Plate Products Contract</b> between</li> </ul>

Column 1	Column 2
	Delta Electricity (formerly known as First State Power) and BHP Steel (AIS) Pty Ltd ACN 000 019 625 (formerly known as Australian Iron & Steel Ltd), being the contract that arises from the two agreements dated 24 May 1955, the agreement dated 27 November 1958 and the agreement dated 1 December 1969 (as amended and supplemented before 1 July 1996).
<b>Power Trader</b>	Each of Delta Electricity (formerly known as First State Power), Macquarie Generation and such other person as may be nominated by the Minister to perform any obligation under a Power Supply Agreement.
<b>TransGrid</b>	The energy transmission operator known as "TransGrid" and established under the <i>Energy Services Corporations Act 1995</i> (NSW).

## 9.12 Transitional Arrangements for Chapter 2 - Generators, Registered Participants, Registration and Cross Border Networks

### 9.12.1 [Deleted]

### 9.12.2 Customers

For the purposes of clause 2.3.1(e), and for the purposes of clause 2.4.2(b) in so far as it relates to *Customers*, a person satisfies the requirements of New South Wales for classification of a *connection point* of that person if that person is a retailer or is a wholesale customer (as defined in the *ES Act*).

### 9.12.3 Power Traders

- (a) Each Power Trader for the purpose of supplying electricity under a Power Supply Agreement (the "**Power Supply Agreement**") is deemed to be and at all relevant times to have been registered with *AEMO* as a *Market Customer* in relation to electricity supplied under the Power Supply Agreement, which electricity is deemed to be and at all relevant times to have been a *market load*.
- (b) If complying with a requirement of the *Rules* ("the **Rules Requirement**") would result in a Power Trader being in breach of a provision of a Power Supply Agreement to which it is a party ("the **Contractual Requirement**"), the Power Trader is not required to comply with the Rules Requirement to the extent of the inconsistency between the Rules Requirement and the Contractual Requirement.

(c) If a Power Trader does not comply with a Rules Requirement in the circumstances described in clause 9.12.3(b), then the Power Trader must:

(1) give written notice to the *AER* of:

- (i) the Rules Requirement which has not been complied with;
- (ii) details of each act or omission which partly or wholly constitutes non-compliance with that Rules Requirement; and
- (iii) details of each Contractual Requirement which is said by the Power Trader to be inconsistent with the Rules Requirement,

by no later than 7 *days* after the non-compliance with the Rules Requirement occurs or commences; and

**Note**

This clause is classified as a civil penalty provision under the National Electricity (South Australia) Regulations. (See clause 6(1) and Schedule 1 of the National Electricity (South Australia) Regulations.)

(2) provide the *AER* with any documents or information in the possession or control of the Power Trader which evidence the matters referred to in clause 9.12.3(c)(1), within 14 *days* (or any further period agreed to by the *AER*) of receiving a written request from the *AER*.

**Note**

This clause is classified as a civil penalty provision under the National Electricity (South Australia) Regulations. (See clause 6(1) and Schedule 1 of the National Electricity (South Australia) Regulations.)

(d) If:

- (1) a Power Trader requires the co-operation of any other party to a Power Supply Agreement (a **counterparty**) to comply with a requirement of the *Rules* (the **Rules Requirement**);
- (2) the Power Trader has used all reasonable endeavours to obtain the counterparty's co-operation in order to enable the Power Trader to comply with the Rules Requirement; and
- (3) under the Power Supply Agreement the Power Trader has no ability to require the counterparty to so co-operate with the Power Trader and the counterparty is not in breach of the Power Supply Agreement by refusing to so co-operate with the Power Trader,

then the Power Trader is not required to comply with that Rules Requirement.

(e) If a Power Trader does not comply with a Rules Requirement in the circumstances described in clause 9.12.3(d), then the Power Trader must:

- (1) give written notice to the *AER* of:
  - (i) the Rules Requirement which has not been complied with;
  - (ii) details of each act or omission which partly or wholly constitutes non-compliance with that Rules Requirement; and
  - (iii) details of the endeavours made by the Power Trader to obtain the counterparty's co-operation to enable the Power Trader to comply with the Rules Requirement,

by no later than *7 days* after the non-compliance with the Rules Requirement occurs or commences; and

**Note**

This clause is classified as a civil penalty provision under the National Electricity (South Australia) Regulations. (See clause 6(1) and Schedule 1 of the National Electricity (South Australia) Regulations.)

- (2) provide the *AER* with any documents or information in the possession or control of the Power Trader which evidence the matters referred to in clause 9.12.3(e)(1), within *14 days* (or any further period agreed to by the *AER*) of receiving a written request from the *AER*.

**Note**

This clause is classified as a civil penalty provision under the National Electricity (South Australia) Regulations. (See clause 6(1) and Schedule 1 of the National Electricity (South Australia) Regulations.)

- (f) To avoid any doubt, if:
  - (1) after reviewing any written notice provided by a Power Trader under clause 9.12.3(c)(1) and any additional documents or information provided by the Power Trader under clause 9.12.3(c)(2), the *AER* forms the view that compliance with the relevant Rules Requirement would not have resulted in the Power Trader being in breach of the relevant Contractual Requirement; or
  - (2) after reviewing any written notice provided by a Power Trader under clause 9.12.3(e)(1) (the **Notice**) and any additional documents or information provided by the Power Trader under clause 9.12.3(e)(2), the *AER* forms the view that any of the requirements of clause 9.12.3(d) were not in fact satisfied in respect of the subject matter of the Notice,

then the matter may be dealt with by the *AER* as a breach of the *Rules*.

- (g) A Power Trader may provide notice and information to the *AER* as required in clauses 9.12.3(c) or (e), as the case requires, in advance if it becomes aware of the potential for the circumstances described in clauses 9.12.3(b) or (d) to arise. Such notice and information will be deemed to have been given in accordance with clauses 9.12.3(c) or (e), as the case requires.

- (h) Notwithstanding the provision of notice and information in advance in accordance with clause 9.12.3(g), the Power Trader must give notice of non-compliance with the *Rules* and provide such other documents or information as required in accordance with clauses 9.12.3(c) or (e), as the case requires, after such non-compliance has occurred or commenced.

**Note**

This clause is classified as a civil penalty provision under the National Electricity (South Australia) Regulations. (See clause 6(1) and Schedule 1 of the National Electricity (South Australia) Regulations.)

- (i) If non-compliance with the *Rules* is continuing, the notice of non-compliance with the *Rules* provided under clauses 9.12.3(c) or (e), as the case requires, will be effective in relation to that non-compliance until that non-compliance ends provided that:
  - (1) the notice specifies that the non-compliance is continuing; and
  - (2) the Power Trader notifies the *AER* of the end of the non-compliance no later than *7 days* after the non-compliance ends.
- (j) Clauses 9.12.3(b) and (d) do not affect a Power Trader's obligation with respect to registration with *AEMO* or making payments in respect of:
  - (1) *Participant fees*;
  - (2) *prudential requirements*; or
  - (3) *settlement amounts*.
- (k) Within *30 days* of the end of each quarter in each calendar year, the *AER* must prepare a quarterly report for the previous quarter and make it available on request to all *Registered Participants* and to the *participating jurisdictions* which participated in the *market* during the quarter covered by the report. The quarterly report must include:
  - (1) a summary of the acts or omissions of Power Traders constituting non-compliance with any Rules Requirement, as disclosed in written notices received by the *AER* under clauses 9.12.3(c) or (e) during the quarter covered by the report; and
  - (2) an assessment by the *AER* of the effect that those acts or omissions have had on the efficient operation of the *market* during the quarter covered by the report.
- (l) This clause 9.12.3 ceases to have effect in respect of a Power Supply Agreement upon termination of that agreement.

#### **9.12.4 Cross Border Networks**

- (a) If:

(1) the *Minister* considers that a *transmission network* or *distribution network* situated in New South Wales is a continuation of a *network* situated in another *participating jurisdiction* and should be considered to be part of the *network* of that other *participating jurisdiction*; and

(2) the *Minister* for that other *participating jurisdiction* consents,

then those *Ministers* may nominate that the *network* is deemed to be entirely in that other *participating jurisdiction* and the *Rules* including any relevant *jurisdictional derogations* for the other *participating jurisdiction* are deemed to apply to the *network* as if the *network* were located entirely within that other *participating jurisdiction*.

(b) If a nomination is made under clause 9.12.4(a), then the *jurisdictional derogations* for New South Wales do not apply to the extended part of the relevant *network* which is situated in New South Wales.

(c) If the *Minister* of another *participating jurisdiction* nominates that the *jurisdictional derogations* for New South Wales should apply to a *network* part of which is situated in that other *participating jurisdiction*, then if the *Minister* in respect of New South Wales consents, the *jurisdictional derogations* for New South Wales are also to apply to that part of the *network* situated in the other *participating jurisdiction*.

## 9.13 [Deleted]

## 9.14 Transitional Arrangements for Chapter 4 - System Security

### 9.14.1 Power System Operating Procedures

For the purposes of clause 4.10.1, the *regional specific power system operating procedures* that apply in respect of operations on the *network* situated in New South Wales are, with the inclusion of any operating procedures set out in such operating manuals and other documents as are specified by TransGrid and provided to NEMMCO, the *regional specific power system operating procedures* reviewed and updated under clause 4.10.2(e).

## 9.15 NSW contestable services for Chapter 5A

### 9.15.1 Definitions

In this *rule* 9.15—

(a) **connection service** has the same meaning as in Chapter 5A.

(b) **NSW contestable service** means a connection service that is contestable under the *jurisdictional electricity legislation* of NSW, because that legislation permits the service to be provided by more than one supplier as a contestable service or on a competitive basis.

### **9.15.2 Chapter 5A not to apply to certain contestable services**

Chapter 5A of the *Rules* does not apply to a NSW contestable service.

## **9.16 Transitional Arrangements for Chapter 6 - Network Pricing**

### **9.16.1 NSW contestable services**

(a) In this clause 9.16.1—

- (1) **connection service** has the same meaning as in Chapter 5A.
- (2) **NSW contestable service** means a connection service that is contestable under the *jurisdictional electricity legislation* of NSW, because that legislation permits the service to be provided by more than one supplier as a contestable service or on a competitive basis.

(b) Part DA of Chapter 6 does not apply to a NSW contestable service.

### **9.16.2 [Deleted]**

### **9.16.3 Jurisdictional Regulator**

(a) [Deleted]

(b) However, the definitions of *local area* and *Local Network Service Provider* are to be read as if the reference to the authority responsible for administering the jurisdictional electricity legislation in the relevant participating jurisdiction were replaced by a reference to the laws of the State of New South Wales.

(c) [Deleted]

### **9.16.4 Deemed Regulated Interconnector**

For the purposes of the *Rules*, the *interconnector* between Armidale in New South Wales and Tarong in Queensland, to the extent that it forms part of the *power system* in New South Wales, is deemed to be a *regulated interconnector*.

### **9.16.5 [Deleted]**

## **9.17 Transitional Arrangements for Chapter 7 - Metering**

### **9.17.1 Extent of Derogations**

(a) [Deleted]

(b) [Deleted]

(c) The transitional arrangements set out in clauses 9.17.2 and 9.17.4 apply to all *metering installations* (including *check metering installations*) that were



in use at 13 December 1998 and that were required to comply with (and did comply with) the NSW Electricity Market Code as at 13 December 1998.

### 9.17.2 Initial Registration (clause 7.1.2)

(a) Subject to clause 9.17.2(b), if:

- (1) a *metering installation* to which this clause 9.17 applies was registered with TransGrid under the NSW Electricity Market Code as at 13 December 1998; and
- (2) the details registered with TransGrid were provided to *NEMMCO* on or before 13 December 1998,

then the *metering installation* is taken to be registered with *AEMO* for the purposes of clause 7.1.2(a).

(b) The *responsible person* in respect of a *metering installation* which is taken to be registered under clause 9.17.2(a) must ensure that the requirements for registration of a *metering installation* under Chapter 7 are met by 13 December 1999 or such other time as may be agreed with *AEMO*.

### 9.17.3 Amendments to Schedule 9G1

The transitional metering provisions set out in schedule 9G1, amended as follows, apply to New South Wales in respect of Chapter 7:

(a) **[Deleted]**

(b) **[Deleted]**

(c) If, in respect of a *metering installation* commissioned before 13 December 1998, the *responsible person* has obtained an exemption prior to 13 December 1998 from TransGrid pursuant to clause 2.2(c) of Schedule 7.2 of the NSW Electricity Market Code, then that exemption is deemed to continue as an exemption granted by *AEMO* pursuant to clause S7.2.2(c) of schedule 7.2 of the *Rules*.

(d) **[Deleted]**

(e) **[Deleted]**

(f) **[Deleted]**

### 9.17.4 Compliance with AS/NZ ISO 9002 (clause S7.4.3(f) of schedule 7.4)

Category 1A, 2A and 3A *Metering Providers* must be able to exhibit the requirements of clause S7.4.3(f)(1) of schedule 7.4 of the *Rules* by the date which is 2 years after the date the *Metering Provider* applied to be registered as a *Metering Provider* with *NEMMCO*.

**9.17A [Deleted]**

**9.18 [Deleted]**

**Part C Jurisdictional Derogations for the Australian Capital Territory**

**9.19 [Deleted]**

**9.20 Definitions and Transitional Arrangements for Cross-Border Networks**

**9.20.1 Definitions**

For the purposes of this Part C:

- (a) a word or expression defined in the glossary in Chapter 10 has the meaning given to it in the glossary unless it is referred to in column 1 of the following table; and
- (b) a word or expression referred to in column 1 of the following table has the meaning given to it in column 2 of the table:

Column 1	Column 2
<b>Minister</b>	The Minister from time to time administering the <i>Utilities Act 2000</i> (ACT) or other applicable ACT legislation.

**9.20.2 Cross Border Networks**

- (a) If:
  - (1) the *Minister* considers that a *transmission network* or *distribution network* situated in the Australian Capital Territory is a continuation of a *network* situated in New South Wales and should be considered to be a part of the New South Wales *network*; and
  - (2) the *Minister* for New South Wales consents,

then those *Ministers* may nominate that the *network* is deemed to be entirely in New South Wales and the *Rules* including any relevant *jurisdictional derogations* for New South Wales are deemed to apply to the *network* as if the *network* were located entirely within New South Wales.
- (b) If a nomination is made under clause 9.20.2(a), then the *jurisdictional derogations* for the Australian Capital Territory do not apply to the extended part of the relevant *network* which is situated in the Australian Capital Territory.

- (c) If the *Minister* for New South Wales nominates that the *jurisdictional derogations* for the Australian Capital Territory should apply to a *network* part of which is situated in New South Wales, then if the *Minister* for the Australian Capital Territory consents, the *jurisdictional derogations* for the Australian Capital Territory are also to apply to that part of the *network* situated in New South Wales.

**9.21** [Deleted]

**9.22** [Deleted]

**9.23** **Transitional Arrangements for Chapter 6 - Network Pricing**

**9.23.1** [Deleted]

**9.23.2** [Deleted]

**9.23.3** [Deleted]

**9.23.4** [Deleted]

**9.24** **Transitional Arrangements**

**9.24.1** **Chapter 7 - Metering**

The transitional metering provisions set out in schedule 9G1 apply to the Australian Capital Territory in respect of Chapter 7.

**9.24.2** [Deleted]

**9.24A** [Deleted]

**Part D** **Jurisdictional Derogations for South Australia**

**9.25** **Definitions**

**9.25.1** [Deleted]

**9.25.2** **Definitions**

- (a) For the purposes of this Part D, a word or expression defined in the glossary in Chapter 10 has the meaning given to it in the glossary unless it is referred to in column 1 of the table in clause 9.25.2(b).
- (b) For the purposes of this Part D, a word or expression referred to in column 1 of the following table has the meaning given to it in column 2 of the table:

Column 1	Column 2
<b>customer</b>	A customer as defined in the <i>Electricity Act</i>
<b>Distribution Lessor Corporation</b>	A subsidiary of the Treasurer of the State of South Australia established by the <i>Public Corporations (Distribution Lessor Corporation) Regulations 1999</i> and known as "Distribution Lessor Corporation" and includes any entity which replaces or assumes rights or obligations of Distribution Lessor Corporation under a South Australian Distribution Network Lease, by way of succession, assignment, novation, ministerial direction, or otherwise.
<b>Electricity Act</b>	<i>Electricity Act 1996 (SA).</i>
<b>ETSA Corporation</b>	The statutory corporation established pursuant to the <i>Electricity Corporations Act 1994</i> and known as "ETSA Corporation" and includes its successors and assigns
<b>ETSA Power</b>	The statutory corporation established as a subsidiary of ETSA Corporation by the <i>Public Corporations (ETSA Power) Regulations 1995</i> , and includes its successors and assigns.
<b>ETSA Transmission Corporation</b>	The statutory corporation established pursuant to the <i>Electricity Corporations Act 1994</i> and known as "ETSA Transmission Corporation" and includes any party which replaces or assumes rights or obligations of ETSA Transmission Corporation as a party to the South Australian Transmission Lease, by way of succession, assignment, novation, ministerial direction, or otherwise.
<b>Generation Lessor Corporation</b>	A subsidiary of the Treasurer of the State of South Australia established by the <i>Public Corporations (Generation Lessor Corporation) Regulations 1999</i> and known as "Generation Lessor Corporation" and includes any entity which replaces or assumes rights or obligations of Generation Lessor Corporation under the South Australian Generation Leases, by way of succession, assignment, novation, ministerial direction, or otherwise.
<b>Northern Power Station agreements</b>	The various agreements, documents and deeds in their form as at 1 July 1996 relating to the leasing and ownership of the <i>generating system</i> and associated <i>generating units</i> comprising the Northern Power Station entered into by ETSA Corporation and now

Column 1	Column 2
	under the control of SA Generation Corporation
<b>Northern Power Station Participants</b>	The parties to the Northern Power Station agreements other than SA Generation Corporation.
<b>Osborne agreement</b>	The Agreement dated 4 June 1996 (in its form as at 1 July 1996) between ETSA Corporation and Osborne Cogeneration Pty Ltd and known as the “Osborne Power Purchase Agreement”.
<b>South Australian Distribution Network Lease</b>	Any lease with respect to the electricity <i>distribution network</i> , plant and equipment owned by Distribution Lessor Corporation from time to time.
<b>SA Generation Corporation</b>	The statutory corporation established pursuant to the <i>Electricity Corporations Act 1994</i> and known as “SA Generation Corporation” (trading as Optima Energy), and includes its successors and assigns
<b>South Australian Generation Leases</b>	Leases with respect to electricity <i>generating systems</i> and associated <i>generating units</i> owned by Generation Lessor Corporation from time to time.
<b>South Australian network</b>	A <i>network</i> situated in South Australia or deemed to be situated in South Australia by operation of clause 9.4.5.
<b>South Australian Transmission Lease</b>	The various agreements, documents and deeds in their form as at 31 August 1998 relating to the leasing and ownership of the <i>transmission network</i> in South Australia entered into by ETSA Transmission Corporation.
<b>South Australian Transmission Lease Participants</b>	The parties to the South Australian Transmission Lease other than ETSA Transmission Corporation.
<b>South Australian Transmission Network Sub Sub Sub Lease</b>	Any sub sub sub-lease (together with any lease or agreement to lease extending beyond the termination date of such sub sub sub lease) with respect to the electricity <i>transmission network</i> , plant and equipment of which ETSA Transmission Corporation is sub sub sub-lessor from time to time.

(c) [Deleted]

(d) For the purposes of the *Rules applicable regulatory instruments* includes the following South Australian instruments in relation only to the regulation

of *networks, network services* and retail sales of electricity in South Australia:

- (i) the *Electricity Act*;
- (ii) all codes and regulations made and licences issued under the *Electricity Act*;
- (iii) all regulatory instruments applicable under those licences;
- (iv) the Electricity Pricing Order made under section 35B of the *Electricity Act*;
- (v) the *Electricity Corporations (Restructuring and Disposal) Act 1999*;
- (vi) the *Essential Services Commission Act 2002*; and
- (vii) all regulations and determinations made under the *Essential Services Commission Act 2002*.

## **9.26 Transitional Arrangements for Chapter 2 - Registered Participants, Registration And Cross Border Networks**

### **9.26.1 Registration as a Generator**

For the purposes of the *Rules*:

- (a) ETSA Power and any one person that replaces or assumes rights or obligations of ETSA Power as party to the Osborne agreement, by way of succession, assignment, novation, ministerial direction, or otherwise, is deemed to be, and at all relevant times to have been, the person who must register as the *Generator* in relation to the *generating system* and associated *generating units* which are the subject of the Osborne agreement;
- (b) Osborne Cogeneration Pty Ltd is not to, and is not to be taken to be entitled to, and is to be taken to have been exempted from the requirement to, register as a *Generator* in relation to the *generating system* and associated *generating units* which are the subject of the Osborne agreement;
- (c) SA Generation Corporation and any person that replaces or assumes rights or obligations of SA Generation Corporation as party to the Northern Power Station agreements, by way of succession, assignment, novation, ministerial direction, or otherwise, is deemed to be, and at all relevant times to have been, the person that must register as the *Generator* (unless otherwise exempt) in relation to the *generating system* and associated *generating units* which are the subject of the Northern Power Station agreements;
- (d) the Northern Power Station Participants are not to, and are not to be taken to be entitled to, and are taken to have been exempted from the requirement to, register as a *Generator* in relation to the *generating system* and associated

*generating units* which are the subject of the Northern Power Station agreements;

- (e) clauses 9.26.1(a) and (b) will cease to have effect on the termination of the Osborne agreement;
- (f) clauses 9.26.1(c) and (d) will cease to have effect on the termination of the last of the Northern Power Station agreements;
- (g) Generation Lessor Corporation is not obliged to, and is not to be taken to be entitled to, and is to be taken to have been exempted from the requirement to, register as a *Generator* in relation to the *generating system* and associated *generating units* in South Australia which are the subject of the South Australian Generation Leases; and
- (h) clause 9.26.1(g) will apply in respect of each South Australian Generation Lease from the time that lease becomes effective and will cease to have effect on the termination of that lease (or the termination of any renewal of that lease).

### 9.26.2 Registration as a Customer

For the purposes of clause 2.3.1(e), a person may classify its electricity purchased at a *connection point* in South Australia if the person is a *retailer* or a customer pursuant to the Electricity Act and regulations.

### 9.26.3 Cross Border Networks

- (a) If:
  - (1) the *Minister* considers that a *transmission network* or *distribution network* situated in South Australia is a continuation of a *network* situated in another *participating jurisdiction* and should be considered to be part of the *network* of that other *participating jurisdiction*; and
  - (2) the *Minister* for that other *participating jurisdiction* consents,then those *Ministers* may nominate that the *network* is deemed to be entirely in that other *participating jurisdiction* and the *Rules* including any relevant *jurisdictional derogations* for the other *participating jurisdiction* are deemed to apply to the *network* as if the *network* were located entirely within that other *participating jurisdiction*.
- (b) If a nomination is made under clause 9.26.3(a), then the *jurisdictional derogations* for South Australia do not apply to the extended part of the relevant *network* which is situated in South Australia.
- (c) If the *Minister* of another *participating jurisdiction* nominates that the *jurisdictional derogations* for South Australia should apply to a *network* part of which is situated in that other *participating jurisdiction*, then if the *Minister* in respect of South Australia consents, the *jurisdictional*

*derogations* for South Australia are also to apply to that part of the *network* situated in the other *participating jurisdiction*.

#### **9.26.4 [Deleted]**

#### **9.26.5 Registration as a Network Service Provider**

For the purpose of the *Rules*:

- (a) the South Australian Transmission Lease Participants are not obliged to, and are taken to have been exempted from the requirement to, register as a *Network Service Provider* in relation to the *transmission network* in South Australia which is the subject of the South Australian Transmission Lease.
- (b) Clause 9.26.5(a) will cease to have effect on the termination, extension or variation of the South Australian Transmission Lease.
- (c) Distribution Lessor Corporation is not obliged to, and is not to be taken to be entitled to, and is to be taken to have been exempted from the requirement to, register as a *Network Service Provider* in relation to the *distribution network* in South Australia which is the subject of the South Australian Distribution Network Lease.
- (d) ETSA Transmission Corporation (notwithstanding that it is the owner and sub sub sub lessor of the *transmission network* in South Australia) is not obliged to, and is not to be taken to be entitled to, and is to be taken to have been exempted from the requirement to, register as a *Network Service Provider* in relation to the *transmission network* in South Australia which is the subject of the South Australian Transmission Network Sub Sub Sub Lease.
- (e) Clause 9.26.5(c) will have effect for the period of each South Australian Distribution Network Lease (including the period of any renewal).
- (f) Clause 9.26.5(d) will have effect for the period of each South Australian Transmission Network Sub Sub Sub Lease (including the period of any renewal).

#### **9.27 [Deleted]**

#### **9.28 Transitional Arrangements for Chapter 5 - Network Connection**

##### **9.28.1 Application of clause 5.2**

For the purposes of clause 5.2:

- (a) for *facilities* existing at *market commencement*, *Registered Participant* exemptions may be sought from *AEMO* in accordance with the *Rules* for particular *facilities* where material departures from the *Rules* are reasonably expected. Any necessity to alter the existing arrangements for *facilities* is to be negotiated and agreed by affected *Registered Participants*;



- (b) South Australia reserves the right to seek further exemptions from *AEMO* in accordance with the *Rules* for existing *power stations* if they are unable to meet the requirements of the *Rules* and those exemptions will not result in system damage; and
- (c) **[Deleted]**
- (d) **[Deleted]**
- (e) the provisions in this clause 9.28 apply until there are corresponding changes to the *Rules* which deliver equivalent outcomes to the satisfaction of the South Australian Government.

**9.28.2 [Deleted]**

**9.29 Transitional Arrangements for Chapter 6 - Economic Regulation of Distribution Services**

**9.29.1 [Deleted]**

**9.29.2 [Deleted]**

**9.29.3 [Deleted]**

**9.29.4 [Deleted]**

**9.29.5 Distribution Network Pricing – South Australia**

- (a) In this clause:

**price determination** means Part B of the 2005–2010 Electricity Distribution Price Determination made under the *Essential Services Commission Act 2002* (SA).

**SA Distributor** means the *Distribution Network Service Provider* whose *distribution network* is situated in South Australia.

**relevant distribution determination** means the distribution determination for the SA Distributor for the *regulatory control period* that commences in 2010.

**small customer** has the same meaning as in the *Electricity Act 1996* (SA).

**statement of regulatory intent** means the *statement of regulatory intent* in regard to the electricity distribution efficiency carryover mechanism issued by the Essential Services Commission on 23 March 2007 under clause 7.4 of the Electricity Pricing Order made by the Treasurer under section 35B of the *Electricity Act 1996* (SA) on 11 October 1999.

- (b) The relevant distribution determination:

- (1) must incorporate appropriate transitional arrangements to take into account the change from a pre-tax to a *post-tax revenue model* (which must be consistent with any agreement between the AER and the SA Distributor about the arrangements necessary to deal with the transition); and
  - (2) must allow the SA Distributor to carry forward impacts associated with the calculation of Maximum Average Distribution Revenue under the price determination into the 2010/11 and 2011/12 *regulatory years*.
- (c) The *efficiency benefit sharing scheme* under the relevant distribution determination must be consistent with the *statement of regulatory intent*.
- (d) The following side constraint is to be applied to tariffs for small customers for the *regulatory control period* to which the relevant distribution determination applies:
- The fixed supply charge component of the tariff must not increase by more than \$10 from one *regulatory year* to the next.
- (e) In preparing its *framework and approach paper* for the distribution determination that is to follow the relevant distribution determination, the AER must consider whether the above side constraint should continue with or without modification.
- (f) Any reduction in *transmission network* charges as a result of a regulatory reset (excluding reductions resulting from the distribution of *settlements residue* and *settlements residue auction* proceeds) must be paid to all *customers*.

#### 9.29.6 Capital contributions, prepayments and financial guarantees

- (a) The amount that a South Australian *Distribution Network Service Provider* may receive by way of capital contribution, prepayment and/or financial guarantee in respect of a South Australian network will be determined by the appropriate regulator in accordance with *applicable regulatory instruments*.
- (b) This clause operates to the exclusion of clause 6.7.2(b) of the former Chapter 6 (as it continues in force under transitional provisions) and clause 6.21.2(2) of the present Chapter 6.
- (c) In this clause:
- appropriate regulator** means:
- (1) if the South Australian Minister has made no transfer of regulatory responsibility to the AER under clause 11.14.4 – the South Australian Essential Services Commission;

- (2) if the South Australian Minister has made a transfer of regulatory responsibility to the *AER* under clause 11.14.4 – the *AER*.

### 9.29.7 Ring fencing

On the *AER's* assumption of responsibility for the economic regulation of *distribution services* in South Australia, the guidelines entitled *Operational Ring-fencing Requirements for the SA Electricity Supply Industry: Electricity Industry Guideline No. 9* dated June 2003 (including amendments and substitutions made up to the date the *AER* assumes that responsibility) will be taken to be distribution ring-fencing guidelines issued by the *AER* under Rule 6.17.

### 9.29A Monitoring and reporting

- (a) This clause applies to information about *interconnectors* into South Australia or consisting of South Australian market data that is:
  - (1) within *AEMO's* control; and
  - (2) reasonably required by a relevant South Australian authority to fulfil obligations under:
    - (i) a relevant protocol on the use of emergency powers; or
    - (ii) regulations under the *Electricity Act 1996(SA)*.
- (b) *AEMO* must, at the request of a relevant South Australian authority, provide the authority with information to which this clause applies.
- (c) The information must be provided by way of a real time data link or, if such a link is not available, by the most expeditious means reasonably practicable in the circumstances.
- (d) If the cost incurred by *AEMO* in providing information under this clause exceeds the cost usually incurred in providing a *Market Participant* with information in accordance with the *Rules*, the relevant South Australian authority that requested the information must pay the excess.
- (e) In this *Rule*:

**relevant protocol on the use of emergency powers** means the National Electricity Market Memorandum of Understanding on the Use of Emergency Powers (as amended from time to time) and includes any later protocol on the use of emergency powers agreed between jurisdictions participating in the National Electricity Market.

**relevant South Australian authority** means:

- (a) the Technical Regulator; or

- (b) an officer of the South Australian Public Service nominated by the SA Minister to be a responsible officer for the purpose of fulfilling obligations under:
  - (i) a relevant protocol on the use of emergency powers; or
  - (ii) regulations under the *Electricity Act 1996* (SA).

**Technical Regulator** means the person holding or acting in the office of Technical Regulator under section 7 of the *Electricity Act 1996* (SA).

## 9.30 Transitional Provisions

### 9.30.1 Chapter 7 - Metering

- (1) The transitional metering provisions set out in schedule 9G1 apply to South Australia in respect of Chapter 7.

## Part E Jurisdictional Derogations for Queensland

### 9.31 [Deleted]

## 9.32 Definitions and Interpretation

### 9.32.1 Definitions

- (a) For the purposes of this Part E:
  - (1) a word or expression defined in the glossary in Chapter 10 has the meaning given to it in the glossary unless it is referred to in column 1 of the following table; and
  - (2) a word or expression referred to in column 1 of the following table has the meaning given to it in column 2 of the table:

Column 1	Column 2
<b>connection agreement</b>	Includes all “Connection and Access Agreements” established in Queensland prior to <i>market commencement</i> ..
<b>Electricity Act</b>	The <i>Electricity Act 1994</i> (Qld).
<b>excluded customer</b>	An excluded customer as defined in the <i>Electricity Act</i> .
<b>exempt seller</b>	An exempt seller as defined in the National Energy Retail Law (Queensland).
<b>exempted generation</b>	An agreement between a State Electricity Entity and the owner or operator of a <i>generating system</i> , as listed

<b>Column 1</b>	<b>Column 2</b>
<b>agreement</b>	at schedule 9E1, and any amendment of such agreement made prior to 13 December 1998 or, if made in accordance with clause 9.34.6(s), thereafter.
<b>GOC Act</b>	The <i>Government Owned Corporations Act 1993</i> (Qld).
<b>Minister</b>	The Minister administering the <i>Electricity Act</i> from time to time.
<b>Nominated Generator</b>	A State Electricity Entity determined by the <i>Minister</i> for the purposes described in clause 9.34.6 for a <i>generating system</i> to which an exempted generation agreement applies.
<b>Powerlink Queensland</b>	Queensland Electricity Transmission Corporation Ltd, a corporation established under the GOC Act.
<b>Queensland Competition Authority</b>	The Queensland Competition Authority established under the <i>Queensland Competition Authority Act</i> .
<b>Queensland Competition Authority Act</b>	The <i>Queensland Competition Authority Act 1997</i> (Qld).
<b>Queensland distribution network</b>	A <i>distribution network</i> (including any part of a <i>distribution network</i> ) situated in Queensland.
<b>Queensland Grid Code</b>	The Code of that name first issued by the Department of Mines and Energy (Qld) on 28 November 1994, as amended from time to time.
<b>Queensland system</b>	The sum of the <i>transmission network</i> located in Queensland operating at a nominal <i>voltage</i> of 275 kV, the <i>connection assets</i> associated with that <i>network</i> and any <i>transmission or distribution system connected</i> to that <i>network</i> and also located in Queensland.
<b>Queensland transmission network</b>	A <i>transmission network</i> (including any part of a <i>transmission network</i> ) situated in Queensland.
<b>Small Generator</b>	A <i>Generator</i> whose <i>generating system</i> is <i>connected</i> to the Queensland system and has a <i>nameplate rating</i> of less than 5MW.
<b>Stanwell Corporation Ltd</b>	A corporation established under the GOC Act.
<b>Stanwell Cross Border</b>	The various agreements, documents and deeds relating to the leasing, ownership and operation of the

Column 1	Column 2
<b>Leases</b>	<i>generating systems</i> comprising the Stanwell Power Station entered into, or to be entered into, at the request of, or for the benefit of, one or more of Stanwell Corporation Ltd and the State of Queensland and whether or not any of Stanwell Corporation Ltd or the State of Queensland is a party to those agreements, documents and deeds.
<b>Stanwell Power Station</b>	The <i>power station</i> known as the “Stanwell Power Station” located at Stanwell, Queensland.
<b>State Electricity Entity</b>	A State electricity entity as defined in the <i>Electricity Act</i> .
<b>transmission authority</b>	An authority of that name issued under the <i>Electricity Act</i> .

- (b) For the purposes of the *Rules*, to the extent that any *network* is located in Queensland, a *network* or part of a *network* is a *transmission network* if and only if it satisfies the following definition of “*transmission network*” and the definition of “*transmission network*” given in the glossary in Chapter 10 does not apply in those circumstances:

<b>transmission network</b>	Despite clause 6A.1.5(b) and the glossary of the <i>Rules</i> , in Queensland the <i>transmission network</i> assets are to be taken to include only those assets owned by Powerlink Queensland or any other <i>Transmission Network Service Provider</i> that holds a transmission authority irrespective of the <i>voltage</i> level and does not include any assets owned by a <i>Distribution Network Service Provider</i> whether or not such <i>distribution</i> assets are operated in parallel with the <i>transmission system</i> .
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### 9.32.2 Interpretation

In this Part E, a reference to any authority, corporation or body whether statutory or otherwise, in the event of that authority, corporation or body ceasing to exist or being reconstituted, renamed or replaced or its powers, duties or functions being transferred to or assumed by any other authority, corporation or body, will, as the case requires, be taken to refer to the authority, corporation or body replacing it or the authority, corporation or body, succeeding to or assuming the powers, duties or functions of it.

### **9.33 Transitional Arrangements for Chapter 1**

#### **9.33.1 [Deleted]**

### **9.34 Transitional Arrangements for Chapter 2 - Registered Participants and Registration**

#### **9.34.1 Application of the Rules in Queensland (clauses 2.2 and 2.5)**

Any person who engages in the activity of owning, controlling or operating:

- (a) a *generating system* that *supplies* electricity to a *transmission or distribution system* of a kind referred to in clause 9.34.1(b); or
- (b) a *transmission or distribution system* in Queensland which does not form part of the *national grid*,

is not to, and is not to be taken to be entitled to, and is taken to have been exempted from the requirement to, register as a *Registered Participant* in relation to that activity.

#### **9.34.2 Stanwell Cross Border Leases (clause 2.2)**

- (a) Stanwell Corporation Ltd is deemed to be the person that must register as a *Generator* in relation to the *generating systems* which are the subject of the Stanwell Cross Border Leases.
- (b) The parties (other than Stanwell Corporation Ltd) to the Stanwell Cross Border Leases are not to be and are not to be entitled to, and are taken to have been exempted from the requirement to, register as a *Generator* in relation to the *generating systems* which are the subject of the Stanwell Cross Border Leases.
- (c) Clauses 9.34.2(a) and (b) cease to have effect upon the expiry or earlier termination of the last of the Stanwell Cross Border Leases.

#### **9.34.3 [Deleted]**

#### **9.34.4 Registration as a Customer (clause 2.3.1)**

- (a) Subject to clause 9.34.4(c), for the purpose of clause 2.3.1(e), a person satisfies the requirements of Queensland for classification of a *connection point* if that person is:
  - (1) a customer (other than an excluded customer) in relation to that *connection point*; or
  - (2) a *retailer* who is authorised to sell electricity to the person *connected* at that *connection point*; or
  - (3) an exempt seller; or

- (4) a person exempted under the *National Energy Retail Law* (Queensland), from the operation of section 88 of that Act.
- (b) For the purpose of clause 2.3.1(e), a person does not satisfy the requirements of Queensland for classification of its electricity purchased at a *connection point* in Queensland if the electricity is *supplied* through a *transmission system* which does not form part of the *national grid*.

#### 9.34.5 There is no clause 9.34.5

#### 9.34.6 Exempted generation agreements (clause 2.2)

- (a) For the purpose of supplying electricity under any exempted generation agreement, for each *generating system* which forms part of one of the *power stations* listed in schedule 9E1 the Minister may determine, in consultation in each case with the owner of the relevant *generating system*, whether a State Electricity Entity (the "**Nominated Generator**"), rather than another person engaging in the activity of owning, operating or controlling the *generating system*, should be the *Generator* in respect of the *generating system*.
- (b) For the purposes of the *Rules* if the Minister has determined a Nominated Generator for any *generating system* as described in clause 9.34.6(a):
  - (1) the Nominated Generator is taken to be, and at all relevant times to have been, and is the person that must register as, a *Generator* in relation to that *generating system*; and
  - (2) any person engaging in the activity of owning, controlling or operating that *generating system*, not being the Nominated Generator, is not to, is not entitled to, and is taken to have been exempted from the requirement to, register as a *Generator* in relation to that *generating system*.
- (c) If complying with a requirement of the *Rules* ("the **Rules Requirement**") would result in a Nominated Generator being in breach of a provision of an exempted generation agreement to which it is a party (the **contractual requirement**), the Nominated Generator is not required to comply with the *Rules* requirement to the extent of the inconsistency between the *Rules* requirement and the contractual requirement provided that this clause 9.34.6(c) must not be interpreted to relieve a Nominated Generator of the obligation to submit offers in respect of a *scheduled generating unit* or to operate the *generating unit* in accordance with *dispatch instructions* determined under Chapter 3.
- (d) If:
  - (1) a Nominated Generator requires the co-operation of one or more of the parties to an exempted generation agreement (a "**counterparty**") in order to enable the Nominated Generator to comply with the *Rules* requirement;



- (2) the Nominated Generator has used its reasonable endeavours to obtain the counterparty's co-operation in order to enable the Nominated Generator to comply with the *Rules* requirement; and
- (3) the Nominated Generator has no ability to require the counterparty to so co-operate with the Nominated Generator and the counterparty is not in breach of the exempted generation agreement by refusing to so co-operate,

then the Nominated Generator is not required to comply with the *Rules* requirement.

- (e) If a Nominated Generator does not comply with a *Rules* requirement in the circumstances set out in clause 9.34.6(c) or (d), the Nominated Generator must:

- (1) give notice to the *AER* as soon as practicable, and in any event before the expiration of 7 *days* after the non-compliance with the *Rules* requirement occurs or commences, of:

- (a) details of the *Rules* requirement which has not been or will not be complied with;
- (b) details of each act or omission which partly or wholly constitutes non-compliance with that *Rules* requirement;
- (c) in the case of circumstances described in clause 9.34.6(c), unless explicitly prohibited by the terms of the relevant exempted generation agreement, details of each contractual requirement which is considered by the Nominated Generator to be inconsistent with the *Rules* requirement; and
- (d) in the case of circumstances described in clause 9.34.6(d), details of the endeavours made by the Nominated Generator to obtain the counterparty's co-operation to enable the Nominated Generator to comply with the *Rules* requirement; and

- (2) unless explicitly prohibited by the terms of the relevant exempted generation agreement, give the *AER* any documents or information in the possession or control of the Nominated Generator which evidence the matters referred to in clause 9.34.6(e)(1) within 14 *days* (or any further period agreed to by the *AER*) of receiving a written request from the *AER*.

- (f) To avoid any doubt, if after reviewing a notice and any documents or information given by the Nominated Generator under clause 9.34.6(e), the *AER* forms the view that:

- (1) in the case of circumstances described in clause 9.34.6(c), compliance with the *Rules* requirement would not have resulted in the Nominated Generator being in breach of the relevant contractual requirement; or

- (2) in the case of circumstances described in clause 9.34.6(d), any of the requirements of clause 9.34.6(d) were not in fact satisfied,

then the matter may be dealt with by the *AER* as a breach of the *Rules*.

(g) **[Deleted]**

- (h) A Nominated Generator may give notice and information to the *AER* as required in clause 9.34.6(e) in advance if it becomes aware of the potential for the circumstances described in clause 9.34.6(c) or 9.34.6(d) to arise, and the giving of that notice and information will be taken to satisfy the requirements of the Nominated Generator in clause 9.34.6(e)(1) in respect of those circumstances.

- (i) Notwithstanding the provision of notice and information in advance in accordance with clause 9.34.6(h), the Nominated Generator must provide such other documents or information as may be required in accordance with clause 9.34.6(e) after such non-compliance has occurred or commenced.

- (j) If non-compliance with the *Rules* is continuing, the notice of non-compliance with the *Rules* provided under clause 9.34.6(e) will be effective in relation to that non-compliance until that non-compliance ends provided that:

- (1) the notice specifies that the non-compliance is continuing; and  
(2) the Nominated Generator notifies the *AER* of the end of the non-compliance no later than 7 days after the non-compliance ends.

- (k) Clauses 9.34.6(c) and 9.34.6(d) do not affect the obligations of a Nominated Generator with respect to registration with *AEMO* or to making payments under the provisions of the *Rules* in respect of:

- (1) *Participant fees*;  
(2) *prudential requirements*; or  
(3) *settlement amounts*.

- (l) Within 30 *days* of the end of each quarter in each calendar year, the *AER* must prepare a quarterly report for the previous quarter and make it available upon request to all *Registered Participants* and those *participating jurisdictions* that participated in the *market* during the quarter covered by the report. The quarterly report must include:

- (1) a summary of the acts or omissions of the Nominated Generator constituting non-compliance with any requirement of the *Rules*, as disclosed in written notices received by the *AER* under this clause 9.34.6 during the quarter covered by the report: and

- (2) an assessment by the *AER* of the effect that those acts or omissions have had on the efficient operation, during the quarter covered by the report, of the *spot market*.
- (m) **[Deleted]**
- (n) No amendment, other than an amendment to correct a typographical error, may be made to an exempted generation agreement unless the parties to the exempted generation agreement submit to the *AER*:
  - (1) the proposed amendment, a copy of the exempted generation agreement and such supporting information as the parties consider necessary (the **EGA amendment material**);
  - (2) a request that the *AER* seek advice from the *ACCC* as to whether the *ACCC* considers that the proposed amendment would or may:
    - (i) **[Deleted]**
    - (ii) **[Deleted]**
    - (iii) contravene a provision of the *Competition and Consumer Act 2010* (Cth) or the Competition Code of a *participating jurisdiction*; and
  - (3) if requested by the *AER* to do so, such further information as may be required by the *AER* in order for the *ACCC* to consider the matters referred to in clause 9.34.6(n)(2),and the proposed amendment is not prohibited under clause 9.34.6(q).
- (o) When the parties to an exempted generation agreement submit EGA amendment material to the *AER* in accordance with clause 9.34.6(n), they may include as part of the material submitted a written request that the *AER* and the *ACCC* treat the EGA amendment material as confidential. In such a case the *AER*:
  - (1) must comply with that request until such time as the parties to the exempted generation agreement notify the *AER* in writing that the *AER* is no longer under an obligation to do so; and
  - (2) must not provide any EGA amendment material to the *ACCC* unless the parties to the exempted generation agreement have notified the *AER* in writing that they have agreed acceptable confidentiality arrangements in relation to the EGA amendment material with the *ACCC* and that the *AER* should provide the EGA amendment material to the *ACCC*.
- (p) **[Deleted]**

- (q) If, within 10 *business days* of receiving the material referred to in clause 9.34.6(n) or such other period as is agreed between the *AER* and the parties to the exempted generation agreement, the *AER* responds that:
- (1) the *ACCC* considers that the proposed amendment would or may have any or all of the effects referred to in clause 9.34.6(n)(2); or
  - (2) the *ACCC* considers that it is unable, because of:
    - (i) insufficient information before it; or
    - (ii) any confidentiality arrangements in relation to the EGA amendment material agreed between the *ACCC* and the parties to the exempted generation agreement,to reasonably consider whether the proposed amendment would have any or all of the effects referred to in clause 9.34.6(n)(2),
- then the proposed amendment must not be made.
- (r) If the *AER* has not provided a response to a request made in accordance with clause 9.34.6(n)(2) within:
- (1) 10 *business days* of receiving the material referred to in clause 9.34.6(n); or
  - (2) such other period as is agreed between the *AER* and the parties to the exempted generation agreement,
- the *ACCC* is deemed to have no objection to the proposed amendment.
- (s) If the *AER* notifies the parties to the exempted generation agreement that the *ACCC* has no objection to the proposed amendment, or if the *ACCC* is deemed under clause 9.34.6(r) to have no objection to the proposed amendment, the parties to the exempted generation agreement may make the proposed amendment.
- (t) This clause 9.34.6 ceases to have effect in respect of a *generating system* the subject of an exempted generation agreement upon the termination of that agreement.

**9.35 [Deleted]**

**9.36 [Deleted]**

**9.37 Transitional Arrangements for Chapter 5 - Network Connection**

**9.37.1 [Deleted]**

**9.37.2 Existing connection and access agreements (clause 5.2)**

- (a) The technical connection and network pricing requirements of the Interconnection and Power Pooling Agreement dated 30 March 1994 between the owners of the Gladstone Power Station and the Queensland Electricity Commission (as amended prior to 18 January 1998) are to be taken to be a *connection agreement* in respect of both the Gladstone Power Station and the Boyne Island aluminium smelter unless replacement *connection agreements* are entered into in respect of the power station and smelter.
- (b) Despite anything to the contrary in clause 5.2.2, if the *generating system* at Gladstone Power Station meets the technical connection requirements of the Interconnection and Power Pooling Agreement, or the technical requirements of a replacement *connection agreement* no less onerous than those in the Interconnection and Power Pooling Agreement, the relevant *generating system* is to be deemed to comply with all the technical connection requirements of the *Rules* in respect of the Gladstone Power Station.
- (c) Despite anything to the contrary in clause 5.2.2, if the Boyne Island aluminium smelter meets the technical connection requirements of the Interconnection and Power Pooling Agreement, or the technical requirements of a replacement *connection agreement* no less onerous than those in the Interconnection and Power Pooling Agreement, the Boyne Island aluminium smelter is to be deemed to comply with all the technical connection requirements of the *Rules* in respect of the Boyne Island aluminium smelter.
- (d) Despite anything to the contrary in clause 5.2.2, if Queensland Rail complies with the technical requirements in the *connection agreements* for Queensland Rail *connections* as at 18 January 1998, Queensland Rail is to be deemed to comply with all the technical connection requirements of the *Rules*.
- (e) Small Generators are not required to comply with the conditions of *connection* set out in schedule 5.2 of the *Rules*.

**9.37.3 [Deleted]**

**9.37.4 [Deleted]**

**9.37.5 Forecasts for connection points to transmission network (clause 5.11.1)**

If a *Network Service Provider*, on the Queensland system, modifies forecast information in accordance with clause 5.11.1(d), then that *Network Service Provider* is not required to notify the relevant *Registered Participant* if it has conflicting confidentiality obligations to other *Registered Participants*.

**9.37.6 There is no clause 9.37.6**

**9.37.7 Cross Border Networks**

(a) If:

- (1) the *Minister* considers that a *transmission network* or *distribution network* situated in Queensland is a continuation of a *network* situated in another *participating jurisdiction* and should be considered to be part of the *network* of that other *participating jurisdiction*; and
- (2) the *Minister* for that other *participating jurisdiction* consents,

then those *Ministers* may nominate that the *network* is deemed to be entirely in that other *participating jurisdiction* and the *Rules* including any relevant *jurisdictional derogations* for the other *participating jurisdiction* are deemed to apply to the *network* as if the *network* were located entirely within that other *participating jurisdiction*.

- (b) If a nomination is made under clause 9.37.7(a), then the *jurisdictional derogations* for Queensland do not apply to the continuation of the relevant *network* which is situated in Queensland.
- (c) If the *Minister* of another *participating jurisdiction* nominates that the *jurisdictional derogations* for Queensland should apply to a *network* part of which is situated in that other *participating jurisdiction*, then if the *Minister* in respect of Queensland consents, the *jurisdictional derogations* for Queensland are also to apply to that part of the *network* situated in the other *participating jurisdiction*.

**9.37.8 [Deleted]**

**9.37.9 Credible contingency events (clause S5.1.2.1 of schedule 5.1)**

- (a) The *protection systems* installed on any 110/132kV lines located in Queensland and existing at *market commencement* are deemed to comply with clause S5.1.2.1(d) of schedule 5.1 of the *Rules* except where such *protection system* has a material effect in degrading the stability and security of the Queensland system or the *power system*.

**9.37.10 Reactive power capability (clause S5.2.5.1 of schedule 5.2)**

Clause S5.2.5.1 of schedule 5.2 of the *Rules* is replaced for each of the *generating units* situated at the relevant *power station* listed in the following table by the following:

For the purpose of this clause S5.2.5.1:

**rated active power output** means the 'Rated MW Generated' (as defined in the *Generating System Design Data Sheet*) for the relevant *synchronous generating unit*; and

**nominal terminal voltage** means the 'Nominal Terminal Voltage' (as defined in the *Generating System Design Data Sheet*) for the relevant *synchronous generating unit*.

- (a) Each of the *generating units*, while operating at any level of *active power* output, must be capable of:
  - (1) supplying at its terminals an amount of *reactive power* of at least the amount that would be supplied if the *generating unit* operated at rated *active power* output, nominal terminal voltage and a lagging power factor of 0.9; and
  - (2) absorbing at its terminals an amount of *reactive power* of at least the amount that would be absorbed if the *generating unit* operated at rated *active power* output, nominal terminal voltage and a leading power factor set out in respect of that *generating unit* in column 3 of the following table.
- (b) In the event that any of the relevant power factors referred to in paragraph (a) above cannot be provided in respect of a *generating unit*, the relevant *Generator* must reach a commercial arrangement under its *connection agreement* with the relevant *Network Service Provider*, or with another *Registered Participant*, for the supply of the deficit in *reactive power* as measured at that *generating unit's* terminals.

Power station	Generating units	Leading power factor
Gladstone	Units 1 to 4	0.99
Gladstone	Units 5 & 6	0.94
Collinsville	Units 1 to 5	0.95

**9.37.11 [Deleted]**

**9.37.12 Voltage fluctuations (clause S5.1.5 of schedule 5.1)**

For application in Queensland, clause S5.1.5 of schedule 5.1 of the *Rules* is replaced with the following:

"A *Network Service Provider* whose *network* is a Queensland transmission network or a Queensland distribution network must include conditions in *connection agreements* in relation to the permissible variation with time of the power generated or load taken by a *Registered Participant* to ensure that other *Registered Participants* are supplied with a power-frequency voltage which fluctuates to an extent that is less than the limit defined by the "Threshold of Perceptibility" or the "Threshold of Irritability" as the case may be for the conditions specified in the paragraph below, in Figure 1 of *Australian Standard AS2279*, Part 4.

A *Network Service Provider* whose *network* is a Queensland transmission network or a Queensland distribution network must ensure that *voltage* fluctuations caused by the switching or operation of *network plant* does not exceed the following amounts referenced to Figure 1 of *Australian Standard AS 2279*, Part 4:

- (1) Above 66kV:
  - (A) the "Threshold of Perceptibility" when all *network plant* is in service; and
  - (B) the "Threshold of Irritability" during any *credible contingency event* which is reasonably expected to be of short duration;
- (2) 66kV and below: the "Threshold of Irritability" when all *network plant* is in service.

The requirements of paragraphs (1) and (2) above do not apply to events such as switching of *network plant* to or from an abnormal state or to *network* faults which occur infrequently (ie. less than one event per day).

Where the *Rules* (other than this Part E) refer to clause S5.1.5(a) or (b) of schedule 5.1 of the *Rules* then, in so far as that reference relates to a *Network Service Provider* whose *network* is a Queensland transmission network or a Queensland distribution network or to a *network* which is a Queensland transmission network or a Queensland distribution network, that reference must be construed as a reference to the immediately preceding paragraph.

A *Network Service Provider* whose *network* is a Queensland transmission network or a Queensland distribution network is responsible only for excursions in *voltage* fluctuations outside the range defined in the first two paragraphs of this clause S5.1.5 caused by *network plant* and the pursuit of all reasonable measures available under the *Rules* to remedy the situation in respect of *Registered Participants* whose *plant* does not perform to the standards defined by clause S5.2.5.2(c) of schedule 5.2 of the *Rules* for *Generators*, the standards set out in the first paragraph below for *Customers* and the standards set out in the second paragraph below for *Market Network Service Providers*.

Each *Customer* must ensure that variations in current at each of its *connection points* including those arising from the *energisation*, de-energisation or operation of any *plant* within or supplied from the *Customer's substation* are such that the



contribution to the magnitude and rate of occurrence of the resulting *voltage* disturbance does not exceed the following limits:

- (i) where only one *Customer* has a *connection point* associated with the point of *supply*, the limit is 80% of the threshold of perceptibility set out in Figure 1 of *Australian Standard AS2279*, Part 4; or
- (ii) where two or more *Distribution Network Service Providers* or *Customers* causing *voltage* fluctuations have a *connection point* associated with a point of *supply*, the threshold of perceptibility limit is to be shared in a manner to be agreed between the *Distribution Network Service Provider* and the *Registered Participant* in accordance with *good electricity industry practice* that recognises the number of *Registered Participants* in the vicinity that may produce *voltage* fluctuations.

Each *Market Network Service Provider* must ensure that variations in current at each of its *connection points* arising from the *energisation*, de-energisation or operation of any of its *plant* involved in the provision of *market network services* are such that the contribution to the magnitude and rate of occurrence of the resulting *voltage* disturbance does not exceed the following limits:

- (i) where only one *Market Network Service Provider* has a *connection point* associated with the point of *supply*, the limit is 80% of the threshold of perceptibility set out in Figure 1 of *Australian Standard AS2279*, Part 4; or
- (ii) where two or more *Distribution Network Service Providers*, *Market Network Service Providers* or *Customers* causing *voltage* fluctuations have a *connection point* associated with a point of *supply*, the threshold of perceptibility limit is to be shared in a manner to be agreed between the *Distribution Network Service Provider* and the *Registered Participant* in accordance with *good electricity industry practice* that recognises the number of *Registered Participants* in the vicinity that may produce *voltage* fluctuations.

For these purposes, references to *Australian Standard AS2279* are references to that standard as it existed prior to it being superseded by AS/NZS 61000.3.7:2001."

**Note**

See clause 11.10.7.

**9.37.13 [Deleted]**

**9.37.14 [Deleted]**

**9.37.15 [Deleted]**

**9.37.16 [Deleted]**

**9.37.17 [Deleted]**

**9.37.18 [Deleted]**

**9.37.19 Generating unit response to disturbances (clause S5.2.5.3 of schedule 5.2)**

- (a) Despite the provisions of clause S5.2.5.3 of schedule 5.2 of the *Rules*, the *generating units* listed in the following table are not required to operate continuously outside the corresponding *frequency band* specified in column three of the following table:

<b>Power station</b>	<b>Generating units</b>	<b>Frequency band</b>
Gladstone	Units 1 to 6	47.5 Hz to 51.5 Hz
Collinsville	Units 1 to 4	48.0 Hz to 51 Hz
Collinsville	Unit 5	48.0 Hz to 52 Hz

- (b) **[Deleted]**

- (b1) **[Deleted]**

**9.37.20 [Deleted]**

**9.37.21 Excitation control system (clause S.5.2.5.13 of schedule 5.2)**

- (a) For each of the *generating units* listed in the following table:
- (1) the application of clause S5.2.5.13(a) of schedule 5.2 of the *Rules* is modified by amending it to ensure that the short-time average *generating unit stator voltage* at highest rated power output level is not required to be more than 5% above nominal *stator voltage*; and
  - (2) the application of clause S5.2.5.13(b) of schedule 5.2 of the *Rules* is modified by deleting the words “all operating conditions” and replacing them with the words “all normal operating conditions and any *credible contingency event*”.

Power station	Generating units
Gladstone	Units 1 to 6
Collinsville	Units 1 to 5

- (b) **[Deleted]**
- (c) **[Deleted]**
- (d) For Collinsville Power Station, any variation to the minimum performance requirements specified in clause S5.2.5.13 of schedule 5.2 of the *Rules* is to be limited to figures agreed with the *Network Service Provider* to whose *network* the Collinsville Power Station is *connected*.
- (e) A *Generator* whose *generating unit* is situated in Queensland must ensure that each new *synchronous generating unit* of greater than 100MW is fitted with a *static excitation system* or some other *excitation control system* which will provide *voltage* regulation to within 0.5% of the selected setpoint value unless otherwise agreed with the relevant *Network Service Provider*.

**Note**

See clause 11.10.7.

**9.37.22 [Deleted]**

**9.37.23 Annual forecast information for planning purposes (schedule 5.7)**

Each *Registered Participant* that has a *connection point* to a Queensland *transmission network* must submit to the relevant Queensland *Transmission Network Service Provider* a forecast of the annual *energy* consumption associated with each *connection point* together with the information set out in schedule 5.7 of the *Rules*.

**9.38 Transitional Arrangements for Chapter 6 - Network Pricing**

**9.38.1 [Deleted]**

**9.38.2 [Deleted]**

**9.38.3 [Deleted]**

**9.38.4 Interconnectors between regions**

For the purposes of the *Rules*, the *interconnector* between Armidale in New South Wales and Tarong in Queensland, to the extent that it forms part of the Queensland system, is deemed to be a *regulated interconnector*.

### 9.38.5 Transmission pricing for exempted generation agreements

- (a) Notwithstanding the provisions of Chapter 6, the amounts payable for *transmission services* in respect of a *generating system* or a *load* the subject of an exempted generation agreement by a *Generator* or *Customer* which is referred to in an exempted generation agreement, or the relevant State Electricity Entity nominated pursuant to clause 9.34.6(a), as the case may be, will be the amounts payable under the *connection agreement* in respect of that *generating system* or *load*.
- (b) If the amounts payable for *transmission services* under clause 9.38.5(a) differ to those that would have been payable if the amounts had been calculated in accordance with the provisions of Chapter 6 (as modified by this clause 9.38) then the amount of that difference is to be recovered in accordance with clause 6.5.6(a).
- (c) For the purpose of clause 9.38.5(b), the amount of any difference is to be recovered from *Transmission Customers* located in Queensland and connected to the Queensland system and is not otherwise to be taken into account in determining *Transmission Customer common service* charges under clause 6.5.6(a).
- (d) For the application of clause 9.38.5(a) to the *generating system* at Gladstone Power Station and the *load* at the Boyne Island aluminium smelter, the *connection agreement* referred to is the Interconnection and Power Pooling Agreement dated 30 March 1994 between the owners of the Gladstone Power Station and the Queensland Electricity Commission (as amended prior to 18 January 1998), or any *connection agreements* entered into in respect of those *connection points* in replacement of that agreement, provided that in the latter case any difference to be recovered pursuant to clause 9.38.5(b) must not exceed that which would have applied had that agreement continued.
- (e) Clause 9.38.5(a) continues to apply in respect of the *generating system* at Gladstone Power Station and the *load* at the Boyne Island aluminium smelter despite the entering into *connection agreements* in replacement of the Interconnection and Power Pooling Agreement as envisaged in clause 9.38.5(d).

## 9.39 Transitional Arrangements for Chapter 7 - Metering

### 9.39.1 Metering installations to which this clause applies

- (a) The transitional *metering* provisions set out in schedule 9G1 apply to Queensland in respect of Chapter 7.
- (b) Notwithstanding the application of schedule 9G1 in Queensland, the transitional arrangements set out in this clause 9.39 apply in relation to a *metering installation* (including a *check metering installation*) that meets the following criteria:

- (1) at 1 October 1997, the *metering installation*:
  - (i) was a *metering installation* to which the Queensland Grid Code applied; and
  - (ii) complied with the metering requirements of the Queensland Grid Code; and
- (2) excepting normal repair and maintenance, no part of the *metering installation* has been modified or replaced since 1 October 1997.

**9.39.2 [Deleted]**

**9.39.3 [Deleted]**

**9.39.4 [Deleted]**

**9.39.5 [Deleted]**

**9.40 Transitional Arrangements for Chapter 8 - Administration Functions**

**9.40.1 [Deleted]**

**9.40.2 [Deleted]**

**9.40.3 [Deleted]**

**9.41 [Deleted]**

**Schedule 9E1 Exempted Generation Agreements**

<b>Station Name</b>	<b>Owner or Operator of Station</b>	<b>Date of Agreement</b>
Gladstone Power Station	GPS Participants <sup>1</sup>	30 March 1994
Collinsville Power Station	Collinsville Participants <sup>2</sup>	30 November 1995
Townsville Power Station	Transfield Townsville Pty Ltd A.C.N. 075 001 991	2 August 1996
Oakey Power Station	Oakey Power Pty Ltd A.C.N. 075 258 114	10 September 1996
Mt Stuart Power	Origin Energy Mt Stuart, a general partnership between Origin Energy	5 August 1996

Station Name	Owner or Operator of Station	Date of Agreement
Station	Mt Stuart BV (ARBN 079 232 572) & Origin Energy Australia Holdings BV (ARBN 079 234 165)	
Various Sugar Mills	Queensland Sugar Power Pool Pty Ltd A.C.N. 072 003 537	21 December 1995
Somerset Dam Hydro	Hydro Power Pty Ltd A.C.N. 010 669 351	1 June 1996
Browns Plains Landfill Gas	EDL LFG (QLD) Pty Ltd A.C.N. 071 089 579 and Energex Limited A.C.N. 078 849 055	31 July 1996

<sup>1</sup> GPS Participants Each of: GPS Power Pty Ltd, A.C.N. 009 103 422;  
GPS Energy Pty Ltd, A.C.N. 063 207 456;  
Sunshine State Power B.V., A.R.B.N. 062 295 425;  
Sunshine State Power (No 2) B.V., ARBN 063 382 829;  
SLMA GPS Pty Ltd, A.C.N. 063 779 028;  
Ryowa II GPS Pty Ltd, A.C.N. 063 780 058; and  
YKK GPS (Queensland) Pty Ltd, A.C.N. 062 905 275.

<sup>2</sup> Collinsville Participants Each of: Transfield Collinsville Pty Ltd, A.C.N. 058 436 847;  
and  
Transfield Services Collinsville B.V., A.R.B.N. 070 968 606.

## Part F Jurisdictional Derogations for Tasmania

### 9.42 Definitions and interpretation

#### 9.42.1 Definitions

For the purposes of this Part F:

- (a) a word or expression defined in the glossary in chapter 10 has the meaning given to it in the glossary, unless it is referred to in column 1 of the following table; and

- (b) a word or expression referred to in column 1 of the following table has the meaning given to it in column 2 of the table:

<b>Column 1</b>	<b>Column 2</b>
<b>Aurora</b>	Aurora Energy Pty Ltd (ABN 85 082 464 622).
<b>Basslink</b>	The project for the interconnection, by means of a DC electricity transmission link, of the Victorian and Tasmanian <i>transmission systems</i> .
<b>ESI Act</b>	The <i>Electricity Supply Industry Act 1995</i> (Tas).
<b>George Town Substation</b>	The electricity substation located on the land comprised in Certificate of Title Volume 34076 Folio 1.
<b>Hydro Tasmania</b>	The Hydro-Electric Corporation (ABN 48 072 377 158).
<b>Minister</b>	The Minister for the time being responsible for administering the <i>ESI Act</i> .
<b>Tasmanian Code</b>	The Tasmanian Electricity Code issued under section 49A of the <i>ESI Act</i> .
<b>Tasmanian Code Participant</b>	A person who is a Code Participant within the meaning of the <i>Tasmanian Code</i> .
<b>Tasmanian Electricity Regulator</b>	The office of the Regulator established pursuant to section 5 of the <i>ESI Act</i> .
<b>Tasmanian Network Service Provider</b>	A person who is a <i>Network Service Provider</i> in respect of a <i>network</i> located in Tasmania (including the <i>Network Service Provider</i> in respect of Basslink).
<b>Transend</b>	Transend Networks Pty Limited (ABN 57 082 586 892).
<b>Transition Date</b>	The date on and from which section 6 of the <i>Electricity - National Scheme (Tasmania) Act 1999</i> commences.

### 9.42.2 Interpretation

In this Part F, references to Tasmania do not include King Island or Flinders Island unless the context otherwise requires.

### **9.42.3 National grid, power system and related expressions**

Notwithstanding anything else in the *Rules*, but subject to the other provisions of this Part F, on and from the Transition Date:

- (a) the *connected transmission systems* and *distribution systems* located in Tasmania are to be treated as forming part of the *national grid* and the interconnected *transmission* and *distribution networks*; and
- (b) the electricity power system located in Tasmania, including associated *generation* and *transmission* and *distribution networks* for the *supply* of electricity, is to be treated as forming part of the *power system* and the electricity system,

even if they are not *connected* to a *network* or *networks* in other *participating jurisdictions*.

### **9.43 [Deleted]**

### **9.44 Transitional arrangements for Chapter 2 – Registered Participants and Registration - Customers (clause 2.3.1(e))**

For the purposes of clause 2.3.1(e), and for the purposes of clause 2.4.2(b) in so far as it relates to *Customers*, a person satisfies the requirements of Tasmania for classification of a *connection point* of that person if that person is a *retailer* or is a contestable customer within the meaning of the ESI Act in respect of that *connection point*.

### **9.45 Tasmanian Region (clause 3.5)**

Notwithstanding Chapter 2A, the State of Tasmania is, and must be, one *region* and that *region* must not include any areas which fall outside of the State of Tasmania.

### **9.47 Transitional arrangements for Chapter 5- Network Connection**

#### **9.47.1 Existing Connection Agreements**

The following agreements are each to be taken to be a *connection agreement* for the purposes of clause 5.2:

- (a) the Connection Agreement dated 1 July 1998 between Aurora and Hydro Tasmania;
- (b) the Connection and Network Services Agreement dated 1 July 1998 between Transend and Aurora;
- (c) the Connection and Network Services Agreement dated 1 July 1998 between Transend and Hydro Tasmania;



- (d) the Basslink Connection Agreement dated 28 January 2000 between National Grid International Limited and Transend; and
- (e) any other connection agreement entered into prior to the Transition Date in accordance with the *Tasmanian Code*.

## **9.48 Transitional arrangements - Transmission and Distribution Pricing**

### **9.48.4A Ring fencing**

On the *AER's* assumption of responsibility for the economic regulation of *distribution services* in Tasmania, the following guidelines (as amended or substituted from time to time) will be taken to be distribution ring-fencing guidelines issued by the *AER* under Rule 6.17:

- (1) *Guideline for Ring-fencing in the Tasmanian Electricity Supply Industry* (dated October 2004); and
- (2) *Electricity Distribution and Retail Accounting Ring-fencing Guidelines: Electricity Guideline No 2.2, Issue No 5, March 2011*.

**Note:**

The *AER* will assume responsibility for the economic regulation of *distribution services* on the transfer of regulatory responsibility under clause 11.14.4.

### **9.48.4B Uniformity of tariffs for small customers**

- (a) In making a distribution determination or approving a *pricing proposal* for a Tasmanian *Distribution Network Service Provider*, the *AER* must ensure that distribution tariffs for small customers of a particular class are uniform regardless of where in mainland Tasmania the customer is supplied with electricity.
- (b) In this clause, small *customer* has the same meaning as under the *National Energy Retail Law (Tasmania) Regulations 2012*.

### **9.48.5 Transmission network**

For the purpose of the *Rules*, a *network* operating at "extra high voltage" (as that term is defined in the *ESI Act*) is deemed to be a *transmission network*.

### **9.48.6 Deemed regulated interconnector**

For the purposes of the *Rules*, any *interconnector* between *regions* in Tasmania in existence when those *regions* are established, to the extent that it forms part of the *power system* in Tasmania, is deemed to be a *regulated interconnector*.

## Part G Schedules to Chapter 9

### Schedule 9G1 Metering Transitional Arrangements

#### 1. Introduction

- (a) The following minimum requirements apply in respect of *metering installations* commissioned before 13 December 1998.
- (b) [Deleted]

#### 2. [Deleted]

#### 3. General Principle

The general principle is that *meters* are required and a *metering installation(s)* capable of recording half-hour *energy* flows and of providing electronic data for transfer to the *metering database* is to be in place for each *Market Participant's connection point(s)* before the *Market Participant* is permitted to participate in the *market*, and there will be no relaxation of this principle in the *jurisdictional derogations*.

#### 4. [Deleted]

#### 5. Accuracy Requirements

##### 5.1 Existing Metering Installations Transitional Exemptions

In addition to those allowances in clause S7.2.2 of schedule 7.2 - "Metering installations commissioned prior to 13 December 1998", the following conditions/exemptions apply:

- (a) For *Generators*, *generated* quantities together with estimates for *generating unit* auxiliary loads may be used provided there is an agreed method with *NEMMCO* for determining *sent-out* energy. [refer to clause 7.3.2]
- (b) The *check metering* requirements of the *Rules* do not have to be met for Type 1 *metering installations*. A minimum of partial *check metering* is required for Types 1 and 2 *metering installations*. [refer to clause S7.2.4 of schedule 7.2 of Chapter 7]
- (c) Joint use of secondary circuits is permitted for Type 1 *metering installations*. [refer to cl.S7.2.6.1(a) of schedule 7.2 of Chapter 7]

**5.2** [Deleted]

**6.** [Deleted]

**7.** [Deleted]

**8.** [Deleted]

**9.** [Deleted]

**10.** [Deleted]



**CHAPTER 10**





## 10. Glossary

### *1st regulatory control period*

In relation to a *Distribution Network Service Provider* in this jurisdiction, means the first period during which the provider will be or is subject to a control mechanism imposed by a distribution determination, being the period from 1 July 2019 to 30 June 2024.

### *2nd regulatory control period*

In relation to a *Distribution Network Service Provider* in this jurisdiction, means the second period during which the provider will be or is subject to a control mechanism imposed by a distribution determination, being the period from 1 July 2024 to 30 June 2029.

**Note:**

This definition expires on 1 July 2029.

### *2009-14 NT regulatory control period*

The regulatory control period that commenced on 1 July 2009 under the *NT Network Access Code*.

### *2014-19 NT regulatory control period*

The regulatory control period that commenced on 1 July 2014 under the *NT Network Access Code*.

### *2014 NT Network Price Determination*

The "2014 Network Price Determination" made by the Utilities Commission under the *Utilities Commission Act* (NT), *Electricity Reform Act* (NT) and Chapter 6 of the *NT Network Access Code* that:

- (a) applies, or applied, from 1 July 2014 to 30 June 2019; and
- (b) because of section 57 of the *Electricity Networks (Third Party Access) Act* (NT), is, or was, a network pricing determination made under section 6A(1) of that Act,

as amended, varied or substituted from time to time.

### **AARR**

The *aggregate annual revenue requirement for prescribed transmission services*.

### *abnormal conditions*

A condition described in clause 4.2.3A(a).

***above-standard system shared transmission service***

A *shared transmission service* that exceeds the requirements referred to in paragraph (a)(1) or (2) of the definition of *negotiated transmission service* principally as a consequence of investments that have *system-wide benefits*.

**ACCC**

Australian Competition and Consumer Commission as established under the *Competition and Consumer Act 2010* (Cth).

***acceptable credit criteria***

The credit criteria defined in clause 3.3.3.

***acceptable credit rating***

The credit rating determined by *AEMO* under clause 3.3.4.

***accepted restriction offer***

A *restriction offer* accepted by *AEMO* in accordance with the *restriction offer procedures*.

***access charge***

For a *Transmission Network Service Provider* - an amount described in clause 5.4A(g)-(j).

For a *Distribution Network Service Provider* - in respect of access to:

- (a) *negotiated distribution services* which would have been *negotiated distribution services* regardless of the operation of clause 6.24.2(c), an amount described in clause 5.5(f)(4); and
- (b) *negotiated distribution services* which would have been treated as *negotiated transmission services* were it not for the operation of clause 6.24.2(c), an amount described in clause 5.4A(g)-(j).

***access standard***

Either an *automatic access standard* or a *negotiated access standard* for a particular technical requirement as recorded in a *connection agreement*.

***Accredited Service Provider category***

A category of registration of a *Metering Provider* established by *AEMO* under S7.4.2(b) as a consequence of requirements of a *participating jurisdiction* to install *metering installations*.

***accumulated energy data***

The data that results from the measurement of the flow of electricity in a power conductor where the data represents a period in excess of a *trading interval*.



*Accumulated energy data* is held in the *metering installation*. The measurement is carried out at a *metering point*.

***accumulated metering data***

The *accumulated energy data*, once collected from a *metering installation*, is *accumulated metering data*. *Accumulated metering data* is held in a *metering data services database* and the *metering database*.

***activate, activated, activation***

The operation of a *generating unit* (other than a *scheduled generating unit*) at an increased *loading level* or reduction in demand (other than a *scheduled load*) undertaken in response to a request by *AEMO* in accordance with an *unscheduled reserve contract*.

***active energy***

A measure of electrical energy flow, being the time integral of the product of *voltage* and the in-phase component of current flow across a *connection point*, expressed in watt-hour (Wh).

***active power***

The rate at which *active energy* is transferred.

***active power capability***

The maximum rate at which *active energy* may be transferred from a *generating unit* to a *connection point* as specified or proposed to be specified in a *connection agreement* (as the case may be).

***additional intervention claim***

Has the meaning given in clause 3.12.2(k).

***adequately damped***

In relation to a *control system*, when tested with a step change of a feedback input or corresponding reference, or otherwise observed, any oscillatory response at a *frequency* of:

- (a) 0.05 Hz or less, has a damping ratio of at least 0.4;
- (b) between 0.05 Hz and 0.6 Hz, has a halving time of 5 seconds or less (equivalent to a damping coefficient  $-0.14$  nepers per second or less); and
- (c) 0.6 Hz or more, has a damping ratio of at least 0.05 in relation to a *minimum access standard* and a damping ratio of at least 0.1 otherwise.

***adjusted gross energy***

The *energy* adjusted in accordance with clause 3.15.5 (for a *transmission network connection point*) or clause 3.15.5A (for a *virtual transmission node*) or clause 3.15.4 (for any other *connection point*).

***adjusted locational component***

Has the meaning given to it in clause 6A.23.3(b).

***adjusted non-locational component***

Has the meaning given to it in clause 6A.23.3(e).

***administered floor price***

A price floor to apply to a *regional reference price*, with the levels of the price floor being administered under clause 3.14.1 and the circumstances under which it can be invoked by *AEMO* being determined as set out in clause 3.14.2.

***administered price cap***

A price cap to apply to a *dispatch price*, *regional reference price* or *ancillary service price* as specified in clause 3.14.1.

***administered price period***

A period declared by *AEMO*, in accordance with clause 3.14.2, in which an *administered price cap* may be invoked.

***adoptive jurisdiction***

Has the meaning given in the *National Electricity Law*.

***Adviser***

The Dispute Resolution Adviser specified in clause 8.2.2(a).

***Adviser referral notice***

A notice referring a dispute to the *Adviser* for the purposes of clause 8.2.5.

***AEMC***

The Australian Energy Market Commission, which is established under section 5 of the *Australian Energy Market Commission Establishment Act 2004* (SA).

***AEMO***

Means Australian Energy Market Operator Limited (ACN 072 010 327)

**Note**

Before its change of name, AEMO was known as NEMMCO.

***AEMO co-ordinating centre***

The control centre from which *AEMO* conducts *market* related activities and the coordination of the operation of the *national grid*.

***AEMO intervention event***

An event where *AEMO* intervenes in the *market* under the *Rules* by:

- (a) issuing a *direction* in accordance with clause 4.8.9; or
- (b) exercising the *reliability and emergency reserve trader* in accordance with rule 3.20 by:
  - (1) *dispatching scheduled generating units, scheduled network services or scheduled loads* in accordance with a *scheduled reserve contract*; or
  - (2) *activating loads or generating units* under an *unscheduled reserve contract*.

***AEMO power system security responsibilities***

The responsibilities described in clause 4.3.1.

***AER***

The Australian Energy Regulator, which is established by section 44AE of the *Competition and Consumer Act 2010* (Cth).

***affected participant's adjustment claim***

Has the meaning given in clause 3.12.2(g)(3).

***Affected Participant***

- (a) In respect of a particular *direction* in an *intervention price trading interval*:
  - (1) a *Scheduled Generator* or *Scheduled Network Service Provider*:
    - (i) which was not the subject of the *direction*, that had its *dispatched* quantity affected by that *direction*; or
    - (ii) which was the subject of the *direction*, that had its *dispatched* quantity for other *generating units* or other services which were not the subject of that *direction* affected by that *direction*, however, the *Scheduled Generator* or *Scheduled Network Service Provider* is only an *Affected Participant* in respect of those *generating units* and services which were not the subject of that *direction*; or
  - (2) an *eligible person* entitled to receive an amount from *AEMO* pursuant to clause 3.18.1(b)(1) where there has been a change in flow of a *directional interconnector*, for which the *eligible person* holds units

for the *intervention price trading interval*, as a result of the *direction*;  
and

- (b) in relation to the exercise of the *RERT* under rule 3.20:
- (1) a *Scheduled Generator* or *Scheduled Network Service Provider*:
    - (i) whose *plant* or *scheduled network service* was not *dispatched* under a *scheduled reserve contract*, that had its *dispatched* quantity affected by the *dispatch* of *plant* or *scheduled network service* under that *scheduled reserve contract*; and
    - (ii) who was not the subject of *activation* under an *unscheduled reserve contract*, that had its *dispatched* quantity affected by the *activation* of *generating units* or *loads* under that *unscheduled reserve contract*;
  - (2) a *Scheduled Generator* or *Scheduled Network Service Provider* whose *plant* or *scheduled network service* was *dispatched* under a *scheduled reserve contract*, that had its *dispatched* quantity for other *generating units* or other services which were not *dispatched* under the *scheduled reserve contract* affected by that *dispatch* of *plant* or *scheduled network service* under that *scheduled reserve contract*, however, the *Scheduled Generator* or *Scheduled Network Service Provider* is only an *Affected Participant* in respect of those *generating units* and services which were not *dispatched* under that *scheduled reserve contract*; or
  - (3) an *eligible person* entitled to receive an amount from *AEMO* pursuant to clause 3.18.1(b)(1) where there has been a change in flow of a *directional interconnector*, for which the *eligible person* holds units for the *intervention price trading interval*, as a result of the *dispatch* of *plant* or *scheduled network service* under a *scheduled reserve contract* or the *activation* of *generating units* or *loads* under an *unscheduled reserve contract*.

***aggregate annual revenue requirement***

For *prescribed transmission services*, the meaning in clause 6A.22.1 and for any other service, the calculated total annual revenue to be earned by an entity for a defined class or classes of service.

***aggregate payment due***

The aggregate of the net amounts payable by *AEMO* to each of the *Market Participants* to whom payments are to be made in relation to *spot market transactions* or *reallocation transactions* in respect of a *billing period* determined in accordance with clause 3.15.22(c).

***agreed capability***

In relation to a *connection point*, the capability to receive or send out power for that *connection point* determined in accordance with the relevant *connection agreement*.

***allowed rate of return***

Has the meaning given to it by clause 6.5.2(a) or clause 6A.6.2(a), as the case may be.

***allowed rate of return objective***

Has the meaning given to it by clause 6.5.2(c) or clause 6A.6.2(c), as the case may be.

***alternative control service***

A *distribution service* that is a *direct control service* but not a *standard control service*.

***alternative network constraint formulation***

A *network constraint* equation formulation used by AEMO other than a *fully co-optimised network constraint formulation*.

***Amending Rule***

A Rule made by the AEMC under section 103 of the *National Electricity Law* on and from the date of commencement of the operation of that Rule, or parts of that Rule.

***ancillary service fees***

The fees determined by AEMO under Chapter 2 in relation to *ancillary services*.

***ancillary service generating unit***

A *generating unit* which has been classified in accordance with Chapter 2 as an *ancillary service generating unit*.

***ancillary service load***

A *market load* which has been classified in accordance with Chapter 2 as an *ancillary service load*.

***ancillary service price***

In respect of a *dispatch interval*, for a *market ancillary service*, the common clearing price for the *market ancillary service* determined in accordance with clause 3.9.

***Ancillary Service Provider***

A person who engages in the activity of owning, controlling or operating a *generating unit* or *market load* classified in accordance with Chapter 2 as an *ancillary service generating unit* or *ancillary service load*, as the case may be.

***ancillary services***

*Market ancillary services* and *non-market ancillary services*.

***ancillary services agreement***

An agreement under which an *NMAS provider* agrees to provide one or more *non-market ancillary services* to *AEMO*.

***annual benchmarking report***

Has the meaning given to it by clause 6.27 or clause 6A.31, as the case may be.

***annual building block revenue requirement***

The amount representing the revenue requirement of a *Transmission Network Service Provider* for each *regulatory year* of a *regulatory control period* calculated in accordance with clause 6A.5.4.

***annual revenue requirement***

An amount representing revenue for a *Distribution Network Service Provider*, for each *regulatory year* of a *regulatory control period*, calculated in accordance with Part C of Chapter 6.

***annual service revenue requirement (or "ASRR")***

Has the meaning set out in clause 6A.22.2.

***apparent power***

The square root of the sum of the squares of the *active power* and the *reactive power*.

***applicable regulatory instruments***

All laws, regulations, orders, licences, codes, determinations and other regulatory instruments (other than the *Rules*) which apply to *Registered Participants* from time to time, including those applicable in each *participating jurisdiction* as listed below, to the extent that they regulate or contain terms and conditions relating to access to a *network*, *connection* to a *network*, the provision of *network services*, *network service price* or *augmentation* of a *network*.

- (1) New South Wales:
  - (a) the *Electricity Supply Act 1995* (**ES Act**);
  - (b) all regulations made and licences (**Licences**) issued under the ES Act;

- (c) the *Independent Pricing and Regulatory Tribunal Act 1992* (**IPART Act**);
  - (d) all regulations and determinations made under the IPART Act;
  - (e) all regulatory instruments applicable under the Licences; and
  - (f) *Commercial Arbitration Act 2010*.
- (2) Victoria:
- (a) the *Electricity Industry Act 2000* (**EI Act**);
  - (b) all regulations made and licences (**Licences**) issued under the EI Act;
  - (c) the *Essential Services Commission Act 2001* (**ESCV Act**);
  - (d) all regulations and determinations made under the ESCV Act;
  - (e) all regulatory instruments applicable under the Licences; and
  - (f) the Tariff Order made under section 158A(1) of the *Electricity Industry Act 1993* and continued in effect by clause 6(1) of Schedule 4 to the *Electricity Industry (Residual Provisions) Act 1993*, as amended or varied in accordance with section 14 of the EI Act.
- (3) South Australia:
- (a) the *Electricity Act 1996*;
  - (b) all regulations made and licences (**Licences**) issued under the Electricity Act;
  - (c) the *Essential Services Commission Act 2002* (**ESCSA Act**);
  - (d) all regulations and determinations made under the ESCSA Act;
  - (e) all regulatory instruments applicable under the Licences; and
  - (f) the Electricity Pricing Order made under section 35B of the Electricity Act.
- (4) Australian Capital Territory:
- (a) the *Utilities Act 2000*;
  - (b) all regulations made and licences (**Licences**) issued under the Utilities Act;
  - (c) the *Independent Competition and Regulatory Commission Act 1997* (**ICRC Act**);
  - (d) all regulations and determinations made under the ICRC Act; and

- (e) all regulatory instruments applicable under the Licences.
- (5) Queensland:
  - (a) the *Electricity Act 1994*;
  - (b) all regulations made and authorities and special approvals (**Licences**) granted under the Electricity Act;
  - (c) the *Queensland Competition Authority Act 1997 (QCA Act)*;
  - (d) all regulations and determinations made under the QCA Act;
  - (e) all regulatory instruments applicable under the Licences; and
  - (f) the *Gladstone Power Station Agreement Act 1993* and associated agreements.
- (6) Tasmania:
  - (a) the *Electricity Supply Industry Act 1995*;
  - (b) all regulations made and licences (**Licences**) issued under the Electricity Supply Industry Act;
  - (c) all regulatory instruments under the Electricity Supply Industry Act or the Licences (including, without limitation, determinations of the Tasmanian Electricity Regulator under the *Electricity Supply Industry (Price Control) Regulations*); and
  - (d) the Tasmanian Electricity Code issued under section 49A of the Electricity Supply Industry Act.

***application to connect***

An application made by a *Connection Applicant* in accordance with rule 5.3 or rule 5.3A for *connection* to a *network* and/or the provision of *network services* or modification of a *connection* to a *network* and/or the provision of *network services*.

***approved jurisdictional scheme***

For a *Distribution Network Service Provider*, means a *jurisdictional scheme* in relation to which the *AER*:

- (a) has made a decision under clause 6.12.1(20);
- (b) has made a determination under clause 6.6.1A(e); or
- (c) is taken to have made a determination under clause 6.6.1A(f).



***approved pass through amount***

In respect of a *positive change event* for a *Transmission Network Service Provider*:

- (a) the amount which the *AER* determines should be passed through to *Transmission Network Users* under clause 6A.7.3(d)(2); or
  - (b) the amount which the *AER* is taken to have determined under clause 6A.7.3(e)(1),
- as the case may be.

In respect of a *positive change event* or *NT positive change event* for a *Distribution Network Service Provider*:

- (a) the amount the *AER* determines should be passed through to *Distribution Network Users* under clause 6.6.1(d)(2) or clause 6.6.1AB(d)(2); or
- (b) the amount the *AER* is taken to have determined under clause 6.6.1(e)(1) or 6.6.1AB(e)(1),

as the case may be.

**Note:**

The modification to this definition expires on 1 July 2024.

***approved pricing proposal***

A *pricing proposal* approved by the *AER*.

***ASRR***

The *annual service revenue requirement*.

***asynchronous generating unit***

A *generating unit* that is not a *synchronous generating unit*.

***attributable connection point cost share***

Has the meaning set out in clause 6A.22.4.

***attributable cost share***

Has the meaning set out in clause 6A.22.3.

***auction***

A *settlement residue auction* held under clause 3.18.

***auction amounts***

All amounts:

- (1) payable to *AEMO* or *eligible persons* under *SRD agreements*; or
- (2) distributed to *Network Service Providers* under clause 3.18.4; or
- (3) recovered by *AEMO* under clause 3.18.4 or the *auction rules*.

***auction expense fees***

The costs and expenses incurred by *AEMO* referred to in clause 3.18.4(b).

***auction participation agreement***

Has the meaning given in clause 3.18.1(a).

***auction rules***

The rules developed by *AEMO* under clause 3.18.3, as amended from time to time in accordance with that clause.

***augmentation***

Has the meaning given in the *National Electricity Law*.

***augmentation technical report***

A report on *augmentation* under rule 5.21.

***Australian Standard (AS)***

The most recent edition of a standard publication by Standards Australia (Standards Association of Australia).

***Australian Government's National Greenhouse and Energy Reporting Framework***

The reporting framework developed under the National Greenhouse and Energy Reporting Act 2007 (Cth).

***Authority***

Any government, government department, instrumentality, *Minister*, agency, statutory authority or other body in which a government has a controlling interest, and includes the *AEMC*, *AEMO*, the *AER* and the *ACCC* and their successors.

***automatic access standard***

In relation to a technical requirement of access, a standard of performance, identified in a schedule of Chapter 5 as an automatic access standard for that technical requirement, such that a *plant* that meets that standard would not be denied access because of that technical requirement.

***automatic generation control system (AGC)***

The system into which the *loading levels* from economic *dispatch* will be entered for *generating units* operating on automatic generation control in accordance with clause 3.8.21(d).

***automatic reclose equipment***

In relation to a *transmission line* or *distribution line*, the equipment which automatically recloses the relevant line's circuit breaker(s) following their opening as a result of the detection of a fault in the *transmission line* or the *distribution line* (as the case may be).

***available capacity***

The total MW capacity available for *dispatch* by a *scheduled generating unit*, *semi-scheduled generating unit* or *scheduled load* (i.e. maximum plant availability) or, in relation to a specified *price band*, the MW capacity within that *price band* available for *dispatch* (i.e. availability at each price band).

***average electrical energy loss***

The volume-weighted average of the *electrical energy losses* incurred in each *trading interval* over all *trading intervals* in a defined period of time

***average loss factor***

A multiplier used to describe the *average electrical energy loss* for electricity used or transmitted.

***avoided Customer TUOS charges***

The charges described in rule 5.5(h).

***B2B Communications***

Communications between *Local Retailers*, *Market Customers* and *Distribution Network Service Providers* relating to an end-user or *supply* to an end-user provided for in the *B2B Procedures*.

***B2B Data***

Data relating to *B2B Communications*.

***B2B e-Hub***

An electronic information exchange platform established by *AEMO* to facilitate *B2B Communications*.

***B2B Procedures***

Procedures prescribing the content of, the processes for, and the information to be provided to support, *B2B Communications*.

***bank bill rate***

On any *day*, the rate determined by *AEMO* (having regard to such market indicators as *AEMO* in its discretion selects) to be the market rate as at 10.00 am on that *day* (or if not a *business day*, on the previous *business day*) for Australian dollar denominated bank accepted bills of exchange having a tenor of 30 *days*.

***basic connection service***

Has (in the context of Chapter 5A) the meaning given in clause 5A.A.1.

***basic micro EG connection service***

Has (in the context of Chapter 5A) the meaning given in clause 5A.A.1.

***bid and offer validation data***

Data submitted by *Scheduled Generators*, *Semi-Scheduled Generators* and *Market Participants* to *AEMO* in relation to their *scheduled loads*, *scheduled generating units*, *semi-scheduled generating units* and *scheduled market network services* in accordance with schedule 3.1.

***billing period***

The period of 7 *days* commencing at the start of the *trading interval* ending 12.30 am Sunday.

***black start capability***

A capability that allows a *generating unit*, following its *disconnection* from the *power system*, to be able to deliver electricity to either:

- (a) its *connection point*; or
- (b) a suitable point in the *network* from which *supply* can be made available to other *generating units*,

without taking *supply* from any part of the *power system* following *disconnection*.

***black system***

The absence of *voltage* on all or a significant part of the *transmission system* or within a *region* during a *major supply disruption* affecting a significant number of customers.

***breaker fail***

In relation to a *protection system*, that part of the *protection system* that protects a *Market Participant's facilities* against the non-operation of a circuit breaker that is required to open.

***breaker fail protection system***

A *protection system* that protects a *facility* against the non-operation of a circuit breaker that is required to open to clear a fault.

***building block determination***

The component of a distribution determination relevant to the regulation of *standard control services* (See rule 6.3).

***building block proposal***

For a *Distribution Network Service Provider*, the part of the provider's *regulatory proposal* relevant to the regulation of *standard control services* (See clause 6.3.1).

***busbar***

A common *connection point* in a *power station switchyard* or a *transmission network substation*.

***business day***

A day that is not:

- (a) a Saturday or Sunday; or
- (b) observed as a public holiday on the same day in each of the *participating jurisdictions* (except the Commonwealth).

***calculated metering data***

The *trading interval* data corresponding to the calculation of consumed *energy* for a type 7 *metering installation* in accordance with the *metrology procedure*. *Calculated metering data* is held in the *metering data services database* and the *metering database*.

***call amount***

The amount determined pursuant to the formula in clause 3.3.11 for the purposes of a *call notice* where the *outstandings* of a *Market Participant* exceed its *trading limit*.

***call notice***

A notice issued by *AEMO* pursuant to clause 3.3.11 where the *outstandings* of a *Market Participant* exceed its *trading limit*.

***capacitor bank***

Electrical equipment used to generate *reactive power* and therefore support *voltage* levels on *distribution* and *transmission lines* in periods of high *load*.

***capacity reserve***

At any time, the amount of surplus or unused generating capacity indicated by the relevant *Generators* as being available in the relevant timeframe minus the capacity requirement to meet the current forecast *load* demand, taking into account the known or historical levels of demand management.

***capital expenditure criteria***

For a *Transmission Network Service Provider* – the matters listed in clause 6A.6.7(c)(1)–(3).

For a *Distribution Network Service Provider* – the matters listed in clause 6.5.7(c)(1)–(3).

***capital expenditure factors***

For a *Transmission Network Service Provider* - the factors listed in clause 6A.6.7(e)(1)-(14).

For a *Distribution Network Service Provider* - the factors listed in clause 6.5.7(e)(1)-(12).

***Capital Expenditure Incentive Guidelines***

Guidelines made by the *AER* under clause 6.4A(b) or clause 6A.5A(b), as the case may be.

***capital expenditure incentive objective***

Has the meaning given to it by clause 6.4A(a) or clause 6A.5A(a), as the case may be.

***capital expenditure objectives***

For a *Transmission Network Service Provider* – the objectives set out in clause 6A.6.7(a).

For a *Distribution Network Service Provider* – the objectives set out in clause 6.5.7(a).

***capital expenditure sharing scheme***

A scheme developed and *published* by the *AER* in accordance with clause 6.5.8A or clause 6A.6.5A, as the case may be.

***capital expenditure sharing scheme principles***

Has the meaning given to it by clause 6.5.8A(c) or clause 6A.6.5(c), as the case may be.

***capitalisation requirement***

The requirement set out in clause S6.2.2A(e) or clause S6A.2.2A(e), as the case may be.

***carbon dioxide equivalent intensity index***

The index published by *AEMO* in accordance with clause 3.13.14(f).

***carbon dioxide equivalent intensity index procedures***

The procedures published by *AEMO* in accordance with clause 3.13.14(a).

***cascading outage***

The occurrence of an uncontrollable succession of *outages*, each of which is initiated by conditions (e.g. instability or overloading) arising or made worse as a result of the event preceding it.

***categories of prescribed transmission services***

For the purposes of pricing for *prescribed transmission services*:

- (a) *prescribed entry services*;
- (b) *prescribed exit services*;
- (c) *prescribed common transmission services*; and
- (d) *prescribed TUOS services*.

***central dispatch***

The process managed by *AEMO* for the *dispatch* of *scheduled generating units*, *semi-scheduled generating units*, *scheduled loads*, *scheduled network services* and *market ancillary services* in accordance with rule 3.8.

***change***

Includes amendment, alteration, addition or deletion.

***changeover date***

Has the meaning given in the *National Electricity Law*.

***charging parameters***

The constituent elements of a tariff.

***check meter***

An additional *meter* used as a source of *check metering data* for Type 1 and Type 2 *metering installations* as specified in schedule 7.2.

***check metering data***

The *energy data*, once collected from a *check metering installation*, is *check metering data*. *Check metering data* is held in a *metering data services database* and the *metering database*.

***check metering installation***

A *metering installation* that includes a *check meter* which is used as the source of *check metering data* for validation in the *settlements* process.

***child connection point***

The agreed point of *supply* between an *embedded network* and an electrical installation, *generating unit* or other *network connected* to that *embedded network*, for which a *Market Participant* is, or proposes to be, *financially responsible*.

***clause 4.8.9 instruction***

Has the meaning given in clause 4.8.9(a1)(2).

***commercial arbitrator***

A dispute resolution panel (within the meaning of section 58 of the *National Electricity Law*) established pursuant to clause 6A.30.2(b).

***commitment***

The commencement of the process of starting up and *synchronising* a *generating unit* to the *power system*.

***communications interface***

The modem and other devices and processes that facilitate the connection between the *metering installation* and the *telecommunications network* for the purpose of the *remote acquisition of metering data*.

***compensation recovery amount***

Has the meaning given in clause 3.15.8(a).

***complainant***

The party which refers a dispute to the *Adviser* in accordance with clause 8.2.5(a).

***confidential information***

In relation to a *Registered Participant* or *AEMO*, information which is or has been provided to that *Registered Participant* or *AEMO* under or in connection with the *Rules* and which is stated under the *Rules*, or by *AEMO*, the *AER* or the *AEMC*, to be *confidential information* or is otherwise confidential or commercially sensitive. It also includes any information which is derived from such information.

**Note:**

In the context of Chapter 5A, the above definition has been displaced by a definition specifically applicable to that Chapter. See clause 5A.A.1.

***congestion information resource***

The information resource developed, *published* and amended from time to time by *AEMO* in accordance with rule 3.7A.

***congestion information resource guidelines***

Guidelines developed and *published* by *AEMO* in accordance with rules 3.7A(k) to (m).



***congestion information resource objective***

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

***connect, connected, connection***

To form a physical link to or through a *transmission network* or *distribution network*.

**Note:**

In the context of Chapter 5A, the above definition has been displaced by a definition specifically applicable to that Chapter. See clause 5A.A.1.

***connection agreement***

An agreement between a *Network Service Provider* and a *Registered Participant* or other person by which the *Registered Participant* or other person is *connected* to the *Network Service Provider's transmission* or *distribution network* and/or receives *transmission services* or *distribution services*. In some *participating jurisdictions*, the *Registered Participant* or other person may have one *connection agreement* with a *Network Service Provider* for *connection services* and another agreement with a different *Network Service Provider* for *network services* provided by the *transmission network*.

***connection alteration***

Has (in the context of Chapter 5A) the meaning given in clause 5A.A.1.

***Connection Applicant***

A person who wants to establish or modify *connection* to a *transmission network* or *distribution network* and/or who wishes to receive *network services* and who makes a *connection* enquiry as described in clause 5.3.2 or clause 5.3A.5.

**Note**

In the context of Chapter 5A, the above definition has been displaced by a definition specifically applicable to that Chapter. See clause 5A.A.1.

***connection application***

Has (in the context of Chapter 5A) the meaning given in clause 5A.A.1.

***connection assets***

Those components of a *transmission or distribution system* which are used to provide *connection services*.

***connection charge***

Has (in the context of Chapter 5A) the meaning given in clause 5A.A.1.

***connection charge guidelines***

Has the meaning given in clause 5A.D.3.

***connection charge principles***

Has the meaning given in clause 5A.E.1.

***connection contract***

Has (in the context of Chapter 5A) the meaning given in clause 5A.A.1.

***connection offer***

Has (in the context of Chapter 5A) the meaning given in clause 5A.A.1.

***connection point***

The agreed point of *supply* established between *Network Service Provider(s)* and another *Registered Participant, Non-Registered Customer* or *franchise customer*.

***connection policy***

Has (in the context of Chapter 5A) the meaning given in clause 5A.A.1.

***connection service***

An *entry service* (being a service provided to serve a *Generator* or a group of *Generators*, or a *Network Service Provider* or a group of *Network Service Providers*, at a single *connection point*) or an *exit service* (being a service provided to serve a *Transmission Customer* or *Distribution Customer* or a group of *Transmission Customers* or *Distribution Customers*, or a *Network Service Provider* or a group of *Network Service Providers*, at a single *connection point*).

**Note:**

In the context of Chapter 5A, the above definition has been displaced by a definition specifically applicable to that Chapter. See clause 5A.A.1.

***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.

***constrained off***

In respect of a *generating unit*, the state where, due to a *constraint* on a *network*, the output of that *generating unit* is limited below the level to which it would otherwise have been *dispatched* by *AEMO* on the basis of its *dispatch offer*.

***constrained on***

In respect of a *generating unit*, the state where, due to a *constraint* on a *network*, the output of that *generating unit* is limited above the level to which it would otherwise have been *dispatched* by *AEMO* on the basis of its *dispatch offer*.

***constraint, constrained***

A limitation on the capability of a *network*, *load* or a *generating unit* such that it is unacceptable to either transfer, consume or generate the level of electrical power that would occur if the limitation was removed.

***consulting party***

The person who is required to comply with the *Rules consultation procedures*.

***contestable***

- (a) In relation to *transmission services* a service which is permitted by the laws of the relevant *participating jurisdiction* to be provided by more than one *Transmission Network Service Provider* as a contestable service or on a competitive basis.

- (b) In relation to *distribution services*, a service which is permitted by the laws of the relevant *participating jurisdiction* to be provided by more than one *Distribution Network Service Provider* as a contestable service or on a competitive basis.

**Note:**

In the context of Chapter 5A, the above definition has been displaced by a definition specifically applicable to that Chapter. See clause 5A.A.1.

***contingency capacity reserve***

Actual *active* and *reactive energy* capacity, *interruptible load* arrangements and other arrangements organised to be available to be utilised on the actual occurrence of one or more *contingency events* to allow the restoration and maintenance of *power system security*.

***contingency capacity reserve standards***

The standards set out in the *power system security standards* to be used by AEMO to determine the levels of *contingency capacity reserves* necessary for *power system security*.

***contingency event***

An event described in clause 4.2.3(a).

***contingent project***

In relation to a distribution determination, a *proposed contingent project* that is determined by the AER, in accordance with clause 6.6A.1(b), to be a *contingent project* for the purposes of that distribution determination.

In relation to a *revenue determination*, a *proposed contingent project* that is determined by the AER, in accordance with clause 6A.8.1(b), to be a *contingent project* for the purposes of that *revenue determination*.

***continuous uninterrupted operation***

In respect of a *generating system* or operating *generating unit* operating immediately prior to a *power system* disturbance, not *disconnecting* from the *power system* except under its *performance standards* established under clauses S5.2.5.8 and S5.2.5.9 and, after clearance of any electrical fault that caused the disturbance, only substantially varying its *active power* and *reactive power* required by its *performance standards* established under clauses S5.2.5.11, S5.2.5.13 and S5.2.5.14, with all essential auxiliary and *reactive plant* remaining in service, and responding so as to not exacerbate or prolong the disturbance or cause a subsequent disturbance for other *connected plant*.

***control centre***

The *facilities* used by AEMO for managing *power system security* and administering the *market*.

***control system***

Means of monitoring and controlling the operation of the *power system* or equipment including *generating units connected to a transmission or distribution network*.

***Co-ordinated Universal Time (UTC)***

The time as determined by the International Bureau of Weights and Measures and maintained under section 8AA of the *National Measurement Act*.

***Co-ordinating Network Service Provider***

A *Network Service Provider* appointed by multiple *Transmission Network Service Providers* to allocate AARR in accordance with rule 6A.29.

***Cost Allocation Guidelines***

For a *Transmission Network Service Provider* – the guidelines referred to in clause 6A.19.3.

For a *Distribution Network Service Provider* – the guidelines referred to in clause 6.15.3.

***Cost Allocation Method***

For a *Distribution Network Service Provider*, the Cost Allocation Method approved by the AER for that *Distribution Network Service Provider* under clause 6.15.4(c) and (d) as amended from time to time in accordance with clause 6.15.4(f) and (g).

***Cost Allocation Methodology***

For a *Transmission Network Service Provider*, the Cost Allocation Methodology approved or taken to be approved by the AER for that *Transmission Network Service Provider* under clauses 6A.19.4(c) and (d) as amended from time to time in accordance with clauses 6A.19.4(f) and (g).

***Cost Allocation Principles***

For a *Transmission Network Service Provider* – the principles set out in clause 6A.19.2.

For a *Distribution Network Service Provider* – the principles set out in clause 6.15.2.

***cost reflective network pricing methodology* or *CRNP methodology***

The cost allocation methodology set out in clause S6A.3.2.

***CPI***

As at a particular time, the Consumer Price Index: All Groups Index Number, weighted average of eight capital cities published by the Australian Bureau of Statistics for the most recent quarter that precedes that particular time and for

which the index referred to has been published by the Australian Bureau of Statistics as at that time. If that index ceases to be published or is substantially changed, *CPI* will be such other index as is determined by the *AER* as a suitable benchmark for recording general movements in prices.

***credible contingency event***

An event described in clause 4.2.3(b), certain examples of which are set out in schedule 5.1.

***credit allowance***

Has (in the context of Chapter 6B) the meaning given in clause 6B.B1.2.

***credit support***

For the purposes of Chapter 3—an obligation owed to *AEMO* by a third party supporting the obligations of a *Market Participant* and having the characteristics required by clause 3.3.2.

For the purposes of Chapter 6B—a security supporting the obligations of a *retailer* to a *Distribution Network Service Provider* under Chapter 6B.

***credit support provider***

The issuing party that assumes obligations to *AEMO* pursuant to a *credit support*.

***cumulative price threshold***

The threshold for imposition of an *administered price cap* as defined in clause 3.14.1.

***current rating***

The maximum current that may be permitted to flow (under defined conditions) through a *transmission line* or *distribution line* or other item of equipment that forms part of a *power system*.

***current transformer (CT)***

A *transformer* for use with *meters* and/or protection devices in which the current in the secondary winding is, within prescribed error limits, proportional to and in phase with the current in the primary winding.

***Customer***

A person who:

- (a) holds a licence authorising the selling of electricity under Part 3 of the *Electricity Reform Act (NT)*; but
- (b) does not hold a licence authorising the ownership or operation of an electricity network under that Part.

***customer authorised representative***

A person authorised by a *retail customer* to request and receive information under Chapter 7 on the *retail customer's* behalf.

***customer connection service***

Has (in the context of Chapter 6B) the meaning given in clause 6B.A1.2.

***Customer transmission use of system, Customer transmission use of system service***

A service provided to a *Transmission Network User* for use of the *transmission network* for the conveyance of electricity (including where it has been negotiated in accordance with clause 5.4A(f)(3)) that can be reasonably allocated to a *Transmission Network User* on a locational basis, but does not include *Generator transmission use of system services*.

***date of issue***

Has (in the context of Chapter 6B) the meaning given in clause 6B.A1.2.

***day***

Unless otherwise specified, the 24 hour period beginning and ending at midnight *Eastern Standard Time (EST)*.

***declared NEM project***

A project determined to be a declared NEM project under clause 2.11.1(ba) or 2.11.1(bd), for which there is special treatment in the timing of cost recovery.

***declared network functions***

Has the meaning given in the *National Electricity Law*.

***declared shared network***

Has the meaning given in the *National Electricity Law*.

***declared transmission system***

Has the meaning given in the *National Electricity Law*.

***declared transmission system operator***

Has the meaning given in the *National Electricity Law*.

***decommission, decommit***

In respect of a *generating unit*, ceasing to generate and *disconnecting* from a *network*.

***default dispatch bid***

A *dispatch bid* made pursuant to clause 3.8.9.

***default dispatch offer***

A *dispatch offer* made pursuant to clause 3.8.9.

***default event***

An event defined as such in clause 3.15.21(a).

***default notice***

A notice issued by *AEMO* pursuant to clause 3.15.21(b)(1).

***default rate***

Has (in the context of Chapter 6B) the meaning given in clause 6B.A1.2.

***defaulting Market Participant***

A *Market Participant* in relation to which a *default event* has occurred.

***delayed lower service***

The service of providing, in accordance with the *market ancillary service specification*, the capability of controlling the level of *generation* or *load* associated with a particular *facility* in response to a change in the *frequency* of the *power system* beyond a threshold or in accordance with electronic signals from *AEMO* in order to lower that *frequency* to within the *normal operating frequency band*.

***delayed raise service***

The service of providing, in accordance with the *market ancillary service specification*, the capability of controlling the level of *generation* or *load* associated with a particular *facility* in response to a change in the *frequency* of the *power system* beyond a threshold or in accordance with electronic signals from *AEMO* in order to raise that *frequency* to within the *normal operating frequency band*.

***delayed response capacity reserve***

That part of the *contingency capacity reserve* capable of realisation within 5 minutes of a major *frequency* decline in the *power system* as described further in the *power system security standards*.

***delayed service***

A *delayed raise service* or a *delayed lower service*.

***demand based price***

A price expressed in dollars per kilowatt per time period or dollars per kilovolt ampere per time period.



***demand management incentive scheme***

A scheme developed and *published* by the AER under clause 6.6.3.

***demand management incentive scheme objective***

Has the meaning given to it by clause 6.6.3(b).

***demand management innovation allowance mechanism***

A mechanism developed and *published* by the AER under clause 6.6.3A.

***demand management innovation allowance objective***

Has the meaning given to it by clause 6.6.3A(b).

***deprivation value***

A value ascribed to assets which is the lower of economic value or optimised depreciated replacement value.

***designated pricing proposal charges***

Any of the following:

- (a) charges for *designated pricing proposal services*;
- (b) *avoided Customer TUOS charges*;
- (c) charges for *distribution services* provided by another *Distribution Network Service Provider*, but only to the extent those charges comprise:
  - (1) charges incurred by that *Distribution Network Service Provider* for *designated pricing proposal services*; or
  - (2) charges for *standard control services*;
- (d) charges or payments specified in rule 11.39.

***designated pricing proposal services***

Any of the following services:

- (a) *prescribed exit services*;
- (b) *prescribed common transmission services*; and
- (c) *prescribed TUOS services*.

***de-synchronising/de-synchronisation***

The act of *disconnection* of a *generating unit* from the *connection point* with the *power system*, normally under controlled circumstances.

***direct control service***

A *distribution service* that is a direct control network service within the meaning of section 2B of the Law.

***Directed Participant***

A *Scheduled Generator, Semi-Scheduled Generator, Market Generator, Scheduled Network Service Provider* or *Market Customer* the subject of a *direction*.

***direction***

Has the meaning given in clause 4.8.9(a1)(1).

***directional interconnector***

Has the meaning given in clause 3.18.1(c).

***Disclosee***

In relation to a *Registered Participant* or *AEMO*, a person to whom that *Registered Participant* discloses *confidential information*.

***disconnect, disconnected, disconnection***

The operation of switching equipment or other action so as to prevent the flow of electricity at a *connection point*.

***dispatch***

The act of initiating or enabling all or part of the response specified in a *dispatch bid, dispatch offer* or *market ancillary service offer* in respect of a *scheduled generating unit, semi-scheduled generating unit, a scheduled load, a scheduled network service, an ancillary service generating unit* or an *ancillary service load* in accordance with rule 3.8, or a *direction* or operation of capacity the subject of a *reserve contract* or an instruction under an *ancillary services agreement* as appropriate.

***dispatch algorithm***

The algorithm used to determine *central dispatch* developed by *AEMO* in accordance with clause 3.8.1(d).

***dispatch bid***

A notice submitted by a *Market Participant* to *AEMO* relating to the *dispatch* of a *scheduled load* in accordance with clause 3.8.7.

***dispatch inflexibility profile***

Data which may be provided to *AEMO* by *Market Participants*, in accordance with clause 3.8.19, to specify *dispatch inflexibilities* in respect of *scheduled loads* or *scheduled generating units* which are not *slow start generating units*.

***dispatch instruction***

An instruction given to a *Registered Participant* under clauses 4.9.2, 4.9.2A, 4.9.3, 4.9.3A, or to an *NMAS provider* under clause 4.9.3A.

***dispatch interval***

A period defined in clause 3.8.21(a1) in which the *dispatch algorithm* is run in accordance with clause 3.8.21(b).

***dispatch level***

Means:

- (1) for a *semi-dispatch interval*, the amount of electricity specified in a *dispatch instruction* as the *semi-scheduled generating unit's* maximum permissible *active power* at the end of the *dispatch interval* specified in the *dispatch instruction*; and
- (2) for a *non semi-dispatch interval*, an estimate of the *active power* at the end of the *dispatch interval* specified in the *dispatch instruction*.

***dispatch offer***

A *generation dispatch offer* or a *network dispatch offer*.

***dispatch offer price***

The price submitted by a *Scheduled Generator*, *Semi-Scheduled Generator* or a *Scheduled Network Service Provider* for a *price band* and a *trading interval* in a *dispatch offer*.

***dispatch price***

The price determined for each *regional reference node* by the *dispatch algorithm* each time it is run by *AEMO*.

***dispatchable unit identifier***

An unique reference label allocated by *AEMO* for each *scheduled generating unit*, *semi-scheduled generating unit*, *scheduled load*, and *scheduled network service*.

***dispatched generating unit***

A *scheduled generating unit* which has received instructions from *AEMO* in accordance with a *dispatch schedule*.

***dispatched generation***

The *generation* which has been *dispatched* as part of *central dispatch*.

***dispatched Generator***

A *Generator* who has received a *dispatch instruction* from *AEMO*.

***dispatched load***

The *load* which has been *dispatched* as part of *central dispatch*.

***dispute management system*** (or “*DMS*”)

The dispute management system which each *Registered Participant* and *AEMO* must adopt in accordance with clause 8.2.3.

***dispute resolution panel*** (or “*DRP*”)

A dispute resolution panel established pursuant to clause 8.2.6A.

***distribution***

Activities pertaining to a *distribution system* including the conveyance of electricity through that *distribution system*.

***Distribution Annual Planning Report***

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

***Distribution Confidentiality Guidelines***

Guidelines made by the *AER* under clause 6.14A.

***distribution consultation procedures***

The procedures set out in Part G of Chapter 6.

***Distribution Customer***

A *Customer*, *Distribution Network Service Provider*, *Non-Registered Customer*, *franchise customer*, or *retail customer* having a *connection point* with a *distribution network*.

***distribution line***

A power line, including underground cables, that is part of a *distribution network*.

***distribution loss factor***

An *average loss factor* calculated according to clause 3.6.3.

***distribution losses***

*Electrical energy losses* incurred in distributing electricity over a *distribution network*.

***distribution network***

A *network* which is not a *transmission network*.

***distribution network connection point***

A connection point on a *distribution network*.

***Distribution Network Service Provider***

A person who:

- (a) engages in the activity of owning, controlling, or operating a *distribution system*; and
- (b) holds a licence authorising the ownership or operation of an electricity network under Part 3 of the *Electricity Reform Act (NT)*.

***Distribution Network User***

A *Distribution Customer* or an *Embedded Generator*.

***distribution network user access***

The *power transfer capability* of the *distribution network* in respect of:

- (a) *generating units* or a group of *generating units*; and
- (b) *network elements*,

at a *connection point* which has been negotiated in accordance with rule 5.5.

***Distribution Reliability Measures***

Guidelines made by the *AER* under clause 6.28.

***Distribution Ring-Fencing Guidelines***

The guidelines developed by the *AER* under clause 6.17.2.

***distribution service***

A service provided by means of, or in connection with, a *distribution system*.

***distribution services access dispute***

A dispute referred to in clause 6.22.1.

***distribution standard control service revenue***

Has the meaning given in rule 6.26(b)(2).

***distribution system***

Means:

- (a) a *distribution network*, together with the *connection assets* associated with the *distribution network*, which is connected to another *transmission or distribution system*; or

- (b) a *distribution network* that forms part or all of a local distribution system, together with the *connection assets* associated with the *distribution network*.

*Connection assets* on their own do not constitute a *distribution system*.

### ***Distribution System Operator***

A person who is responsible, under the *Rules* or otherwise, for controlling or operating any portion of a *distribution system* (including being responsible for directing its operations during *power system* emergencies) and who is registered by AEMO as a *Distribution System Operator* under Chapter 2.

### ***distribution use of system, distribution use of system service***

A service provided to a *Distribution Network User* for use of the *distribution network* for the conveyance of electricity that can be reasonably allocated on a locational and/or *voltage* basis.

### ***DMS***

A *dispute management system*.

### ***DMS Contact***

A person appointed by a *Registered Participant* or AEMO pursuant to its *DMS* to be the first point of contact for the notification of disputes under clause 8.2.

### ***DMS referral notice***

A notice served on a *DMS Contact* pursuant to clause 8.2.4(a).

### ***DRP***

A *dispute resolution panel*.

### ***dual function asset***

Means any part of a *network* owned, operated or controlled by a *Distribution Network Service Provider* which operates between 66 kV and 220 kV and which operates in parallel, and provides support, to the higher voltage *transmission network* which is deemed by clause 6.24.2(a) to be a *dual function asset*. For the avoidance of doubt:

- (a) a *dual function asset* can only be an asset which forms part of a *network* that is predominantly a *distribution network*; and
- (b) an asset which forms part of a *network* which is predominantly a *transmission network* cannot be characterised as a *dual function asset*,

through the operation of clause 6.24.2(a).

### ***due date for payment***

Has (in the context of Chapter 6B) the meaning given in clause 6B.A1.2.

***dynamic performance***

The response and behaviour of *networks* and *facilities* which are *connected* to the *networks* when the *satisfactory operating state* of the *power system* is disturbed.

***EAAP guidelines***

The guidelines *published* by *AEMO* in accordance with clause 3.7C(k) that *AEMO* must comply with in preparing the *EAAP*.

***EAAP principles***

The principles referred to in clause 3.7C(b) that *AEMO* must comply with in preparing the *EAAP* and the *EAAP guidelines*.

***Eastern Standard Time (EST)***

The time which is set at 10 hours in advance of *Co-ordinated Universal Time*.

***efficiency benefit sharing scheme***

For a *Transmission Network Service Provider* – a scheme developed and *published* by the *AER* under clause 6A.5.

For a *Distribution Network Service Provider* – a scheme developed and *published* by the *AER* under clause 6.5.8.

***efficiency benefit sharing scheme parameters***

For an *efficiency benefit sharing scheme*, those parameters that are *published* by the *AER* in respect of that scheme pursuant to clause 6A.6.5(c).

***electrical energy loss***

*Energy* loss incurred in the production, transportation and/or use of electricity.

***electrical sub-network***

A part of the *national grid* determined by *AEMO* in accordance with clause 3.11.8.

***Electricity Procedures***

Procedures made under these *Rules* including:

- (a) *Retail Market Procedures*; and
- (b) procedures governing the operation of the *National Electricity Market*; and
- (c) *RoLR procedures* for electricity; and
- (d) procedures dealing with any other subject on which these *Rules* empower the making of procedures.

***electronic communication system***

Includes the electronic communication and the *electronic data transfer* system provided to *Registered Participants* by AEMO.

***electronic data transfer***

The transfer of data by electronic means from one location to another.

***eligible pass through amount***

In respect of a *positive change event* for a *Transmission Network Service Provider*, the increase in costs in the provision of *prescribed transmission services* that, as a result of that *positive change event*, the *Transmission Network Service Provider* has incurred and is likely to incur (as opposed to the revenue impact of that event) until:

- (a) unless paragraph(b) applies – the end of the *regulatory control period* in which the *positive change event* occurred; or
- (b) if the *transmission determination* for the *regulatory control period* following that in which the *positive change event* occurred does not make any allowance for the recovery of that increase in costs (whether or not in the forecast operating expenditure or forecast capital expenditure accepted or substituted by the AER for that *regulatory control period*) – the end of the *regulatory control period* following that in which the *positive change event* occurred.

In respect of a *positive change event* for a *Distribution Network Service Provider*, the increase in costs in the provision of *direct control services* that, as a result of that *positive change event*, the *Distribution Network Service Provider* has incurred and is likely to incur (as opposed to the revenue impact of that event) until:

- (a) unless paragraph(b) applies – the end of the *regulatory control period* in which the *positive change event* occurred; or
- (b) if the distribution determination for the *regulatory control period* following that in which the *positive change event* occurred does not make any allowance for the recovery of that increase in costs (whether or not in the forecast operating expenditure or forecast capital expenditure accepted or substituted by the AER for that *regulatory control period*) – the end of the *regulatory control period* following that in which the *positive change event* occurred.

In respect of an *NT positive change event* for a *Distribution Network Service Provider*, the increase in costs in the provision of *direct control services* or *NT equivalent services* that, as a result of that *NT positive change event*, the *Distribution Network Service Provider* has incurred and is likely to incur (as opposed to the revenue impact of that event) until the end of the *1st regulatory control period*.



**Note:**

The modification to this definition expires on 1 July 2024.

***eligible person***

Has the meaning given in clause 3.18.2(b).

***embedded generating unit***

A *generating unit connected* within a *distribution network* and not having direct access to the *transmission network*.

***Embedded Generator***

A *Generator* who owns, operates or controls an *embedded generating unit*.

**Note:**

In the context of Chapter 5A, the above definition has been displaced by a definition specifically applicable to that Chapter. See clause 5A.A.1.

***embedded network***

A *distribution system, connected* at a *parent connection point* to either a *distribution system* or *transmission system* that forms part of the *national grid*, and which is owned, controlled or operated by a person who is not a *Network Service Provider*.

***emission factor***

The factor representing the amount of greenhouse gas emissions per unit of electricity (t CO<sub>2</sub>-e/MWh) of energy produced by each *power station*.

***enabled***

A *market ancillary service* is enabled when *AEMO* has selected the relevant *generating unit* or *load* for the provision of the *market ancillary service* and has notified the relevant *Market Participant* accordingly.

***enablement limit***

In relation to any *market ancillary service offer*, the level of associated *generation* or *load* (in MW) above or below which no response is specified as being available.

***enabling price***

Has the meaning given in clause 3.8.7A(d).

***energise/energisation***

The act of operation of switching equipment or the start-up of a *generating unit*, which results in there being a non-zero *voltage* beyond a *connection point* or part of the *transmission* or *distribution network*.

***energy***

*Active energy and/or reactive energy.*

***energy adequacy assessment projection (EAAP)***

A projection of *AEMO*'s assessment of *energy* availability that accounts for *energy constraints* for each month over a 24 month period, which is prepared and *published* in accordance with rule 3.7C and is measured as *unserved energy* for each *region*.

***energy based price***

A price expressed in cents per kilowatt hour of *energy*.

***energy constrained scheduled generating unit***

A *scheduled generating unit* in respect of which the amount of electricity it is capable of *supplying* on a *trading day* is less than the amount of electricity it would *supply* on that *trading day* if it were *dispatched* to its full nominated availability for the whole *trading day*.

***energy constrained scheduled load***

A *scheduled load* in respect of which the amount of electricity it can take in a *trading day*, if *normally off*, or it can *off-load*, if *normally on*, is *constrained*.

***energy constraint***

A limitation on the ability of a *generating unit* or group of *generating units* to generate *active power* due to the restrictions in the availability of fuel or other necessary expendable resources such as, but not limited to, gas, coal, or water for operating turbines or for cooling.

***energy conversion model***

The model that defines how the *intermittent* input energy source (such as wind) is converted by the *semi-scheduled generating unit* into electrical output. That model must contain the information set out in the guidelines *published* by *AEMO* in accordance with clause 2.2.7(d).

***energy data***

*Interval energy data* or *accumulated energy data*.

***energy laws***

Has the meaning given in section 2(1) of the NERL

***energy ombudsman***

Has the same meaning as in the *NERL*.

***energy support arrangement***

A contractual arrangement between a *Generator* or *Network Service Provider* on the one hand, and a customer or *participating jurisdiction* on the other, under which *facilities* not subject to an *ancillary services agreement* for the provision of *system restart ancillary services* are used to assist *supply* to a customer during a *major supply disruption* affecting that customer, or customers generally in the *participating jurisdictions*, as the case may be.

***enquiry***

Has (in the context of Chapter 5A) the meaning given in clause 5A.A.1

***entry charge***

The charge payable by an *Embedded Generator* to a *Distribution Network Service Provider* for an *entry service* at a *distribution network connection point*.

***entry cost***

For each *distribution network connection point*, the amount of the *aggregate annual revenue requirement* for all individual assets classified as *entry service* assets which provide *entry service* for the *connection point*.

***entry service***

A service provided to serve a *Generator* or a group of *Generators*, or a *Network Service Provider* or a group of *Network Service Providers*, at a single *connection point*.

***estimated metering data***

The estimated values of *accumulated metering data*, *interval metering data* or *calculated metering data* that have been prepared in accordance with the *metrology procedure*. *Estimated metering data* is held in a *metering data services database* and the *metering database*.

***excitation control system***

In relation to a *generating unit*, the automatic *control system* that provides the field excitation for the generator of the *generating unit* (including excitation limiting devices and any power system stabiliser).

***Exempt Embedded Network Service Provider***

A person who engages in the activity of owning, controlling or operating an *embedded network* under an exemption granted or deemed to be granted by the *AER* under section 13 of the *National Electricity Law* and clause 2.5.1(d).

***exit charge***

The charge payable by a *Distribution Customer* to a *Distribution Network Service Provider* for *exit service* at a *distribution network connection point*.

***exit cost***

For each *distribution network connection point*, the amount of the *aggregate annual revenue requirement* for all individual assets classified as *exit service* assets which provide *exit service* for the *connection point*.

***exit service***

A service provided to serve a *Transmission Customer* or *Distribution Customer* or a group of *Transmission Customers* or *Distribution Customers*, or a *Network Service Provider* or a group of *Network Service Providers*, at a single *connection point*.

***Expenditure Forecast Assessment Guidelines***

Guidelines made by the *AER* under clause 6.4.5(a) or clause 6A.5.6(a), as the case may be.

***extension***

An *augmentation* that requires the *connection* of a power line or *facility* outside the present boundaries of the *transmission* or *distribution network* owned, controlled or operated by a *Network Service Provider*.

***external administration default event***

A *default event* of a type referred to in subparagraphs 3.15.21(a)(10) or (11).

***extreme frequency excursion tolerance limits***

In relation to the *frequency* of the *power system*, means the limits so described and specified in the *power system security standards*.

***facilities***

A generic term associated with the apparatus, equipment, buildings and necessary associated supporting resources provided at, typically:

- (a) a *power station* or *generating unit*;
- (b) a *substation* or *power station switchyard*;
- (c) a *control centre* (being a *AEMO control centre*, or a *distribution* or *transmission network control centre*);
- (d) facilities providing an *exit service*.

***fast lower service***

The service of providing, in accordance with the requirements of the *market ancillary service specification*, the capability of rapidly controlling the level of *generation* or *load* associated with a particular *facility* in response to the locally sensed *frequency* of the *power system* in order to arrest a rise in that *frequency*.

***fast raise service***

The service of providing, in accordance with the requirements of the *market ancillary service specification*, the capability of rapidly controlling the level of *generation* or *load* associated with a particular *facility* in response to the locally sensed *frequency* of the *power system* in order to arrest a fall in that *frequency*.

***fault clearance time***

In respect of a *fault type*, the time within which the *protection system* is designed, operated and maintained to clear a *short circuit fault* of that *fault type* within its protection zone.

***fault type***

One of the following types of electrical fault:

- (a) three phase to ground fault;
- (b) three phase fault;
- (c) two phase to ground fault;
- (d) phase to phase fault; and
- (e) one phase to ground fault.

***final statement***

A statement issued by *AEMO* under clause 3.15.15 to a *Market Participant*.

***financial year***

A period commencing on 1 July in one calendar year and terminating on 30 June in the following calendar year.

***financially responsible***

In relation to any *market connection point*, a term which is used to describe the *Market Participant* which has either:

- 1. classified the *connection point* as one of its *market loads*;
- 2. classified the *generating unit connected* at that *connection point* as a *market generating unit*; or
- 3. classified the *network services* at that *connection point* as a *market network service*.

***First-Tier Customer***

A *Customer* which has classified any *load* as a *first-tier load* in accordance with Chapter 2.

***first-tier load***

Electricity purchased at a *connection point* directly and in its entirety from the *Local Retailer* and which is classified as a *first-tier load* in accordance with Chapter 2.

***framework and approach paper***

A document prepared and issued as a framework and approach paper under clause 6.8.1.

***franchise customer***

A person who does not meet its local jurisdiction requirements to make it eligible to be registered by *AEMO* as a *Customer* for a *load*.

**Note:**

There are no franchise customers in this jurisdiction.

***frequency***

For alternating current electricity, the number of cycles occurring in each second. The term Hertz (Hz) corresponds to cycles per second.

***frequency operating standard***

The standards which specify the *frequency* levels for the operation of the *power system* set out in the *power system security standards*.

***frequency response mode***

The mode of operation of a *generating unit* which allows automatic changes to the generated power when the *frequency* of the *power system* changes.

***fully co-optimised network constraint formulation***

A *network constraint* equation formulation that allows *AEMO*, through direct physical representation, to control all the variables within the equation that can be determined through the *central dispatch* process. Some variables may not be included in accordance with clause 3.8.10(c) of the *Rules* if control of such variables would not materially enhance the security of the *power system* due to the small size of their coefficients.

***funded augmentation***

A *transmission network augmentation* for which the *Transmission Network Service Provider* is not entitled to receive a charge pursuant to Chapter 6A.

***GELF parameters***

Variable parameters specific to a *Generator Energy Limitation Framework (GELF)* which are defined in the *EAAP guidelines* and supplement the *GELF*, and are submitted by a *Scheduled Generator* and updated in accordance with rule 3.7C for the purpose of the *EAAP*.

***general regulatory information order***

Has the meaning given in the *National Electricity Law*.

***generated***

In relation to a *generating unit*, the amount of electricity produced by the *generating unit* as measured at its terminals.

***generating plant***

In relation to a *connection point*, includes all equipment involved in generating electrical *energy*.

***generating system***

- (a) Subject to paragraph (b), for the purposes of the *Rules*, a system comprising one or more *generating units*.
- (b) For the purposes of clause 2.2.1(e)(3), clause 4.9.2, Chapter 5 and a *jurisdictional derogation* from Chapter 5, a system comprising one or more *generating units* and includes auxiliary or *reactive plant* that is located on the *Generator's* side of the *connection point* and is necessary for the *generating system* to meet its *performance standards*.

***Generating System Design Data Sheet***

The data sheet *published* by AEMO under clause S5.5.7(a)(1).

***Generating System Model Guidelines***

The guidelines *published* by AEMO under clause S5.5.7(a)(3).

***Generating System Setting Data Sheet***

The data sheet *published* by AEMO under clause S5.5.7(a)(2).

***generating unit***

The plant used in the production of electricity and all related equipment essential to its functioning as a single entity.

***generating unit minimum ramp rate requirement***

- (a) in relation to a *generating unit* that has not been aggregated in accordance with clause 3.8.3, the lower of 3MW/minute or 3% of the maximum *generation* provided in accordance with clause 3.13.3(b); or
- (b) in relation to a *generating unit* that has been aggregated in accordance with clause 3.8.3, the lower of 3 MW/minute or 3% of the maximum *generation* provided in accordance with clause 3.13.3(b1),

expressed as MW/minute rounded down to the nearest whole number except where this would result in the nearest whole number being zero, in which case the generating unit minimum ramp rate requirement is 1 MW/minute.

***generation***

The production of electrical power by converting another form of energy in a *generating unit*.

***generation centre***

A geographically concentrated area containing a *generating unit* or *generating units* with significant combined generating capability.

***generation dispatch offer***

A notice submitted by a *Scheduled Generator* or *Semi-Scheduled Generator* to AEMO relating to the *dispatch* of a *scheduled generating unit* or a *semi-scheduled generating unit* in accordance with clause 3.8.6.

***Generator***

A person who:

- (a) engages in the activity of owning, controlling or operating a *generating system* that is *connected* to, or who otherwise *supplies* electricity to, a *transmission or distribution system*; and
- (b) holds a licence authorising the generation of electricity under Part 3 of the *Electricity Reform Act* (NT).

***Generator Energy Limitation Framework (GELF)***

A description of the *energy constraints* that affect the ability of a *scheduled generating unit* to generate electricity prepared in accordance with the *EAAP guidelines*.

***Generator transmission use of system, Generator transmission use of system service***

A service provided to a *Generator* for:

- (a) use of the *transmission network* which has been negotiated in accordance with clause 5.4A(f)(3)(i); or
- (b) use of a *transmission investment* for the conveyance of electricity that can be reasonably allocated to a *Generator* on a locational basis.

***global market ancillary service requirement***

Has the meaning given to it by clause 3.8.1(e2).

***good electricity industry practice***

The exercise of that degree of skill, diligence, prudence and foresight that reasonably would be expected from a significant proportion of operators of *facilities* forming part of the *power system* for the *generation, transmission* or *supply* of electricity under conditions comparable to those applicable to the relevant *facility* consistent with *applicable regulatory instruments, reliability,*



safety and environmental protection. The determination of comparable conditions is to take into account factors such as the relative size, duty, age and technological status of the relevant *facility* and the *applicable regulatory instruments*.

***high voltage (HV)***

A *voltage* greater than 1 kV.

***identified need***

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*.

***independent person***

A person who:

- (a) is not a member, employee or member of staff of the *AER* or the *AEMC*;
- (b) is not a director or employee of *AEMO*;
- (c) is not a director or employee of, or partner in, a *Registered Participant*;
- (d) does not have a direct or indirect financial interest (whether as shareholder, partner or other equity participant) in any *Registered Participant* or a *related body corporate* of any *Registered Participant*, other than an interest of less than 0.1% of the net shareholders funds of that entity (as determined at the date the relevant person is appointed to carry out a function under the *Rules*); or
- (e) is not a director or employee of a *related body corporate* of any *Registered Participant*.

***independently controllable two-terminal link***

A *two-terminal link* through which the *power transfer* can be independently controlled within a range determined by the *power transfer capability* of the *two-terminal link* and the conditions prevailing in the rest of the *power system*.

***indexed amount***

As at any time and in relation to a dollar value that is expressly set out in Part C of Chapter 6 or Part C of Chapter 6A, that dollar value multiplied by  $CPI_a/CPI_b$

where:

$CPI_a$  is the *CPI* as at that time; and

$CPI_b$  is the Consumer Price Index: All Groups Index Number, weighted average of eight capital cities published by the Australian Bureau of Statistics for the quarter ending 30 June 2006.

***indicative pricing schedule***

For a *Distribution Network Service Provider*, means the schedule of indicative price levels as referred to in paragraph 6.18.1A(e).

***inflexible, inflexibility***

In respect of a *scheduled generating unit, scheduled load* or *scheduled network service* for a *trading interval* means that the *scheduled generating unit, scheduled load* or *scheduled network service* is only able to be *dispatched* in the *trading interval* at a fixed *loading level* specified in accordance with clause 3.8.19(a).

***information guidelines***

Guidelines made by the *AER* for the purpose of guiding a *Transmission Network Service Provider* in the submission of certified annual statements and other related information in accordance with clause 6A.17.2.

***insolvency official***

A receiver, receiver and manager, administrator, provisional liquidator, liquidator, trustee in bankruptcy or person having a similar or analogous function.

***instrument transformer***

Either a *current transformer (CT)* or a *voltage transformer (VT)*.

***insurance event***

An event for which the risk of its occurrence is the subject of insurance taken out by or for a *Transmission Network Service Provider*, for which an allowance is provided in the *total revenue cap* for the *Transmission Network Service Provider* and in respect of which:

- (a) the cost of the premium paid or required to be paid by the *Transmission Network Service Provider* in the *regulatory year* in which the cost of the premium changes is higher or lower than the premium that is provided for in the *maximum allowed revenue* for the provider for that *regulatory year* by an amount of more than 1% of the *maximum allowed revenue* for the provider for that *regulatory year*;
- (b) the risk eventuates and, as a consequence, the *Transmission Network Service Provider* incurs or will incur all or part of a deductible where the amount so incurred or to be so incurred in a *regulatory year* is higher or lower than the allowance for the deductible (if any) that is provided for in the *maximum allowed revenue* for the provider for that *regulatory year* by an amount of more than 1% of the *maximum allowed revenue* for the provider for that *regulatory year*;
- (c) insurance becomes unavailable to the *Transmission Network Service Provider*; or
- (d) insurance becomes available to the *Transmission Network Service Provider* on terms materially different to those existing as at the time the *revenue*

*determination* was made (other than as a result of any act or omission of the provider which is inconsistent with good electricity industry practice).

***intending load***

A proposed purchase of electricity at a *connection point* (the location of which may be undefined) which is classified as an *intending load* in accordance with Chapter 2.

***Intending Participant***

A person who is registered by *AEMO* as an *Intending Participant* under Chapter 2.

***interconnection, interconnector, interconnect, interconnected***

A *transmission line* or group of *transmission lines* that *connects* the *transmission networks* in adjacent *regions*.

***interconnector flow***

The quantity of electricity in MW being transmitted by an *interconnector*.

***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*.

***interim statement***

Has the meaning given in clause 3.3.11(a)(1).

***intermediary***

A person who is registered by *AEMO* as a *Generator* or a *Network Service Provider* instead of another person who, in the absence of an exemption under clause 2.9.3, would be required to be registered as such under the *Rules*.

***intermittent***

A description of a *generating unit* whose output is not readily predictable, including, without limitation, solar generators, wave turbine generators, wind turbine generators and hydro-generators without any material storage capability.

***inter-network test***

A test conducted for the purpose of verifying the magnitude of the *power transfer capability* of more than one *transmission network* in accordance with clause 5.7.7.

***inter-network testing constraint***

A *constraint* on a *transmission network* as contemplated by clause 5.7.7.

***inter-regional***

Between *regions*.

***inter-regional loss factor***

A *marginal loss factor* determined according to clause 3.6.1.

***inter-regional losses***

Has the meaning given to it by clause 3.6.1(a).

***interruptible load***

A *load* which is able to be *disconnected*, either manually or automatically initiated, which is provided for the restoration or control of the *power system frequency* by AEMO to cater for *contingency events* or shortages of *supply*.

***interval energy data***

The data that results from the measurement of the flow of electricity in a power conductor where the data is prepared and recorded by the *metering installation* in intervals which correspond to a *trading interval* or are submultiples of a *trading interval*. *Interval energy data* is held in the *metering installation*.

***interval metering data***

The *interval energy data*, once collected from a *metering installation*, is *interval metering data*. *Interval metering data* is held in a *metering data services database* and the *metering database*.

***intervention price dispatch interval***

A *dispatch interval* declared by AEMO to be an *intervention price dispatch interval* in accordance with clause 3.9.3.

***intervention price trading interval***

A *trading interval* in which AEMO has declared an *intervention price dispatch interval* in accordance with clause 3.9.3.

***intervention settlement timetable***

Has the meaning given in clause 3.12.1(b).

***intra-regional***

Within a *region*.

***intra-regional loss factor***

A *marginal loss factor* determined according to clause 3.6.2.

***intra-regional losses***

Has the meaning given to it by clause 3.6.2(a).

***invoiced amount***

The aggregate of the *settlement statements, interim, preliminary or final*, which at the time of issue of a *call notice* are unpaid by the *Market Participant*, notwithstanding that the usual time for issue or payment of those *settlement statements* has not been reached.

***involuntary load shedding***

*Load shedding* where the *load* shed is not an *interruptible load* except *load* under the control of underfrequency relays as described in clause S5.1.10.1(a), or a *scheduled load*.

***isolation***

Electrical isolation of one part of a communication system from another but where the passage of *electronic data transfer* is not prevented.

***jurisdictional derogation***

Has the meaning given in the *National Electricity Law*. The jurisdictional derogations are included in Chapter 9.

***jurisdictional electricity legislation***

Has the meaning given to that term in the *National Electricity Law*.

***jurisdictional metrology material***

Jurisdictional metrology matters that are to be included in the *metrology procedure* for one or more of the *participating jurisdictions* and which is submitted by the *Ministers of the MCE* to *AEMO* under clause 7.14.2.

***Jurisdictional NMI Standing Data schedule***

The schedules described in clause 3.13.12(a), as amended from time to time in accordance with clause 3.13.12(b).

***Jurisdictional NMI Standing Data suppliers***

*Registered Participants* which are required by the relevant *participating jurisdiction's* legislation or licensing requirements to supply *NMI Standing Data* in respect of *connection points* in that *participating jurisdiction* to AEMO.

***jurisdictional planning body***

The entity nominated by the relevant *Minister of a participating jurisdiction* as having *transmission system* planning responsibility in that *participating jurisdiction*.

***jurisdictional planning representative***

The *representative* from the *jurisdictional planning body* for a *participating jurisdiction* nominated by that *jurisdictional planning body* as the *jurisdictional planning representative* for that *participating jurisdiction*.

***Jurisdictional Regulator***

The person authorised by a *participating jurisdiction* to regulate *distribution service prices* in that jurisdiction.

***jurisdictional scheme***

Has the meaning given in clause 6.18.7A(d).

***jurisdictional scheme amounts***

In respect of a *jurisdictional scheme*, the amounts a *Distribution Network Service Provider* is required under the *jurisdictional scheme obligations* to:

- (a) pay to a person;
- (b) pay into a fund established under an Act of a *participating jurisdiction*;
- (c) credit against charges payable by a person; or
- (d) reimburse a person,

less any amounts recovered by the *Distribution Network Service Provider* from any person in respect of those amounts other than under these Rules.

***jurisdictional scheme eligibility criteria***

The criteria specified in clause 6.18.7A(x)

***jurisdictional scheme obligations***

Obligations imposed on a *Distribution Network Service Provider* under:

- (a) an Act of a *participating jurisdiction* or an instrument, direction or order made under an Act of a *participating jurisdiction* (other than the *National Electricity Law* and these Rules); or

- (b) a condition of a distribution licence or authority held by a *Distribution Network Service Provider* in a *participating jurisdiction*.

***Jurisdictional System Security Coordinator***

A person appointed by the *Minister* of a *participating jurisdiction* in accordance with section 110 of the *National Electricity Law*.

***lack of reserve (LOR)***

Any of the conditions described in clause 4.8.4(b), (c) or (d).

***large customer***

- (a) In a *participating jurisdiction* where the *National Energy Retail Law* applies as a law of that *participating jurisdiction*, has the meaning given in the *National Energy Retail Law*.
- (b) Otherwise, has the meaning given in *jurisdictional electricity legislation*, or a *retail customer* that is not a *small customer*.

***last jurisdictional scheme approval date***

For an *approved jurisdictional scheme* of a *Distribution Network Service Provider*, means the later of:

- (a) if the *approved jurisdictional scheme* is a *jurisdictional scheme* referred to in clause 6.18.7A(e), 1 July 2010;
- (b) if the *approved jurisdictional scheme* is not a *jurisdictional scheme* referred to in paragraph (a), the date on which the *AER* determined under clause 6.18.7A(1) that the scheme was a *jurisdictional scheme*;
- (c) if the *approved jurisdictional scheme* is a *jurisdictional scheme* in respect of which:
  - (i) a request has been made under clause 6.18.7A(o) or an assessment initiated under clause 6.18.7A(r); and
  - (ii) the *AER* has determined under clause 6.18.7A(u) that the scheme should not cease to be a *jurisdictional scheme*,the date of that determination; or
- (d) if in a previous *pricing proposal* the *Distribution Network Service Provider* provided information in respect of that *approved jurisdictional scheme* to the *AER* under clause 6.18.2(b)(6B), the date that such a *pricing proposal* was submitted.

***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).

***late rebidding period***

In respect of a *trading interval*, the period beginning 15 minutes before the commencement of the *trading interval*.

***load***

A *connection point* or defined set of *connection points* at which electrical power is delivered to a person or to another *network* or the amount of electrical power delivered at a defined instant at a *connection point*, or aggregated over a defined set of *connection points*.

***load centre***

A geographically concentrated area containing *load* or *loads* with a significant combined consumption capability.

***load shedding***

Reducing or disconnecting *load* from the *power system*.

***load shedding procedures***

The procedures developed by *AEMO* for each *participating jurisdiction* in accordance with clause 4.3.2(h) for the implementation of the *load shedding* priority and *sensitive load* priority advised by that *Jurisdictional System Security Coordinator* under clauses 4.3.2(f)(1) and (2).

***loading level***

The level of output, consumption or power flow (in MW) of a *generating unit*, *load* or *scheduled network service*.

***loading price***

The price specified for a *price band* and a *trading interval* in a *dispatch offer*, in accordance with clause 3.8.6, for the *dispatch* of a *scheduled generating unit* at a level above its *self-dispatch level*.

***local area/local***

The geographical area allocated to a *Network Service Provider* by the authority responsible for administering the *jurisdictional electricity legislation* in the relevant *participating jurisdiction*.

***local black system procedures***

The procedures, described in clause 4.8.12, applicable to a *local area* as approved by *AEMO* from time to time.



***local market ancillary service requirement***

Has the meaning given to it by clause 3.8.1(e2).

***Local Network Service Provider***

Within a *local area*, a *Network Service Provider* to which that geographical area has been allocated by the authority responsible for administering the *jurisdictional electricity legislation* in the relevant *participating jurisdiction*.

***Local Retailer***

In relation to a *local area*, the *Customer* who is:

1. a business unit or *related body corporate* of the relevant *Local Network Service Provider*; or
2. responsible under the laws of the relevant *participating jurisdiction* for the *supply* of electricity to *franchise customers* in that *local area*; or
3. if neither 1 or 2 is applicable, such other *Customer* as *AEMO* may determine.

***local spot price***

A price determined according to clause 3.9.1(c).

***long run marginal cost***

For the purposes of clause 6.18.5, the cost of an incremental change in demand for *direct control services* provided by a *Distribution Network Service Provider* over a period of time in which all factors of production required to provide those *direct control services* can be varied.

***loss factor***

A multiplier used to describe the *electrical energy loss* for electricity used or transmitted.

***low reserve***

The conditions described in clause 4.8.4(a).

***major supply disruption***

The unplanned absence of *voltage* on a part of the *transmission system* affecting one or more *power stations* and which leads to a loss of *supply* to one or more *loads*.

***mandatory restrictions***

Restrictions imposed by a *participating jurisdiction* by a relevant law, other than the *Rules*, on the use of electricity in a *region*.

***mandatory restriction period***

The period of *mandatory restrictions*.

***mandatory restriction schedule***

A schedule prepared in accordance with clause 3.12A.2.

***margin requirement***

The requirement set out in clause S6.2.2A(d) or clause S6A.2.2A(d), as the case may be.

***marginal electrical energy loss***

The *electrical energy loss* associated with an infinitesimal increment in electricity produced, transported and/or used.

***marginal loss factor***

A multiplier used to describe the *marginal electrical energy loss* for electricity used or transmitted.

***market***

Any of the markets or exchanges described in the *Rules*, for so long as the market or exchange is conducted by *AEMO*.

***market ancillary service***

A service identified in clause 3.11.2(a).

***market ancillary service offer***

A notice submitted by an *Ancillary Service Provider* to *AEMO* in respect of a *market ancillary service* in accordance with clause 3.8.7A.

***market ancillary service specification***

Has the meaning given in clause 3.11.2(b).

***market auditor***

A person appointed by *AEMO* to carry out a *review* under clause 3.13.10(a).

***market commencement***

The date declared as such by *AEMO*, on which trading in the *market* commences.

***market connection point***

A *connection point* where any *load* is classified in accordance with Chapter 2 as a *market load* or which *connects* any *market generating unit* to the *national grid*, or where the *network service connected* at that *connection point* is a *market network service*.

### ***Market Customer***

A *Customer* who has classified any of its *loads* as a *market load* and who is also registered by AEMO as a *Market Customer* under Chapter 2.

### ***market customer's additional claim***

Has the meaning given in clause 3.12.2(g)(4).

### ***market floor price***

A price floor on *regional reference prices* as described in clause 3.9.6.

### ***market generating unit***

A *generating unit* whose *sent out generation* is not purchased in its entirety by the *Local Retailer* or by a *Customer* located at the same *connection point* and which has been classified as such in accordance with Chapter 2.

### ***Market Generator***

A *Generator* who has classified at least one *generating unit* as a *market generating unit* in accordance with Chapter 2 and who is also registered by AEMO as a *Market Generator* under Chapter 2.

### ***market information***

Information, other than *confidential information*, concerning the operation of the *spot market* or relating to the operation of, inputs to, or outputs from the *central dispatch* process.

### ***market information bulletin board***

A facility established by AEMO on the *electronic communication system* for the posting of information which may then be available to *Registered Participants*.

### ***market load***

A *load* at a *connection point* classified by the person *connected* at that *connection point* or, with the consent of that person, by some other person, as a *market load* in accordance with Chapter 2. There can be more than one *market load* at any one *connection point*.

### ***market management systems***

AEMO's *market information* systems and associated communications networks used to support the electronic communication by *Registered Participants* and others connected to or making use of the systems and networks in the operation of the *market*.

### ***Market Management Systems Access Procedures***

The procedures to be followed by *Registered Participants*, *Metering Providers* and *Metering Data Providers* in connecting to and making use of the *market management systems* from time to time *published* by AEMO under rule 3.19.

***market network service***

A *network service* which is classified as a *market network service* in accordance with clause 2.5.2.

***Market Network Service Provider***

A *Network Service Provider* who has classified any of its *network services* as a *market network service* in accordance with Chapter 2 and who is also registered by AEMO as a *Market Network Service Provider* under Chapter 2.

***Market Participant***

A person who is registered by AEMO as a *Market Generator*, *Market Customer*, *Market Small Generation Aggregator* or *Market Network Service Provider* under Chapter 2.

***Market Participant registered data***

The data kept on the register in accordance with schedule 5.5.

***market price cap***

A price cap on *regional reference prices* as described in clause 3.9.4.

***Market Settlement and Transfer Solution Procedures***

The procedures from time to time *published* by AEMO under clause 7.2.8 which include those governing the recording of financial responsibility for *energy flows* at a *connection point*, the transfer of that responsibility between *Market Participants* and the recording of *energy flows* at a *connection point*.

***Market Small Generation Aggregator***

A person who:

- (a) has classified one or more *small generating units* as a *market generating unit*; and
- (b) is registered by AEMO as a *Market Small Generation Aggregator* under Chapter 2.

***market suspension***

Suspension of the *spot market* by AEMO in accordance with clause 3.14.3.

***material inter-network impact***

A material impact on another *Transmission Network Service Provider's network*, which impact may include (without limitation):

- (a) the imposition of *power transfer constraints* within another *Transmission Network Service Provider's network*; or

- (b) an adverse impact on the quality of *supply* in another *Transmission Network Service Provider's network*.

***materially***

For the purposes of the application of clause 6.6.1, an event results in a *Distribution Network Service Provider* incurring materially higher or materially lower costs if the change in costs (as opposed to the revenue impact) that the *Distribution Network Service Provider* has incurred and is likely to incur in any *regulatory year* of a *regulatory control period*, as a result of that event, exceeds 1% of the *annual revenue requirement* for the *Distribution Network Service Provider* for that *regulatory year*.

For the purposes of the application of clause 6A.7.3, an event (other than a *network support event*) results in a *Transmission Network Service Provider* incurring *materially* higher or *materially* lower costs if the change in costs (as opposed to the revenue impact) that the *Transmission Network Service Provider* has incurred and is likely to incur in any *regulatory year* of a *regulatory control period*, as a result of that event, exceeds 1% of the *maximum allowed revenue* for the *Transmission Network Service Provider* for that *regulatory year*.

In other contexts, the word has its ordinary meaning.

***maximum allowed revenue***

For a *Transmission Network Service Provider*: the amount calculated as such for a *regulatory year* of a *regulatory control period* in accordance with rule 6A.3.

For *AEMO*: the amount calculated as such for a *regulatory year* of a *regulatory control period* in accordance with clause S6A.4.2(c)(4).

***maximum credit allowance***

Has (in the context of Chapter 6B) the meaning given in clause 6B.B1.2.

***maximum demand***

The highest amount of electrical power delivered, or forecast to be delivered, over a defined period (*day*, *week*, *month*, *season* or *year*) either at a *connection point*, or simultaneously at a defined set of *connection points*.

***maximum power input (MPI)***

The largest single *supply* input to a particular location or *region*, typically the output of the largest single *generating unit* or group of *generating units* or the highest *power transfer* of a single *transmission line* or *interconnection*.

***maximum ramp rate***

The *maximum ramp rate* that an item of equipment is capable of achieving in normal circumstances. This may be:

- (a) as specified by the manufacturer; or

- (b) as independently certified from time to time to reflect changes in the physical capabilities of the equipment.

***maximum total payment***

The amount determined in accordance with clause 3.15.22.

***measurement element***

An energy measuring component which converts the flow of electricity in a power conductor into an electronic signal and / or a mechanically recorded electrical measurement.

***medium term PASA***

The *PASA* in respect of the period described in clause 3.7.2(a), as described under clause 3.7.2.

***medium term PASA inputs***

The inputs to be prepared in accordance with clauses 3.7.2(c) and (d).

***meter***

A device complying with *Australian Standards* which measures and records the production or consumption of electrical *energy*.

***metering***

Recording the production or consumption of electrical *energy*.

***Metering Coordinator***

A person who is registered by *AEMO* as a *Metering Coordinator* under Chapter 2.

***metering data***

*Accumulated metering data, interval metering data, calculated metering data, substituted metering data, estimated metering data and check metering data.*

***Metering Data Provider***

A person who meets the requirements listed in schedule 7.6 and has been accredited and registered by *AEMO* as a *Metering Data Provider*.

***metering data services***

The services that involve the collection, processing, storage and delivery of *metering data* and the management of relevant *NMI Standing Data* in accordance with the *Rules*.

***metering data provision procedures***

Procedures for the provision of *metering data* requested under clause 7.7(a)(7), developed and *published* by *AEMO*.

***metering data services database***

The database established and maintained by the *Metering Data Provider* that holds *metering data* and relevant *NMI Standing Data* relating to each *metering installation* for which the *responsible person* or the *financially responsible Market Participant* or *AEMO* as the case may be has engaged the *Metering Data Provider* to provide *metering data services*.

***metering database***

A database of *metering data* and *settlements ready data* maintained and administered by *AEMO* in accordance with clause 7.9.

***metering installation***

The assembly of components including the *instrument transformer*, if any, measurement element(s) and processes, if any, recording and display equipment, *communications interface*, if any, that are controlled for the purpose of metrology and which lie between the *metering point(s)* and the point at or near the *metering point(s)* where the *energy data* is made available for collection.

**Notes:**

- (1) The assembly of components may include the combination of several metering points to derive the metering data for a connection point.
- (2) The metering installation must be classified as being for revenue purposes and/or as a check metering installation.
- (3) An unmetered connection point in accordance with schedule 7.2 does not require a meter; it is nevertheless considered as having a metering installation.

***metering installation malfunction***

The full or partial failure of the *metering installation* in which the *metering installation* does not:

- (a) meet the requirements of schedule 7.2; or
- (b) record, or incorrectly records, *energy data*; or
- (c) allow, or provides for, collection of *energy data*.

***metering point***

The point of physical connection of the device measuring the current in the power conductor.

***Metering Provider***

A person who meets the requirements listed in schedule 7.4 and has been accredited by and registered by *AEMO* as a *Metering Provider*.

***metering register***

A register of information associated with a *metering installation* as required by schedule 7.5.

***metering system***

The collection of all components and arrangements installed or existing between each *metering point* and the *metering database*, as shown in schedule 7.1 .

***metrology procedure***

The procedure developed and published by *AEMO* in accordance with rule 7.14.

***micro EG connection***

Has (in the context of Chapter 5A) the meaning given in clause 5A.A.1

***micro embedded generator***

Has (in the context of Chapter 5A) the meaning given in clause 5A.A.1

***minimum access standard***

In relation to a technical requirement of access, a standard of performance, identified in a schedule of Chapter 5 as a minimum access standard for that technical requirement, such that a *plant* that does not meet that standard will be denied access because of that technical requirement.

***Minister***

A Minister that is a “Minister” under the *National Electricity Law*.

***Minister of (a, that, another, or other, etc) participating jurisdiction***

Has the same meaning as Minister of a participating jurisdiction has in the *National Electricity Law*.

***Ministers of the MCE***

*Ministers of the participating jurisdictions* acting as the MCE where MCE has the same meaning as in the *National Electricity Law*.

***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 determined as the price of meeting an incremental change in *load* at that *network* node.



### ***MLEC CRNP Methodology***

For the purposes of calculating the *modified load export charges*, the *CRNP Methodology* (and for the avoidance of doubt, not the *modified CRNP Methodology*) provided that each of the following is satisfied:

- (a) for the purposes of clause S6A.3.2(1), network ‘costs’ are attributed to all *transmission systems* assets of the relevant *Transmission Network Service Provider*; and
- (b) for the purposes of clause S6A.3.2(3):
  - (1) every *trading interval* of the previous *regulatory year* in order to determine the range of actual operating conditions from the previous *regulatory year*; and
  - (2) the peak usage of each *transmission system* asset by each *load* is used to determine the allocation of dispatched *generation* to loads from the previous *regulatory year*.

### ***model standing offer***

Has (in the context of Chapter 5A) the meaning given in clause 5A.A.1.

### ***modified CRNP methodology***

The cost allocation methodology set out in clause S6A.3.3.

### ***modified load export charges***

Charges received by or payable to the *Co-ordinating Network Service Provider* in a *region* by or to a *Co-ordinating Network Service Provider* in an *interconnected region* calculated under rule 6A.29A.2.

### ***monitoring equipment***

The testing instruments and devices used to record the performance of *plant* for comparison with expected performance.

### ***month***

Unless otherwise specified, the period beginning at 4.30 am on the relevant commencement date and ending at 4.30 am on the date in the next calendar month corresponding to the commencement date of the period.

### ***nameplate rating***

The maximum continuous output or consumption in MW of an item of equipment as specified by the manufacturer, or as subsequently modified.

### ***NATA***

National Association of Testing Authorities.

***National Electricity Law***

The National Electricity (NT) Law.

***National Electricity Market***

Has the same meaning as in the *National Electricity Law*.

***national electricity objective***

The objective stated in section 7 of the Law.

***National Energy Retail Law***

Means the *National Energy Retail Law* set out in the Schedule to the *National Energy Retail Law (South Australia) Act 2012* of South Australia.

***National Energy Retail Rules***

Has the same meaning as in the *National Energy Retail Law*.

***national grid***

Means the sum of:

- (a) all *connected transmission systems* and *distribution systems* within the *participating jurisdictions*; and
- (b) the *distribution systems* in this jurisdiction.

***National Measurement Act***

The *National Measurement Act 1960* of the Commonwealth as amended from time to time.

***national transmission flow path***

That portion of a *transmission network* or *transmission networks* used to transport significant amounts of electricity between *generation centres* and *load centres*.

***national transmission grid***

Has the meaning given in the *National Electricity Law*.

***negative change event***

For a *Distribution Network Service Provider*, a *pass through event* which entails the *Distribution Network Service Provider* incurring *materially* lower costs in providing *direct control services* than it would have incurred but for that event.

For a *Transmission Network Service Provider*, a *pass through event* which entails the *Transmission Network Service Provider* incurring *materially* lower costs in providing *prescribed transmission services* than it would have incurred but for that event.

***negative network support event***

A *network support event* which entails a *Transmission Network Service Provider* making lower *network support payments* in the preceding *regulatory year* than the amount of *network support payments* (if any) that is provided for in the *annual building block revenue requirement* for the provider for that *regulatory year*.

***negative pass through amount***

In respect of a *negative change event* for a *Transmission Network Service Provider*, an amount that is not greater than a *required pass through amount* as determined by the AER under clause 6A.7.3(g).

In respect of a *negative change event* or *NT negative change event* for a *Distribution Network Service Provider*, an amount that is not greater than a *required pass through amount* as determined by the AER under clause 6.6.1(g) or 6.6.1AB(g).

**Note:**

The modification to this definition expires on 1 July 2024.

***negotiable service***

- (a) In relation to *transmission services* means *negotiated transmission services*.
- (b) In relation to *distribution services* means *negotiated distribution services*.

***negotiated access standard***

In relation to a technical requirement of access for a particular *plant*, an agreed standard of performance determined in accordance with clause 5.3.4A and identified as a *negotiated access standard* for that technical requirement in a *connection agreement*.

***negotiated distribution service***

A *distribution service* that is a *negotiated network service* within the meaning of section 2C of the Law;

***Negotiated Distribution Service Criteria***

The criteria specified in a distribution determination in accordance with clause 6.7.4.

***Negotiated Distribution Service Principles***

The principles set out in clause 6.7.1.

***negotiated transmission service***

Any of the following services:

- (a) a *shared transmission service* that:

- (1) exceeds the *network* performance requirements (whether as to quality or quantity) (if any) as that *shared transmission service* is required to meet under any *jurisdictional electricity legislation*; or
  - (2) except to the extent that the *network* performance requirements which that *shared transmission service* is required to meet are prescribed under any *jurisdictional electricity legislation*, exceeds or does not meet the *network* performance requirements (whether as to quality or quantity) as are set out in schedule 5.1a or 5.1;
- (b) *connection services* that are provided to serve a *Transmission Network User*, or group of *Transmission Network Users*, at a single *transmission network connection point*, other than *connection services* that are provided by one *Network Service Provider* to another *Network Service Provider* to *connect* their *networks* where neither of the *Network Service Providers* is a *Market Network Service Provider*; or
  - (c) *use of system services* provided to a *Transmission Network User* and referred to in rule 5.4A(f)(3) in relation to *augmentations* or *extensions* required to be undertaken on a *transmission network* as described in rule 5.4A,

but does not include an *above-standard system shared transmission service* or a *market network service*.

### ***Negotiated Transmission Service Criteria***

For a *Transmission Network Service Provider* under a *transmission determination*, the criteria set out in that *transmission determination* pursuant to clause 6A.9.4.

### ***Negotiated Transmission Service Principles***

The principles set out in clause 6A.9.1.

### ***negotiated use of system service***

A *use of system service* in respect of which:

- (a) a *Connection Applicant* may negotiate with a *Transmission Network Service Provider*;
- (b) an *Embedded Generator* may negotiate with a *Distribution Network Service Provider*; or
- (c) a *Market Network Service Provider* may negotiate with a *Distribution Network Service Provider*,

in accordance with clauses 5.4A(f)(3) or 5.5(f)(3).

### ***negotiated use of system charges***

The charges described in clauses 5.4A(f)(3) or 5.5(f)(3).

***negotiating framework***

For a *Transmission Network Service Provider*, the negotiating framework approved or included by the *AER* for that *Transmission Network Service Provider* in a final decision under clause 6A.14.1(6).

For a *Distribution Network Service Provider*, a negotiating framework as approved or substituted by the *AER* in its final decision under clause 6.12.1(15).

***NEM***

The *National Electricity Market*.

***NEMMCO***

Has the meaning given in the *National Electricity Law*.

***NERL***

*National Energy Retail Law*.

***NERR***

*National Energy Retail Rules*.

***network***

The apparatus, equipment, plant and buildings used to convey, and control the conveyance of, electricity to customers (whether wholesale or retail) excluding any *connection assets*. In relation to a *Network Service Provider*, a *network* owned, operated or controlled by that *Network Service Provider*.

***network capability***

The capability of the *network* or part of the *network* to transfer electricity from one location to another.

***network charges***

Has (in the context of Chapter 6B) the meaning given in clause 6B.A1.2.

***network charges liability* (or *NCL*)**

Has (in the context of Chapter 6B) the meaning given in clause 6B.B1.2.

***network connection***

The formation of a physical link between the *facilities* of two *Registered Participants* or a *Registered Participant* and a customer being a *connection* to a *transmission* or *distribution network* via *connection assets*.

***network constraint***

A *constraint* on a *transmission network* or *distribution network*.

***network coupling point***

The point at which *connection assets* join a *distribution network*, used to identify the *distribution service* price payable by a *Customer*.

***network dispatch offer***

An notice submitted by a *Scheduled Network Service Provider* to *AEMO* relating to the *dispatch* of a *scheduled network service* in accordance with clause 3.8.6A.

***network element***

A single identifiable major component of a *transmission system* or *distribution system* involving:

- (a) an individual *transmission* or *distribution* circuit or a phase of that circuit; or
- (b) a major item of apparatus or equipment associated with the function or operation of a *transmission line*, *distribution line* or an associated *substation* or *switchyard* which may include *transformers*, circuit breakers, *reactive plant* and *monitoring equipment* and control equipment.

***network loop***

A set of *network elements* that are *connected* together in the form of a closed path, that is in such a way that by progressing from each element to the next it is possible to return to the starting point.

***network losses***

*Energy* losses incurred in the transfer of electricity over a *transmission network* or *distribution network*.

***network option***

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*.

For the purposes of this definition:

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

**Note:**

The modification to this definition expires on 1 July 2017.

***network pricing objective***

The network pricing objective set out in paragraph 6.18.5(a).

***network service***

*Transmission service* or *distribution service* associated with the conveyance, and controlling the conveyance, of electricity through the *network*.

***Network Service Provider***

A *Distribution Network Service Provider*.

***network service provider performance report***

A report prepared by the *AER* under section 28V of the Law.

***network support agreement***

An agreement under which a person agrees to provide one or more *network support and control ancillary services* to a *Network Service Provider*, including *network support services* to improve *network capability* by providing a non-*network* alternative to a *network augmentation*.

***network support and control ancillary service* or *NSCAS***

A service with the capability to control the *active power* or *reactive power* flow into or out of a *transmission network* to address an *NSCAS need*.

***network support event***

- (a) If, at the end of a *regulatory year* of a *regulatory control period*, the amount of *network support payments* made by a *Transmission Network Service Provider* for that previous *regulatory year* is higher or lower than the amount of *network support payments* (if any) that is provided for in the *annual building block revenue requirement* for the *Transmission Network Service Provider* for that *regulatory year*, this constitutes a *network support event*.
- (b) In calculating the amount for the purposes of a *network support event* referred to in paragraph (a), the amount of *network support payments* made by a *Transmission Network Service Provider* must not include an amount of *network support payments* that are a substitute for a *network augmentation* where an allowance for capital expenditure in relation to that *network augmentation* has been provided for in the *revenue determination*.

***network support pass through amount***

The amount that should be passed through to *Transmission Network Users* in the *regulatory year* following the preceding *regulatory year*, in respect of a *network support event* for a *Transmission Network Service Provider*.

***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*.

***Network User***

A *Generator*, a *Transmission Customer*, a *Distribution Customer* or a *Market Network Service Provider*.

***new connection***

Has (in the context of Chapter 5A) the meaning given in clause 5A.A.1

***NMAS provider***

A person who agrees to provide one or more *non-market ancillary services* to AEMO under an *ancillary services agreement*.

***NMI***

A National Metering Identifier as described in clause 7.3.1(d).

***NMI Standing Data***

The following data in respect of a *connection point*:

- (a) the *NMI* of the *connection point* and the street address of the relevant *connection point* to which that *NMI* is referable;
- (b) the *NMI* checksum for the *connection point*;
- (c) the identity of the *Local Network Service Provider*;
- (d) the code (known as a Transmission Node Identity (TNI)) identifying the relevant *transmission node* which identifies the *transmission loss factor* and/or *transmission use of system charge* for the *connection point*;
- (e) the relevant *distribution loss factor* applicable to the *connection point*;
- (f) the Network Tariff (identified by a code) applicable in respect of the *connection point*;
- (g) the *NMI* classification code (as set out in the *Market Settlement and Transfer Solution Procedures*) of the *connection point*;
- (h) the read cycle date, or date of next scheduled read or date in a relevant code representing the read cycle date or date of next scheduled read, for that *connection point*;
- (i) the profile type applicable to the *connection point*; and



- (j) such other categories of data as may be referred to in the *Market Settlement and Transfer Solution Procedures* as forming *NMI Standing Data*,

and, for the avoidance of doubt, does not include any *metering data* or other details of an end-user's consumption at that *connection point*.

***nomenclature standards***

The standards approved by *AEMO* in conjunction with the *Network Service Providers* relating to numbering, terminology and abbreviations used for information transfer between *Registered Participant* as provided for in clause 4.12.

***nominal voltage***

The design *voltage* level, nominated for a particular location on the *power system*, such that power lines and circuits that are electrically connected other than through transformers have the same *nominal voltage* regardless of operating *voltage* and *normal voltage*.

***nominated pass through event considerations***

The *nominated pass through event considerations* are:

- (a) whether the event proposed is an event covered by a category of *pass through event* specified in clause 6.6.1(a1)(1) to(4) (in the case of a distribution determination) or clause 6A.7.3(a1)(1) to(4) (in the case of a *transmission determination*);
- (b) whether the nature or type of event can be clearly identified at the time the determination is made for the service provider;
- (c) whether a prudent service provider could reasonably prevent an event of that nature or type from occurring or substantially mitigate the cost impact of such an event;
- (d) whether the relevant service provider could insure against the event, having regard to:
- (1) the availability (including the extent of availability in terms of liability limits) of insurance against the event on reasonable commercial terms; or
  - (2) whether the event can be self-insured on the basis that:
    - (i) it is possible to calculate the self-insurance premium; and
    - (ii) the potential cost to the relevant service provider would not have a significant impact on the service provider's ability to provide *network services*; and.
- (e) any other matter the *AER* considers relevant and which the *AER* has notified *Network Service Providers* is a nominated pass through event consideration.

***non-credible contingency event***

An event described in clause 4.2.3(e).

***Non-market ancillary service or NMAS***

Any of the following services:

- (a) *network support and control ancillary services* and other services acquired by *Transmission Network Service Providers* under *connection agreements* or *network support agreements* to meet the service standards linked to the technical requirements of schedule 5.1 or in *applicable regulatory instruments*; and
- (b) *system restart ancillary services* and *network support and control ancillary services* acquired by *AEMO* under *ancillary services agreements*.

***non-market generating unit***

A *generating unit* whose *sent out generation* is purchased in its entirety by the *Local Retailer* or by a *Customer* located at the same *connection* point and which has been classified as such in accordance with Chapter 2.

***Non-Market Generator***

A *Generator* who has classified a *generating unit* as a *non-market generating unit* in accordance with Chapter 2.

***non-network option***

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

***Non-Registered Customer***

A person who:

1. purchases electricity through a *connection point* with the *national grid* other than from the *spot market*; and
2. is eligible to be registered by *AEMO* as a *Customer* and to classify the *load* described in (1) as a *first-tier load* or a *second-tier load*, but is not so registered.

***non-regulated transmission services***

A *transmission service* that is neither a *prescribed transmission service* nor a *negotiated transmission service*.

***non-scheduled generating unit***

A *generating unit* so classified in accordance with Chapter 2.

***non-scheduled generating system***

A *generating system* comprising *non-scheduled generating units*.

***Non-Scheduled Generator***

A *Generator* in respect of which any *generating unit* is classified as a *non-scheduled generating unit* in accordance with Chapter 2.

***non-scheduled load***

A *market load* which is not a *scheduled load*.

***non semi-dispatch interval***

For a *semi-scheduled generating unit*, a *dispatch interval* other than a *semi-dispatch interval*.

***non-suspension decision***

A decision made by *AEMO* under clause 3.15.21(c1)(2) or (3) not to suspend some or all of the activities of a *defaulting Market Participant* following an *external administration default event*.

***normal operating frequency band***

In relation to the *frequency* of the *power system*, means the range 49.9Hz to 50.1Hz or such other range so specified in the *power system security standards*.

***normal operating frequency excursion band***

In relation to the *frequency* of the *power system*, means the range specified as being acceptable for infrequent and momentary excursions of *frequency* outside the *normal operating frequency band*, being the range of 49.75 Hz to 50.25 Hz or such other range so specified in the *power system security standards*.

***normal voltage***

In respect of a *connection point*, its *nominal voltage* or such other *voltage* up to 10% higher or lower than *nominal voltage*, as approved by *AEMO*, for that *connection point* at the request of the *Network Service Provider* who provides *connection* to the *power system*.

***normally off***

Describes a *scheduled load* which, unless *dispatched* in accordance with its *dispatch bid*, and in accordance with clause 3.8.7(j), should be considered as being switched off.

***normally on***

Describes a *scheduled load* which, unless *dispatched* in accordance with its *dispatch bid*, and in accordance with clause 3.8.7(i), should be considered as being switched on.

***NSCAS gap***

Any *NSCAS need* that *AEMO* forecasts will arise at any time within a planning horizon of at least 5 years from the beginning of the year in which the most recent *NTNDP* applies.

***NSCAS need***

*Network support and control ancillary service* required to:

- (a) maintain *power system security* and reliability of supply of the *transmission network* in accordance with the *power system security standards* and the *reliability standard*; and
- (b) maintain or increase the *power transfer capability* of that *transmission network* so as to maximise the present value of net economic benefit to all those who produce, consume or transport electricity in the *market*.

***NSCAS preferred tenderers***

Persons that submitted tenders for *NSCAS* that are deemed to be non-competitive as selected by *AEMO* in accordance with clause 3.11.5(g).

***NSCAS Provider***

A person who agrees to provide one or more *network support and control ancillary services* to *AEMO* under an *ancillary services agreement*.

***NT equivalent services***

Regulated network access services (as defined in clause 3 of the *NT Network Access Code*) that are designated as direct control services in Table 3.1 of Part A of the *2014 NT Network Price Determination*.

***NTNDP***

The National Transmission Network Development Plan as defined in the *National Electricity Law*.

***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.

***NT negative change event***

A negative change event (as defined in Part B of the *2014 NT Network Price Determination*) for a *Distribution Network Service Provider*:

- (a) that occurred during the *2014-19 NT regulatory control period*; and

- (b) in relation to which, on or before 30 June 2019, a determination had not been made under clause 3.1.5(a) of Part B of the *2014 NT Network Price Determination* and the time for making it had not expired.

**Note:**

This definition expires on 1 July 2024.

***NT Network Access Code***

The Network Access Code as defined in section 2A(1) of the *Electricity Networks (Third Party Access) Act* (NT).

***NTP functions***

Has the meaning given in the *National Electricity Law*.

***NT positive change event***

A positive change event (as defined in Part B of the *2014 NT Network Price Determination*) for a *Distribution Network Service Provider*:

- (a) that occurred during the *2014-19 NT regulatory control period*; and
- (b) in relation to which, on or before 30 June 2019, either:
- (1) a statement had not been submitted under clause 3.1.2 of Part B of the *2014 NT Network Price Determination* and the time fixed for submitting it had not expired; or
  - (2) a statement had been submitted under clause 3.1.2 of Part B of the *2014 NT Network Price Determination* but a determination had not been made under clause 3.1.3(a) of Part B of the *Determination* and the time for making it had not expired.

**Note:**

This definition expires on 1 July 2024.

***off-loading price***

The price specified for a *price band* and a *trading interval* in a *dispatch offer*, in accordance with clause 3.8.6, for the *off-loading* of a *scheduled generating unit* below its *self-dispatch level*.

***off-loading price band***

A *price band* submitted for *off-loading* below a *self-dispatch level* for a *trading interval* in a *dispatch offer*.

***off-loading, off-load***

The reduction in electricity output or consumption.

***operating expenditure criteria***

For a *Transmission Network Service Provider* – the matters listed in clause 6A.6.6(c)(1)–(3).

For a *Distribution Network Service Provider* – the matters listed in clause 6.5.6(c)(1)–(3).

***operating expenditure factors***

For a *Transmission Network Service Provider* - the factors listed in clause 6A.6.6(e)(1)-(14).

For a *Distribution Network Service Provider* - the factors listed in clause 6.5.6(e)(1)-(12).

***operating expenditure objectives***

For a *Transmission Network Service Provider* – the objectives set out in clause 6A.6.6(a).

For a *Distribution Network Service Provider* – the objectives set out in clause 6.5.6(a).

***operational communication***

A communication concerning the arrangements for, or actual operation of, the *power system* in accordance with the *Rules*.

***operational frequency tolerance band***

The range of *frequency* within which the *power system* is to be operated to cater for the occurrence of a *contingency event* as specified in the *power system security standards*.

***outage***

Any full or partial unavailability of equipment or *facility*.

***outstandings***

In relation to a *Market Participant*, the dollar amount determined by the formula in clause 3.3.9.

***over-recovery amount***

Any amount by which the revenue earned from the provision of *prescribed transmission services* in previous *regulatory years* exceeds the sum of the *AARR* in those *regulatory years*.

***overspending requirement***

The requirement set out in clause S6.2.2A(c) or clause S6A.2.2A(c), as the case may be.

***parent connection point***

The *connection point* between an *embedded network* and a *Network Service Provider's network*.

***Participant compensation fund***

The fund of that name referred to in clause 3.16.

***participant derogation***

Has the meaning given in the *National Electricity Law*. The participant derogations are included in Chapter 8A.

***Participant fees***

The fees payable by *Registered Participants* described in clause 2.11.

***participating jurisdiction***

A jurisdiction that is a “participating jurisdiction” under the *National Electricity Law*.

***PASA availability***

The *physical plant capability* (taking ambient weather conditions into account in the manner described in the procedure prepared under clause 3.7.2(g)) of a *scheduled generating unit*, *scheduled load* or *scheduled network service* available in a particular period, including any *physical plant capability* that can be made available during that period, on 24 hours’ notice.

***pass through event***

For a distribution determination - the events specified in clause 6.6.1(a1)

For a *transmission determination* – the events specified in clause 6A.7.3(a1).

***payment date***

The 20th *business day* after the end of a *billing period*.

***peak load***

Maximum *load*.

***performance incentive scheme parameters***

For a *service target performance incentive scheme*, those parameters that are *published* by the AER in respect of that scheme pursuant to clause 6A.7.4(c).

***performance standard***

A standard of performance that:

- (a) is established as a result of it being taken to be an applicable performance standard in accordance with clause 5.3.4A(i); or
- (b) is included in the register of *performance standards* established and maintained by *AEMO* under rule 4.14(n),

as the case may be.

***performance standards commencement date***

For:

- (a) *Generators, Customers and Network Service Providers* who plan, own, operate or control a *facility* located in a *participating jurisdiction* (other than Tasmania), the *performance standards commencement date* is, in relation to that *facility*, 16 November 2003; and
- (b) *Generators, Customers and Network Service Providers* who plan, own, operate or control a *facility* located in Tasmania, the *performance standards commencement date* is, in relation to that *facility*, the date that Tasmania becomes a *participating jurisdiction*.

***physical plant capability***

The maximum MW output or consumption which an item of electrical equipment is capable of achieving for a given period.

***planned network event***

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

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

***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.

***plant availability***

The *active power capability* of a *generating unit* (in MW), based on the availability of its electrical power conversion process and assuming no fuel supply limitations on the *energy* available for input to that electrical power conversion process.

***plant standard***

An Australian or international standard or a part thereof that:

- (a) the *Reliability Panel* determines to be an acceptable alternative to a particular *minimum access standard* or *automatic access standard* for a particular class of *plant*, or
- (b) a schedule in Chapter 5 establishes as an acceptable alternative to a particular *minimum access standard* or *automatic access standard* for a particular class of *plant*.

***positive change event***

For a *Distribution Network Service Provider*, a *pass through event* which entails the *Distribution Network Service Provider* incurring *materially* higher costs in providing *direct control services* than it would have incurred but for that event, but does not include a *contingent project* or an associated *trigger event*.

For a *Transmission Network Service Provider*, a *pass through event* which entails the *Transmission Network Service Provider* incurring *materially* higher costs in providing *prescribed transmission services* than it would have incurred but for that event, but does not include a *contingent project* or an associated *trigger event*.

***positive network support event***

A *network support event* which entails a *Transmission Network Service Provider* making higher *network support payments* in the preceding *regulatory year* than the amount of *network support payments* (if any) that is provided for in the *annual building block revenue requirement* for the provider for that *regulatory year*.

***positive pass through amount***

For a *Transmission Network Service Provider*, an amount (not exceeding the *eligible pass through amount*) proposed by the provider under clause 6A.7.3(c).

For a *Distribution Network Service Provider*, an amount (not exceeding the *eligible pass through amount*) proposed by the provider under clause 6.6.1(c) or 6.6.1AB(c).

**Note:**

The modification to this definition expires on 1 July 2024.

***postage-stamp basis***

A system of charging *Network Users* for *transmission service* or *distribution service* in which the price per unit is the same regardless of how much *energy* is used by the *Network User* or the location in the *transmission network* or *distribution network* of the *Network User*.

***post-tax revenue model***

For a *Transmission Network Service Provider*, the model prepared and *published* by the *AER* in accordance with clause 6A.5.2.

For a *Distribution Network Service Provider*, the model prepared and *published* by the *AER* in accordance with clause 6.4.1.

***potential value***

In relation to a *transaction* for a *Market Participant*, the dollar amount determined by the procedure in clause 3.3.14.

***power factor***

The ratio of the *active power* to the *apparent power* at a *metering point*.

***power station***

In relation to a *Generator*, a *facility* in which any of that *Generator's generating units* are located.

***power system***

The electricity power system of the *national grid* including associated *generation* and *transmission* and *distribution networks* for the *supply* of electricity, operated as an integrated arrangement or arrangements.

***power system damping***

The rate at which disturbances to the *satisfactory operating state* reduce in magnitude.

***power system demand***

The total *load* (in MW) supplied by the *power system*.

***power system operating procedures***

The procedures to be followed by *Registered Participants* in carrying out operations and/or maintenance activities on or in relation to primary and *secondary equipment connected* to or forming part of the *power system* or *connection points*, as described in clause 4.10.1.

***power system reserve constraint***

A *constraint* in the *central dispatch* due to the need to provide or maintain a specified type and level of *scheduled reserve*.

***power system security***

The safe scheduling, operation and control of the *power system* on a continuous basis in accordance with the principles set out in clause 4.2.6.

***power system security standards***

The standards (other than the *reliability standard* and the *system restart standard*) governing *power system security* and *reliability* of the *power system* to be approved by the *Reliability Panel* on the advice of *AEMO*, but which may include but are not limited to standards for the *frequency* of the *power system* in operation and *contingency capacity reserves* (including guidelines for assessing requirements).

***power transfer***

The instantaneous rate at which *active energy* is transferred between *connection points*.

***power transfer capability***

The maximum permitted *power transfer* through a *transmission* or *distribution network* or part thereof.

***pre-adjusted locational component***

Has the meaning given to it in clause 6A.23.3(a).

***pre-adjusted non-locational component***

Has the meaning given to it in clause 6A.23.3(a).

***pre-dispatch***

Forecast of *dispatch* performed one *day* before the *trading day* on which *dispatch* is scheduled to occur.

***pre-dispatch schedule***

A schedule prepared in accordance with clause 3.8.20(a).

***preliminary program***

The program to be prepared by a *Network Service Provider* showing proposed milestones for *connection* and access activities as specified in clause 5.3.3(b)(6).

***preliminary statement***

Has the meaning given in clause 3.15.14(a).

***premises connection assets***

Has (in the context of Chapter 5A) the meaning given in clause 5A.A.1

***prescribed common transmission services***

*Prescribed transmission services* that provide equivalent benefits to

- (a) all *Transmission Customers* who have a *connection point* with the relevant *transmission network* without any differentiation based on their location within the *transmission system*; and
- (b) *Transmission Network Service Providers* in *interconnected regions*, without any differentiation based on the location of their direct or indirect *connection* or *interconnection* with the relevant *transmission system*.

***prescribed connection services***

Services that are either *prescribed entry services* or *prescribed exit services*.

***prescribed entry services***

*Entry services* that are *prescribed transmission services* by virtue of the operation of clause 11.6.11.

***prescribed exit services***

*Exit services* that are *prescribed transmission services* by virtue of the operation of clause 11.6.11 and *exit services* provided to *Distribution Network Service Providers*.

***prescribed shared transmission services***

*Shared transmission services* that are *prescribed TUOS services* or *prescribed common transmission services*.

***prescribed transmission service***

Any of the following services:

- (a) a *shared transmission service* that:

- (1) does not exceed such *network* performance requirements (whether as to quality or quantity) as that *shared transmission service* is required to meet under any *jurisdictional electricity legislation*;
  - (2) except to the extent that the *network* performance requirements which that *shared transmission service* is required to meet are prescribed under any *jurisdictional electricity legislation*, does not exceed such *network* performance requirements (whether as to quality or quantity) as are set out in schedule 5.1a or 5.1; or
  - (3) is an *above-standard system shared transmission service*;
- (b) services that are required to be provided by a *Transmission Network Service Provider* under the *Rules*, or in accordance with *jurisdictional electricity legislation*, to the extent such services relate to the provision of the services referred to in paragraph (a), including such of those services as are:
- (1) required by *AEMO* to be provided under the *Rules*, but excluding those acquired by *AEMO* under rule 3.11; and
  - (2) necessary to ensure the integrity of a *transmission network*, including through the maintenance of *power system security* and assisting in the planning of the *power system*; or
- (c) *connection services* that are provided by a *Transmission Network Service Provider* to another *Network Service Provider* to connect their *networks* where neither of the *Network Service Providers* is a *Market Network Service Provider*,

but does not include a *negotiated transmission service* or a *market network service*.

***prescribed TUOS services or prescribed transmission use of system services;***

*Prescribed transmission services* that are not *prescribed common transmission services*, *prescribed entry services* or *prescribed exit services*, and that provide specific benefits to:

- (a) *Transmission Customers* who have a *connection point* with the relevant *transmission network*, based on the location of that *connection point* within the *transmission system*; and
- (b) *Transmission Network Service Providers* who have a direct or indirect *connection* or an *interconnection* with the relevant *transmission network*, based on the location of that *connection* or *interconnection* within the relevant *transmission system*.

***price band***

A MW quantity specified in a *dispatch bid*, *dispatch offer* or *market ancillary service offer* as being available for *dispatch* at a specified price.

***pricing methodology***

For a *Transmission Network Service Provider*, means the pricing methodology approved by the AER for that *Transmission Network Service Provider* and included in a *transmission determination* as referred to in rule 6A.24.

***pricing methodology guidelines***

Guidelines made by the AER under rule 6A.25 that contain the matters set out in clause 6A.25.2.

***pricing principles for direct control services***

The requirements set out in clause 6.18.5.

***Pricing Principles for Prescribed Transmission Services***

The principles set out in rule 6A.23.

***pricing proposal***

A pricing proposal under Part I of Chapter 6.

***pricing zone***

A geographic area within which *Network Users* are charged a specific set of *distribution service* prices.

***profile***

*Metering data* or costs for a period longer than a *trading interval* allocated into *trading intervals*.

***projected assessment of system adequacy process* (“PASA”)**

The medium term and short term processes described in clause 3.7 to be administered by AEMO.

***Proponent***

In respect of clause 5.7.7 has the meaning given in clause 5.7.7(a).

***proposed contingent capital expenditure***

For a *Distribution Network Service Provider*, the total forecast capital expenditure for the relevant *proposed contingent project*, as included in the *regulatory proposal* for that project.

For a *Transmission Network Service Provider*, the total forecast capital expenditure for the relevant *proposed contingent project*, as included in the *Revenue Proposal* for that project.

***proposed contingent project***

A proposal by a *Distribution Network Service Provider* as part of a *regulatory proposal* for a project to be determined by the *AER* as a *contingent project* for the purposes of a distribution determination accordance with clause 6.6A.1(b)(1).

A proposal by a *Transmission Network Service Provider* as part of a *Revenue Proposal* for a project to be determined by the *AER* as a *contingent project* for the purposes of a *revenue determination* in accordance with clause 6A.8.1(b)(1).

***prospective reallocation***

A *reallocation transaction* that occurs in a *trading interval* that takes place at a time after the *reallocation request* is made.

***protected information***

Has the meaning given in the *National Electricity Law*.

***protection system***

A system, which includes equipment, used to protect a *Registered Participant's facilities* from damage due to an electrical or mechanical fault or due to certain conditions of the *power system*.

***prudential requirements***

The requirements which must be satisfied as a condition of eligibility to remain a *Market Participant* in accordance with clause 3.3.

***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.

***ramp rate***

The rate of change of *active power* (expressed as MW/minute) required for *dispatch*.

### ***Rate of Return Guidelines***

Guidelines made by the *AER* under clause 6.5.2(m) or clause 6A.6.2(m), as the case may be.

### ***rated active power***

- (1) In relation to a *generating unit*, the maximum amount of *active power* that the *generating unit* can continuously deliver at the *connection point* when operating at its *nameplate rating*.
- (2) In relation to a *generating system*, the combined maximum amount of *active power* that its in-service *generating units* can deliver at the *connection point*, when its in-service *generating units* are operating at their *nameplate ratings*.

### ***reactive energy***

A measure, in varhour (varh), of the alternating exchange of stored energy in inductors and capacitors, which is the time-integral of the product of *voltage* and the out-of-phase component of current flow across a *connection point*.

### ***reactive plant***

*Plant* which is normally specifically provided to be capable of providing or absorbing *reactive power* and includes the *plant* identified in clause 4.5.1(g).

### ***reactive power***

The rate at which *reactive energy* is transferred.

*Reactive power* is a necessary component of alternating current electricity which is separate from *active power* and is predominantly consumed in the creation of magnetic fields in motors and *transformers* and produced by *plant* such as:

- (a) alternating current generators;
- (b) capacitors, including the capacitive effect of parallel *transmission* wires; and
- (c) *synchronous condensers*.

### ***reactive power capability***

The maximum rate at which *reactive energy* may be transferred from a *generating unit* to a *connection point* as specified or proposed to be specified in a *connection agreement* (as the case may be).

### ***reactive power reserve***

Unutilised sources of *reactive power* arranged to be available to cater for the possibility of the unavailability of another source of *reactive power* or increased requirements for *reactive power*.



***reactive power support/reactive support***

The provision of *reactive power*.

***reactor***

A device, similar to a *transformer*, specifically arranged to be *connected* into the *transmission system* during periods of low *load* demand or low *reactive power* demand to counteract the natural capacitive effects of long *transmission lines* in generating excess *reactive power* and so correct any *transmission voltage* effects during these periods.

***real estate developer***

Has (in the context of Chapter 5A) the meaning given in clause 5A.A.1

***real estate development***

Has (in the context of Chapter 5A) the meaning given in clause 5A.A.1

***reallocation***

A process under which two *Market Participants* request *AEMO* to make matching debits and credits to the position of those *Market Participants* with *AEMO*.

***reallocation amount***

In respect of a *Market Participant*, the positive or negative dollar amount in respect of a *reallocation transaction* being an amount payable to or by the *Market Participant*.

***reallocation procedures***

The procedures *published* by *AEMO* under clause 3.15.11A.

***reallocation request***

A request to *AEMO* for a *reallocation*, pursuant to clause 3.15.11(c).

***reallocation transaction***

A *transaction* which occurs when the applicable *trading interval* specified in a *reallocation request* occurs and the *reallocation request* has been registered and not deregistered before the expiration of the *trading interval*.

***Reallocator***

A person registered as a Reallocator by *AEMO* in accordance with rule 2.5B.

***rebid***

A variation to a bid or offer made in accordance with clause 3.8.22(b).

***reconfiguration investment***

Has the meaning given in clause 5.6.5C(a)(5).

***Referred Affected Participant***

An *Affected Participant* who has a claim referred to an independent expert pursuant to clauses 3.12.2(l) or 3.12.2(m).

***Referred Directed Participant***

A *Directed Participant* who has a claim referred to an independent expert pursuant to clauses 3.15.7B(c) or 3.15.7B(d).

***Referred Market Customer***

A *Market Customer* who has a claim referred to an independent expert pursuant to clauses 3.12.2(l) or 3.12.2(m).

***region, regional***

An area determined by the *AEMC* in accordance with Chapter 2A, being an area served by a particular part of the *transmission network* containing one or more major *load centres* or *generation centres* or both.

***regional benefit directions procedures***

Has the meaning given in clause 3.15.8(b2).

***regional reference node***

A location on a *transmission* or *distribution network* to be determined for each *region* by the *AEMC* in accordance with Chapter 2A.

***regional reference price***

*Spot price* at the *regional reference node*.

***regional specific power system operating procedures***

The procedures described in clause 4.10.1(a)(3).

***Regions Publication***

The document *published* by *AEMO* under clause 2A.1.3 that provides a list of all *regions*, *regional reference nodes* and the *region* to which each *market connection point* is assigned.

***Registered Participant***

A Registered participant as defined in the *National Electricity Law*.

***Registered Participant Agent***

An agent of a *Registered Participant* appointed under clause 4.11.5.

***registration category***

Has the meaning given in clause 3.15.21(c1)(1).

***regulated interconnector***

An *interconnector* which is referred to in clause 11.8.2 of the *Rules* and is subject to *transmission service* regulation and pricing arrangements in Chapter 6A.

***regulating capability***

The capability to perform *regulating duty*.

***regulating capability constraints***

*Constraints* on the formulation of a realisable *dispatch* or *predispatch schedule* due to the need to provide for *regulating capability*.

***regulating duty***

In relation to a *generating unit*, the duty to have its *generated* output adjusted frequently so that any *power system frequency* variations can be corrected.

***regulating lower service***

The service of controlling the level of *generation* or *load* associated with a particular *facility*, in accordance with the requirements of the *market ancillary service specification*, in accordance with electronic signals from *AEMO* in order to lower the *frequency* of the *power system*.

***regulating raise service***

The service of controlling the level of *generation* or *load* associated with a particular *facility*, in accordance with the requirements of the *market ancillary service specification*, in accordance with electronic signals from *AEMO* in order to raise the *frequency* of the *power system*.

***regulation services***

The *regulating raise service* and *regulating lower service*.

***regulatory change event***

A change in a *regulatory obligation* or *requirement* that:

- (a) falls within no other category of *pass through event*; and
- (b) occurs during the course of a *regulatory control period*; and
- (c) substantially affects the manner in which the *Transmission Network Service Provider* provides *prescribed transmission services* or the *Distribution Network Service Provider* provides *direct control services* (as the case requires); and
- (d) *materially* increases or *materially* decreases the costs of providing those services.

***regulatory control period***

- (a) In respect of a *Transmission Network Service Provider*, a period of not less than 5 *regulatory years* in which a *total revenue cap* applies to that provider by virtue of a *revenue determination*.
- (b) In respect of a *Distribution Network Service Provider*, a period of not less than 5 *regulatory years* for which the provider is subject to a control mechanism imposed by a distribution determination.

***regulatory information instrument***

Has the meaning given in the *National Electricity Law*.

***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.

***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.

***regulatory obligation or requirement***

Has the meaning assigned in the Law.

***regulatory proposal***

A proposal (by a *Distribution Network Service Provider*) under rule 6.8.

***regulatory year***

Each consecutive period of 12 calendar months in a *regulatory control period*, the first such 12 month period commencing at the beginning of the *regulatory control period* and the final 12 month period ending at the end of the *regulatory control period*. For AEMO, each *financial year* is a *regulatory year*.

***related body corporate***

In relation to a body corporate, a body corporate that is related to the first-mentioned body by virtue of the *Corporations Act 2001* (Cth).

***releasable user guide***

A document associated with a functional block diagram and model source code provided under clause S5.2.4(b) (combined, forming the **model**), that contains sufficient information to enable a *Registered Participant* to use model source code provided under clause 3.13.3(1) to carry out *power system* studies for planning and operational purposes. The information in a releasable user guide must include, but is not limited to:

- (1) the **model** parameters and their values;
- (2) information about how the **model** parameter values vary with the operating state or output level of the *plant* or with the operating state or output level of any associated *plant*;
- (3) instructions relevant to the use and operation of the model source code provided under clause 3.13.3(1);
- (4) settings of *protection systems* that are relevant to load flow or dynamic simulation studies;
- (5) information provided in accordance with Schedule 5.5 only to the extent that the information is not a part of the **model** or the **model** parameters and that is reasonably necessary to allow modelling of the *generating unit*, *generating system* or related *plant* in *power system* load flow or dynamic simulation studies;
- (6) *connection point* details including its parameters and values, location, network augmentations or modifications and other relevant connection information;
- (7) in regards to any relevant *generating unit* or *generating system*, the date on which any of the following has occurred or is expected to occur:
  - (i) *an application to connect* is made under clause 5.3.4(a);
  - (ii) a *connection agreement* is entered into under clause 5.3.7;
  - (iii) the *Generator* submits a proposal to alter a *connected generating system* or a *generating system*, for which *performance standards* have previously been accepted by AEMO, under clause 5.3.9;
  - (iv) the *Generator* is notified that the *Network Service Provider* and AEMO are satisfied with the proposed alterations to the *generating plant* under clause 5.3.10;
  - (v) *connection*;
  - (vi) commencement of commissioning; and
  - (vii) conclusion of commissioning; and
- (8) the date this document was prepared or updated.

***relevant AEMO intervention event***

A *AEMO intervention event* that involves the exercise of the *reliability and emergency reserve trader* in accordance with rule 3.20 as referred to in paragraph (b) of the definition of *AEMO intervention event*.

***relevant tax***

Any tax payable by a *Transmission Network Service Provider* or a *Distribution Network Service Provider* other than:

- (a) income tax and capital gains tax;
- (b) stamp duty, financial institutions duty and bank accounts debits tax;
- (c) penalties, charges, fees and interest on late payments, or deficiencies in payments, relating to any tax; or
- (d) any tax that replaces or is the equivalent of or similar to any of the taxes referred to in paragraphs (a) to (b) (including any State equivalent tax).

***Relevant Transmission Network Service Provider, Relevant TNSP***

In respect of clause 5.7.7 has the meaning given in clause 5.7.7(a).

***reliability***

The probability of a system, device, *plant* or equipment performing its function adequately for the period of time intended, under the operating conditions encountered.

***reliability and emergency reserve trader (RERT)***

The actions taken by *AEMO* as referred to in clause 3.20.2, in accordance with rule 3.20, to ensure reliability of *supply*.

***reliability augmentation***

A *transmission network augmentation* that is necessitated principally by inability to meet the minimum *network* performance requirements set out in schedule 5.1 or in relevant legislation, regulations or any statutory instrument of a *participating jurisdiction*.

***Reliability Panel***

The panel established by the *AEMC* under section 38 of the *National Electricity Law*.

***reliability settings***

The following market settings:

- (a) the *market price cap*;
- (b) the *cumulative price threshold*;
- (c) the *market floor price*; and
- (d) the *administered price cap*.

***reliability standard***

The standard specified in clause 3.9.3C.

***reliability standard and settings guidelines***

The guidelines developed under clause 3.9.3A(a).

***reliability standard and settings review***

A review of the *reliability standard* and the *reliability settings*, including the manner of indexing the *market price cap* and the *cumulative price threshold*, conducted in accordance with clause 3.9.3A.

***reliability standard implementation guidelines***

The guidelines developed under clause 3.9.3D.

***reliable***

The expression of a recognised degree of confidence in the certainty of an event or action occurring when expected.

***reliable operating state***

In relation to the *power system*, has the meaning set out in clause 4.2.7.

***remote acquisition***

The acquisition of *interval metering data* from a *metering installation*, where a *telecommunications network* transmits the *metering data* from the *communications interface* at site of the *metering point* to the *metering data services database*, and:

- (a) does not, at any time, require the presence of a person at, or near, the *interval meter* for the purposes of data collection or data verification (whether this occurs manually as a walk-by reading or through the use of a vehicle as a close proximity drive-by reading); and
- (b) includes but is not limited to methods that transmit *metering data* via:
  - (1) fixed-line telephone ('direct dial-up');
  - (2) satellite;
  - (3) the internet;
  - (4) wireless or radio, including mobile telephone networks;
  - (5) power line carrier; or
  - (6) any other equivalent technology.

**Note:**

For the requirements of clause 7.3.4(f) remote acquisition may collect other than interval metering data.

***remote control equipment***

Equipment used to control the operation of elements of a *power station* or *substation* from a *control centre*.

***remote monitoring equipment***

Equipment installed to enable monitoring of a *facility* from a *control centre*.

***representative***

In relation to a person, any employee, agent or professional adviser of:

- (a) that person; or
- (b) a *related body corporate* of that person; or
- (c) a third party contractor to that person.

***required credit support amount***

Has (in the context of Chapter 6B) the meaning given in clause 6B.B1.2.

***required pass through amount***

In respect of a *negative change event* for a *Transmission Network Service Provider*, the costs in the provision of *prescribed transmission services* that, as a result of that *negative change event*, the *Transmission Network Service Provider* has saved and is likely to save (as opposed to the revenue impact of that event) until:

- (a) unless paragraph(b) applies – the end of the *regulatory control period* in which the *negative change event* occurred; or
- (b) if the *transmission determination* for the *regulatory control period* following that in which the *negative change event* occurred does not make any allowance for the pass through of the saved costs (whether or not in the forecast operating expenditure or forecast capital expenditure accepted or substituted by the *AER* for that *regulatory control period*) – the end of the *regulatory control period* following that in which the *negative change event* occurred.

In respect of a *negative change event* for a *Distribution Network Service Provider*, the costs in the provision of *direct control services* that, as a result of the *negative change event*, the *Distribution Network Service Provider* has saved and is likely to save (as opposed to the revenue impact of that event) until:

- (a) unless paragraph(b) applies – the end of the *regulatory control period* in which the *negative change event* occurred; or



- (b) if the distribution determination for the *regulatory control period* following that in which the *negative change event* occurred does not make any allowance for the pass through of the saved costs (whether or not in the forecast operating expenditure or forecast capital expenditure accepted or substituted by the AER for that *regulatory control period*) – the end of the *regulatory control period* following that in which the *negative change event* occurred.

In respect of an *NT negative change event* for a *Distribution Network Service Provider*, the costs in the provision of *direct control services* or *NT equivalent services* that, as a result of the *NT negative change event*, the *Distribution Network Service Provider* has saved and is likely to save (as opposed to the revenue impact of that event) until the end of the *1st regulatory control period*.

**Note:**

The modification to this definition expires on 1 July 2024.

***RERT guidelines***

The guidelines developed and *published* by the *Reliability Panel* under clause 3.20.8.

***RERT principles***

The principles referred to in clause 3.20.2(b).

***reserve***

*Scheduled reserve* or *unscheduled reserve*.

***reserve contract***

A *scheduled reserve contract* or an *unscheduled reserve contract*.

***response breakpoint***

- (a) In relation to a *market ancillary service offer* to raise the *frequency* of the *power system*, the level of associated *generation* or *load* (in MW) above which the amount of response specified in the *offer* reduces with increased *generation* or *load* level; and
- (b) in relation to a *market ancillary service offer* to lower the *frequency* of the *power system*, the level of associated *generation* or *load* (in MW) below which the amount of response specified in the *offer* reduces with decreased *generation* or *load* level.

***response capability***

- (a) In relation to a *market ancillary service offer* to raise the *frequency* of the *power system*, the amount of the response in (MW) which is specified in the *offer* for every level of associated *generation* or *load* below the associated *response breakpoint*; and

- (b) in relation to a *market ancillary service offer* to lower the *frequency* of the *power system*, the amount of the response in (MW) which is specified in the *offer* for every level of associated *generation* or *load* above the associated *response breakpoint*.

***responsible person***

Has the meaning given in clause 7.2.1(a).

***restriction demand reduction***

The reduction in a *Market Customer's* demand due to the imposition of *mandatory restrictions* as reasonably determined by an independent expert in accordance with clause 3.12A.7. For the avoidance of doubt, the reduction of a *Market Customer's* demand due to the imposition of *mandatory restrictions* should exclude any reduction in its demand which the *Market Customer* claims was due to the operation of *generation* and as reasonably verified by the independent expert in a similar manner to that used by the independent expert to determine restrictions due to demand management.

***restriction offer***

An offer by a *Scheduled Generator* or a *Scheduled Network Service Provider* to provide capacity to *AEMO* for all or part of a *mandatory restriction period* made in accordance with the *restriction offer procedures*.

***restriction offer procedures***

The procedures developed by *AEMO* in accordance with clause 3.12A.1.

***restriction shortfall amount***

The amount determined in accordance with clause 3.12A.7(b).

***retail billing period***

Has (in the context of Chapter 6B) the meaning given in clause 6B.A1.2.

***retail customer***

Has the same meaning as in the *National Electricity Law*.

Otherwise, a person to whom electricity is sold by a *retailer*, and supplied in respect of *connection points*, for the premises of the person, and includes a person (or a person who is of a class of persons) prescribed by these *Rules* for the purposes of this definition.

**Note:**

In the context of Chapter 5A, the above definition has been supplemented by a definition specifically applicable to that Chapter. See clause 5A.A.1.

### ***Retail Market Procedures***

Procedures made under these *Rules* for or in *connection* with the sale and *supply* of electricity to *retail customers* or the operation of retail electricity *markets* including:

- (a) *B2B procedures*; and
- (b) the *Market Settlement and Transfer Solution Procedures*; and
- (c) the *metrology procedures*; and
- (d) other procedures dealing with, or incidental to, the retail sale or *supply* of electricity or related services.

### ***retailer***

Has the same meaning as in the *National Electricity Law*.

Otherwise, a *Customer* who engages in the activity of selling electricity to end users.

### ***retailer insolvency event***

The failure of a *retailer* during a *regulatory control period*, to pay a *Distribution Network Service Provider* an amount to which the service provider is entitled for the provision of *direct control services*, if:

- (a) an *insolvency official* has been appointed in respect of that *retailer*; and
- (b) the *Distribution Network Service Provider* is not entitled to payment of that amount in full under the terms of any *credit support* provided in respect of that *retailer*.

### ***revenue determination***

A determination referred to in clause 6A.2.2(1) and rule 6A.4 as substituted (if at all) pursuant to clause 6A.7.1 or rule 6A.15 or as amended pursuant to clause 6A.8.2.

### ***Revenue Proposal***

For a *Transmission Network Service Provider*, a proposal submitted or resubmitted by the *Transmission Network Service Provider* to the *AER* pursuant to clause 6A.10.1(a), clause 6A.11.2 or clause 6A.12.3(a) (as the context requires).

### ***review***

An examination of the specified matters conducted to the standard specified for a "review" in Auditing Standard AUS106: "Explanatory Framework for standards on Audit and Audit Related Services" prepared by the Auditing Standards Board, as varied from time to time.

***revised statement***

A statement issued by *AEMO* under clause 3.15.19 following the resolution of a dispute regarding a *final statement*.

***RMS phase voltage***

The *voltage* of *supply* measured as the average of the root mean square of the *voltages* between each pair of phases.

***roll forward model***

According to context:

- (a) the model developed and published by the *AER* for the roll forward of the regulatory asset base for *transmission systems* in accordance with clause 6A.6.1;
- (b) the model developed and published by the *AER* for the roll forward of the regulatory asset base for *distribution systems* in accordance with clause 6.5.1.

***RoLR cost recovery scheme distributor payment determination***

Has the same meaning as in the *National Energy Retail Law*.

***RoLR Procedures***

Has the same meaning as in the *National Energy Retail Law*.

***RoLR***

Has the same meaning as in the *National Energy Retail Law*.

***routine revised statement***

A *settlement statement* issued by *AEMO* under clause 3.15.19(b).

***Rule fund***

A fund referred to in clause 1.11(a).

***Rules***

The National Electricity Rules as defined in section 2(1) of the *National Electricity Law*.

***Rules bodies***

Any person or body, other than *AEMO*, the *AER*, the *AEMC*, or the *ACCC*, that is appointed or constituted by the *Rules* to perform functions under the *Rules*.

***Rules consultation procedures***

The procedures for consultation with *Registered Participants* or other persons as set out in clause 8.9.

***satisfactory operating state***

In relation to the *power system*, has the meaning given in clause 4.2.2.

***scheduled generating unit***

- (a) A *generating unit* so classified in accordance with Chapter 2.
- (b) For the purposes of Chapter 3 (except clause 3.8.3A(b)(1)(iv)) and rule 4.9, two or more *generating units* referred to in paragraph (a) that have been aggregated in accordance with clause 3.8.3.

***scheduled generating system***

A *generating system* comprising *scheduled generating units*.

***Scheduled Generator***

A *Generator* in respect of which any *generating unit* is classified as a *scheduled generating unit* in accordance with Chapter 2.

***scheduled high price***

The dollar amount per MWh or MW, as the case may be, determined as such by *AEMO* pursuant to clause 3.3.17.

***scheduled load***

- (a) A *market load* which has been classified by *AEMO* in accordance with Chapter 2 as a *scheduled load* at the *Market Customer's* request. Under Chapter 3, a *Market Customer* may submit *dispatch bids* in relation to *scheduled loads*.
- (b) For the purposes of Chapter 3 (except clause 3.8.3A(b)(1)(ii)) and rule 4.9, two or more *scheduled loads* referred to in paragraph (a) that have been aggregated in accordance with clause 3.8.3.

***scheduled low price***

The dollar amount per MWh or MW, as the case may be, determined as such by *AEMO* pursuant to clause 3.3.17.

***scheduled network service***

- (a) A *network service* which is classified as a *scheduled network service* in accordance with Chapter 2.
- (b) For the purposes of Chapter 3 (except clause 3.8.3A(b)(1)(ii)) and rule 4.9, two or more *scheduled network services* referred to in paragraph (a) that have been aggregated in accordance with clause 3.8.3.

***Scheduled Network Service Provider***

A *Network Service Provider* who has classified any of its *network services* as a *scheduled network service*.

***scheduled plant***

In respect of a *Registered Participant*, a *scheduled generating unit*, a *semi-scheduled generating unit*, a *scheduled network service* or a *scheduled load* classified by or in respect to that *Registered Participant* in accordance with Chapter 2.

***scheduled reserve***

The amount of surplus or unused capacity:

- (a) of *scheduled generating units*;
- (b) of *scheduled network services*; or
- (c) arising out of the ability to reduce *scheduled loads*.

***scheduled reserve contract***

A contract entered into by *AEMO* for the provision of *scheduled reserve* in accordance with rule 3.20.

***scheduling error***

*Scheduling error* means any of the events described in clause 3.8.24(a).

***secondary equipment***

Those assets of a *Market Participant's facility* which do not carry the *energy* being traded, but which are required for control, protection or operation of assets which carry such *energy*.

***Second-Tier Customer***

A *Customer* which has classified any *load* as a *second-tier load* in accordance with Chapter 2.

***second-tier load***

Electricity purchased at a *connection point* in its entirety other than directly from the *Local Retailer* or the *spot market* and which is classified as a *second-tier load* in accordance with Chapter 2.

***secure operating state***

In relation to the *power system* has the meaning given in clause 4.2.4.

***self-commitment, self-commit***

*Commitment*, where the decision to *commit* a *generating unit* was made by the relevant *Generator* without instruction or direction from *AEMO*.

***self-decommitment***

*Decommitment*, where the decision to *decommit* a *generating unit* was made by the relevant *Generator* without instruction or direction from *AEMO*.

***semi-dispatch interval***

For a *semi-scheduled generating unit*, a *dispatch interval* for which either:

- (a) a *network constraint* would be violated if the *semi-scheduled generating unit's* generation were to exceed the *dispatch level* specified in the related *dispatch instruction* at the end of the *dispatch interval*; or
- (b) the *dispatch level* specified in that *dispatch instruction* is less than the *unconstrained intermittent generation forecast* at the end of the *dispatch interval*,

and which is notified by *AEMO* in that *dispatch instruction* to be a *semi-dispatch interval*.

***self-dispatch level***

The level of *generation* in MW, as specified in a *dispatch offer* for a *generating unit* and a *trading interval*, which is the level at which that *generating unit* must be *dispatched* by *AEMO* in that *trading interval* unless otherwise *dispatched* in accordance with clause 3.8 or unless required to operate under a *direction* issued by *AEMO* in accordance with clause 4.8.9.

***semi-scheduled generating system***

A *generating system* comprising *semi-scheduled generating units*.

***semi-scheduled generating unit***

- (a) A *generating unit* classified in accordance with clause 2.2.7.
- (b) For the purposes of Chapter 3 and rule 4.9, two or more *generating units* referred to in paragraph (a) that have been aggregated in accordance with clause 3.8.3.

***Semi-Scheduled Generator***

A *Generator* in respect of which any *generating unit* is classified as a *semi-scheduled generating unit* in accordance with Chapter 2.

***sensitive loads***

*Loads* defined as sensitive for each *participating jurisdiction* by the *Jurisdictional System Security Coordinator* for that *participating jurisdiction*.

***sent out generation***

In relation to a *generating unit*, the amount of electricity *supplied* to the *transmission* or *distribution network* at its *connection point*.

### ***Service Applicant***

According to context:

- (a) a person who is an existing or intending *Registered Participant* or a person who is eligible to become a *Registered Participant*; or
- (b) a person who asks a *Distribution Network Service Provider* for access to a *distribution service*.

### ***service level procedures***

The procedures established under the *Rules consultation procedures* by AEMO in accordance with clause 7.14.1A.

### ***service standard event***

A legislative or administrative act or decision that:

- (a) has the effect of:
  - (i) substantially varying, during the course of a *regulatory control period*, the manner in which a *Transmission Network Service Provider* is required to provide a *prescribed transmission service*, or a *Distribution Network Service Provider* is required to provide a *direct control service*; or
  - (ii) imposing, removing or varying, during the course of a *regulatory control period*, minimum service standards applicable to *prescribed transmission services* or *direct control services*; or
  - (iii) altering, during the course of a *regulatory control period*, the nature or scope of the *prescribed transmission services* or *direct control services*, provided by the service provider; and
- (b) *materially* increases or *materially* decreases the costs to the service provider of providing *prescribed transmission services* or *direct control services*.

### ***service target performance incentive scheme***

A For a *Transmission Network Service Provider* – a scheme developed and *published* by the AER in accordance with clause 6A.7.4.

For a *Distribution Network Service Provider* – a scheme developed and *published* by the AER in accordance with clause 6.6.2.

### ***settlement amount***

The amount calculated by AEMO pursuant to clause 3.15.12.

### ***settlement statement***

Includes an *interim statement*, *preliminary statement* and *final statement*.



***settlements***

The activity of producing bills and credit notes for *Market Participants*.

***settlements ready data***

The *metering data* that has undergone a validation and substitution process by *AEMO* for the purpose of *settlements* and is held in the *metering database*.

***settlements residue***

Any surplus or deficit of funds retained by *AEMO* upon completion of *settlements* to all *Market Participants* in respect of a *trading interval*, being either *inter-regional* settlements residue or *intra-regional* settlements residue.

***settlement residue committee***

The committee established by *AEMO* in accordance with clause 3.18.5.

***settlement residue distribution agreement* or *SRD agreement***

Has the meaning given in clause 3.18.1(b).

***Shared Asset Guidelines***

Guidelines made by the *AER* under clause 6.4.4(d) or clause 6A.5.5(d), as the case may be.

***shared asset principles***

Has the meaning given to it by clause 6.4.4(c) or clause 6A.5.5(c), as the case may be.

***shared customer***

Has (in the context of Chapter 6B) the meaning given in clause 6B.A1.2.

***shared distribution service***

A service provided to a *Distribution Network User* for use of a *distribution network* for the conveyance of electricity (including a service that ensures the integrity of the related *distribution system*).

***shared network capability service***

Has the meaning given in the *National Electricity Law*.

***shared transmission service***

A service provided to a *Transmission Network User* for use of a *transmission network* for the conveyance of electricity (including a service that ensures the integrity of the related *transmission system*).

***short circuit fault***

A fault having a metallic conducting path between any two or more conductors or between any conductor and ground, including touching conductors and faults through earthing facilities, and excluding faults within equipment at a station.

***short term PASA***

The *PASA* in respect of the period described in clause 3.7.3(b), as described under clause 3.7.3.

***short term PASA inputs***

The inputs to be prepared in accordance with clauses 3.7.3(d) and (e).

***shunt capacitor***

A type of *plant connected to a network* to generate *reactive power*.

***shunt reactor***

A type of *plant connected to a network* to absorb *reactive power*.

***single contingency***

In respect of a *transmission* or *distribution network* and *Network Users*, a sequence of related events which result in the removal from service of one *Network User*, *transmission* or *distribution line*, or *transformer*. The sequence of events may include the application and clearance of a fault of defined severity.

***slow lower service***

The service of providing, in accordance with the requirements of the *market ancillary service specification*, the capability of controlling the level of *generation* or *load* associated with a particular *facility* in response to the locally sensed *frequency* of the *power system* in order to stabilise a rise in that *frequency*.

***slow raise service***

The service of providing, in accordance with the requirements of the *market ancillary service specification*, the capability of controlling the level of *generation* or *load* associated with a particular *facility* in response to the locally sensed *frequency* of the *power system* in order to stabilise a fall in that *frequency*.

***slow start generating unit***

A *generating unit* described in clause 3.8.17(a).

***slow start reserve generating unit***

A *slow start generating unit* providing *scheduled reserve*.

***small customer***

- (a) In a *participating jurisdiction* where the *National Energy Retail Law* applies as a law of that *participating jurisdiction*, has the meaning given in the *National Energy Retail Law*.
- (b) Otherwise, has the meaning given in *jurisdictional electricity legislation*.

***small generating unit***

A *generating unit*:

- (a) with a *nameplate rating* that is less than 30MW; and
- (b) which is owned, controlled or operated by a person that *AEMO* has exempted from the requirement to register as a *Generator* in respect of that *generating unit* in accordance with clause 2.2.1(c).

***Small Generation Aggregator***

A person who:

- (a) intends to supply, or supplies, electricity from one or more *small generating units* that are connected to a *transmission or distribution system*; and
- (b) is registered by *AEMO* as a *Small Generation Aggregator* under Chapter 2.

***small-scale incentive scheme***

A scheme developed and *published* by the *AER* in accordance with clause 6.6.4 or clause 6A.7.5, as the case may be.

***Special Participant***

A *System Operator* or a *Distribution System Operator*.

***special revised statement***

A *settlement statement* issued by *AEMO* under clause 3.15.19(a)(3).

***spot market***

The spot market established and operated by *AEMO* in accordance with clause 3.4.1.

***spot market transaction***

A transaction as defined pursuant to clause 3.15.6 which occurs in the *spot market*.

***spot price***

The price for electricity in a *trading interval* at a *regional reference node* or a *connection point* as determined in accordance with clause 3.9.2.

***spot price forecast***

A forecast of the *spot price*.

***SRAS Guideline***

The guideline developed and *published* by *AEMO* in accordance with clause 3.11.7(c) as in force from time to time and includes amendments made in accordance with clauses 3.11.7(f) and 3.11.7(g).

***SRAS Objective***

The objective for *system restart ancillary services* is to minimise the expected costs of a *major supply disruption*, to the extent appropriate having regard to the *national electricity objective*.

***SRAS Provider***

A person who agrees to provide one or more *system restart ancillary services* to *AEMO* under an *ancillary services agreement*.

***SRAS Procurement Objective***

Has the meaning given in clause 3.11.7(a1).

***stand-alone amount***

For a *category of prescribed transmission services*, the costs of a *transmission system asset* that would have been incurred had that *transmission system asset* been developed, exclusively to provide that *category of prescribed transmission services*.

***standard connection service***

Has (in the context of Chapter 5A) the meaning given in clause 5A.A.1.

***standard control service***

A *direct control service* that is subject to a control mechanism based on a *Distribution Network Service Provider's total revenue requirement*.

***Standards Australia***

The Standards Association of Australia and includes its heirs or successors in business.

***statement of charges***

Has (in the context of Chapter 6B) the meaning given in clause 6B.A1.2.

***statement of opportunities***

A statement prepared by *AEMO* to provide information to assist *Scheduled Generators*, *Semi-Scheduled Generators*, *Transmission Network Service Providers* and *Market Participants* in making an assessment of the future need for

electricity generating or demand management capacity or augmentation of the *power system*.

***static excitation system***

An *excitation control system* in which the power to the rotor of a *synchronous generating unit* is transmitted through high power solid-state electronic devices.

***static VAR compensator***

A device specifically provided on a *network* to provide the ability to generate and absorb *reactive power* and to respond automatically and rapidly to *voltage* fluctuations or *voltage* instability arising from a disturbance or disruption on the *network*.

***substation***

A *facility* at which two or more lines are switched for operational purposes. May include one or more *transformers* so that some *connected* lines operate at different nominal *voltages* to others.

***substituted metering data***

The substituted values of *accumulated metering data*, *interval metering data* or *calculated metering data* prepared in accordance with the *metrology procedure*. *Substituted metering data* is held in a *metering data services database* and the *metering database*.

***supplementary carbon dioxide equivalent intensity indicator***

Any indicators relating to a subset of *scheduled generating units* and *market generating units* published by AEMO in accordance with clause 3.13.14(h).

***supply***

The delivery of electricity.

***supply service***

Has (in the context of Chapter 5A) the meaning given in clause 5A.A.1

***survey period***

An agreed sample period used to determine the allocation of costs and prices for use of *transmission network* or *distribution network* assets.

***suspended region***

A region in which the *spot market* is suspended in accordance with clause 3.14.5(a).

***suspension notice***

A notice issued by AEMO to a *defaulting Market Participant* pursuant to clause 3.15.21(c) or (c1) under which AEMO notifies the *defaulting Market Participant*:

- (a) of the date and time from which it is suspended from specified activities;
- (b) the *registration categories* of the *defaulting Market Participant* to which the suspension relates; and
- (c) in respect of the *registration categories* referred to in paragraph (b), the activities (or subset of activities) of the *Market Participant* that have been suspended.

***switchyard***

The *connection point* of a *generating unit* into the *network*, generally involving the ability to *connect* the *generating unit* to one or more outgoing *network* circuits.

***Sydney time***

*Eastern Standard Time* or Eastern Daylight Saving Time as applicable in Sydney.

***synchronise***

The act of *synchronising* a *generating unit* or a *scheduled network service* to the *power system*.

***synchronising, synchronisation***

To electrically *connect* a *generating unit* or a *scheduled network service* to the *power system*.

***synchronous condensors***

*Plant*, similar in construction to a *generating unit* of the *synchronous generator* category, which operates at the equivalent speed of the *frequency* of the *power system*, specifically provided to generate or absorb *reactive power* through the adjustment of rotor current.

***synchronous generating unit***

The alternating current generators of most thermal and hydro (water) driven power turbines which operate at the equivalent speed of the *frequency* of the *power system* in its *satisfactory operating state*.

***synchronous generator voltage control***

The automatic *voltage control system* of a *generating unit* of the *synchronous generator* category which changes the output *voltage* of the *generating unit* through the adjustment of the generator rotor current and effectively changes the *reactive power* output from that *generating unit*.

***System Operator***

A person whom *AEMO* has engaged as its agent, or appointed as its delegate, under clause 4.3.3 to carry out some or all of *AEMO*'s rights, functions and

obligations under Chapter 4 of the *Rules* and who is registered by *AEMO* as a *System Operator* under Chapter 2.

***system restart ancillary service*** or ***SRAS***

A service provided by *facilities* with *black start capability* which allows:

- (a) *energy* to be supplied; and
- (b) a *connection* to be established,

sufficient to restart large *generating units* following a *major supply disruption*.

***system restart plan***

The plan described in clause 4.8.12(a).

***system restart standard***

The standard as determined by the *Reliability Panel* in accordance with clause 8.8.3(aa), for the acquisition of *system restart ancillary services*.

***system standard***

A standard for the performance of the *power system* as set out in schedule 5.1a.

***system-wide benefits***

Benefits that extend beyond a *Transmission Network User*, or group of *Transmission Network Users*, at a single *transmission connection point* to other *Transmission Network Users*.

***take or pay contract***

A contract between a buyer and a seller of an asset-based service under which the buyer undertakes to pay regularly to the seller a fixed or minimum sum regardless of the actual level of consumption of the service by the buyer. The contract has the effect of transferring market risk associated with the assets from the seller (as the owner of the assets) to the buyer.

***tap-changing transformer***

A *transformer* with the capability to allow internal adjustment of output *voltages* which can be automatically or manually initiated and which is used as a major component in the control of the *voltage* of *transmission* and *distribution networks* in conjunction with the operation of *reactive plant*. The *connection point* of a *generating unit* may have an associated tap-changing transformer, usually provided by the *Generator*.

***tariff class***

A class of *retail customers* for one or more *direct control services* who are subject to a particular tariff or particular tariffs.

***tariff structure statement***

For a *Distribution Network Service Provider*, means the *tariff structure statement* referred to in clause 6.18.1A that has been approved by the *AER* for that *Distribution Network Service Provider*.

***tax***

Any tax, levy, impost, deduction, charge, rate, rebate, duty, fee or withholding which is levied or imposed by an *Authority*.

***tax change event***

A tax change event occurs if:

- (a) any of the following occurs during the course of a *regulatory control period* for a *Transmission Network Service Provider* or a *Distribution Network Service Provider*:
  - (i) a change in a *relevant tax*, in the application or official interpretation of a *relevant tax*, in the rate of a *relevant tax*, or in the way a *relevant tax* is calculated;
  - (ii) the removal of a *relevant tax*;
  - (iii) the imposition of a *relevant tax*; and
- (b) in consequence, the costs to the service provider of providing *prescribed transmission services* or *direct control services* are materially increased or decreased.

***technical envelope***

The limits described in clause 4.2.5.

***telecommunications network***

A telecommunications network that provides access for public use or an alternate telecommunications network that has been approved by *AEMO* for the *remote acquisition of metering data*.

***template for generator compliance programs***

The template determined and *published* by the *Reliability Panel* under clause 8.8.3 of the *Rules*.

***terms and conditions of access***

According to context:

- (a) the terms and conditions described in clause 6A.1.2 (access to transmission services);



- (b) the terms and conditions described in clause 6.1.3 (access to *distribution services*).

***test program***

In respect of an *inter-network test*, means the program and co-ordination arrangements for the test including, without limitation:

- (1) test procedures;
- (2) the proposed timing of the test;
- (3) operational procedures to manage *power system security* during the test;
- (4) required *power system* conditions for conducting the test;
- (5) test facilitation services including, as necessary, *ancillary services* required to achieve those *power system* conditions;
- (6) criteria for continuing or concluding a test and the decision-making process relevant to the test; and
- (7) contingency arrangements.

***tie***

Identically priced *dispatch bids* or *dispatch offers*.

***time***

*Eastern Standard Time*.

***time stamp***

The means of identifying the *time* and date at which data is transmitted or received.

***timetable***

The timetable published by *AEMO* under clause 3.4.3 for the operation of the *spot market* and the provision of *market* information.

***total revenue cap***

For a *Transmission Network Service Provider* for a *regulatory control period*, the sum of the *maximum allowed revenues* for that provider for each *regulatory year* of that *regulatory control period* as calculated in accordance with clause 6A.5.3 and set out in a *revenue determination*.

***total revenue requirement***

For a *Distribution Network Service Provider*, an amount representing revenue calculated for the whole of a *regulatory control period* in accordance with Part C of Chapter 6.

***Trader***

A person who is registered by *AEMO* as a *Trader* under Chapter 2.

***trading amount***

The positive or negative dollar amount resulting from a *transaction*, determined pursuant to clauses 3.15.6, 3.15.6A or 3.15.11.

***trading day***

The 24 hour period commencing at 4.00 am and finishing at 4.00 am on the following *day*.

***trading interval***

A 30 minute period ending on the hour (EST) or on the half hour and, where identified by a time, means the 30 minute period ending at that time.

***trading limit***

A dollar amount for a *Market Participant*, determined pursuant to clause 3.3.10.

***trading margin***

Has the meaning given in clause 3.3.15.

***transaction***

A *spot market transaction*, *reallocation transaction* or any other transaction either in the *market* or to which *AEMO* is a party.

***transformer***

A *plant* or device that reduces or increases the *voltage* of alternating current.

***transformer tap position***

Where a tap changer is fitted to a *transformer*, each tap position represents a change in *voltage* ratio of the *transformer* which can be manually or automatically adjusted to change the *transformer* output *voltage*. The tap position is used as a reference for the output *voltage* of the *transformer*.

***transmission***

Activities pertaining to a *transmission system* including the conveyance of electricity through that *transmission system*.

***Transmission Annual Planning Report***

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

### ***Transmission Confidentiality Guidelines***

Guidelines made by the *AER* under clause 6A.16A.

### ***transmission consultation procedures***

The procedures set out in Part H of Chapter 6A that must be followed by:

- (a) the *AER* in making, developing or amending guidelines, models or schemes or in reviewing methodologies; or
- (b) the *AEMC* in developing or amending guidelines.

### ***Transmission Customer***

A *Customer*, *Non-Registered Customer* or *Distribution Network Service Provider* having a *connection point* with a *transmission network*.

### ***transmission determination***

Has the meaning given in the *National Electricity Law*, and includes a determination by the *AER* as described in rule 6A.2.

### ***transmission element***

A single identifiable major component of a *transmission system* involving:

- (a) an individual *transmission* circuit or a phase of that circuit;
- (b) a major item of *transmission plant* necessary for the functioning of a particular *transmission* circuit or *connection point* (such as a *transformer* or a circuit breaker).

### ***transmission investment***

Expenditure on assets and services which is undertaken by a *Transmission Network Service Provider* or any other person to address an *identified need* in respect of its *transmission network*.

### ***transmission line***

A power line that is part of a *transmission network*.

### ***transmission network***

A *network* within any *participating jurisdiction* operating at nominal *voltages* of 220 kV and above plus:

- (a) any part of a *network* operating at nominal *voltages* between 66 kV and 220 kV that operates in parallel to and provides support to the higher voltage *transmission network*;
- (b) any part of a *network* operating at nominal *voltages* between 66 kV and 220 kV that is not referred to in paragraph (a) but is deemed by the *AER* to be part of the *transmission network*.

***transmission network connection point***

A connection point on a transmission network.

***Transmission Network Service Provider***

A person who engages in the activity of owning, controlling or operating a transmission system.

***Transmission Network User***

In relation to a transmission network, a Transmission Customer, a Generator whose generating unit is directly connected to the transmission network or a Network Service Provider whose network is connected to the transmission network.

***transmission network user access***

The power transfer capability of the transmission network in respect of:

- (a) generating units or group of generating units;
- (b) network elements; or
- (c) plant,

at a connection point which has been negotiated in accordance with rule 5.4A.

***transmission or distribution system***

A transmission system or a distribution system.

***transmission plant***

Apparatus or equipment associated with the function or operation of a transmission line or an associated substation or switchyard, which may include transformers, circuit breakers, reactive plant and monitoring equipment and control equipment.

***Transmission Ring-Fencing Guidelines***

The Guidelines made under rule 6A.21.

***transmission service***

The services provided by means of, or in connection with, a transmission system.

***transmission services access dispute***

A dispute between a Transmission Network Service Provider and a Service Applicant as to terms and conditions of access for the provision of prescribed transmission services or for the provision of negotiated transmission services as referred to in clause 6A.1.2, that is for determination by a commercial arbitrator under Part K of Chapter 6A.

***transmission standard control service***

Has the meaning given in rule 6.25(a).

***transmission standard control service revenue***

Has the meaning given in rule 6.26(b)(1).

***transmission system***

A *transmission network*, together with the *connection assets* associated with the *transmission network*, which is connected to another *transmission or distribution system*.

***transmission use of system, transmission use of system service***

A *Generator transmission use of system service* or a *Customer transmission use of system service*.

***trigger event***

For a *Distribution Network Service Provider*, in relation to a *proposed contingent project* or a *contingent project*, a specific condition or event described in clause 6.6A.1(c), the occurrence of which, during the relevant *regulatory control period*, may result in the amendment of a distribution determination under clause 6.6A.2.

For a *Transmission Network Service Provider*, in relation to a *proposed contingent project* or a *contingent project*, a specific condition or event described in clause 6A.8.1(c), the occurrence of which, during the relevant *regulatory control period*, may result in the amendment of a *revenue determination* under clause 6A.8.2.

***two-terminal link***

One or more *network elements* that together enable the transfer of *energy* between two, and only two, *connection points*.

***type 5 accumulation boundary***

The volume of *energy* for a *connection point* that has a *type 5 metering installation* above which the *metering data* must be collected as *interval metering data* for the purpose of producing *settlements ready data*.

**Note:**

Below the type 5 accumulation boundary, the metering data may be collected from the metering installation as accumulated metering data for the purpose of producing settlements ready data, in which case the metering installation must be registered with AEMO as a type 6 metering installation. Otherwise, the metering data may be collected as interval metering data for the purpose of producing settlements ready data in which case the metering installation must be registered with AEMO as a type 5 metering installation.

***typical accrual***

Has the meaning given in clause 3.3.12(a).

***uncompleted transaction***

Has the meaning given in clause 3.3.16(b).

***unconstrained***

Free of *constraint*.

***unconstrained intermittent generation forecast***

The forecast prepared by *AEMO* in accordance with rule 3.7B of the *available capacity* of each *semi-scheduled generating unit*.

***under-recovery amount***

Any amount by which the sum of the *AARR* in previous *regulatory years* exceeds the revenue earned from the provision of *prescribed transmission services* in those *regulatory years*.

***unmetered connection point***

A *connection point* at which a *meter* is not necessary under schedule 7.2.

***unscheduled reserve***

The amount of surplus or unused capacity:

- (a) of *generating units* (other than *scheduled generating units*); or
- (b) arising out of the ability to reduce demand (other than a *scheduled load*).

***unscheduled reserve contract***

A contract entered into by *AEMO* for the provision of *unscheduled reserve* in accordance with rule 3.20.

***unserved energy***

The amount of *energy* demanded, but not supplied, in a *region* determined in accordance with clause 3.9.3C(b), expressed as:

- (a) GWh; or
- (b) a percentage of the total *energy* demanded in that *region* over a specific period of time such as a *financial year*.

***use of system***

Includes *transmission use of system* and *distribution use of system*.

***use of system services***

*Transmission use of system service* and *distribution use of system service*.

***Utilities Commission***

The Utilities Commission of the Northern Territory established by section 5 of the *Utilities Commission Act* (NT).

***violation***

In relation to *power system security*, a failure to meet the requirements of Chapter 4 or the *power system security standards*.

***virtual transmission node***

A non-physical node used for the purpose of *market settlements*, having a *transmission loss factor* determined in accordance with clause 3.6.2(b)(3).

***voltage***

The electronic force or electric potential between two points that gives rise to the flow of electricity.

***voltage transformer (VT)***

A *transformer* for use with *meters* and/or protection devices in which the *voltage* across the secondary terminals is, within prescribed error limits, proportional to and in phase with the *voltage* across the primary terminals.





**CHAPTER 11**





## 11. Savings and Transitional Rules

Chapter 11 of the National Electricity Rules (NER) as in force on 1 July 2016 (other than Parts ZZJ and ZZM and clause 11.86.8) has no effect in the Northern Territory (Clause 1.11A.1 of Northern Territory NER; Part 2 of Schedule 2 of the National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations)

### Part ZZJ Demand management incentive scheme

#### 11.82 Rules consequential on making of the National Electricity Amendment (Demand management incentive scheme) Rule 2015

##### 11.82.1 Definitions

(a) In this rule 11.82:

**Amending Rule** means the National Electricity Amendment (Demand Management Incentive Scheme) Rule 2015.

**commencement date** means the date Schedules 1, 2 and 3 of the Amending Rule commence.

**new clauses 6.6.3 and 6.6.3A** means clauses 6.6.3 and 6.6.3A of the *Rules* as in force after the commencement date.

(b) Italicised terms used in this rule have the same meaning as under Schedule 3 of the Amending Rule.

#### 11.82.2 AER to develop and publish the demand management incentive scheme and demand management innovation allowance mechanism

(a) By 1 December 2016, the AER must develop and *publish* the first:

(i) *demand management incentive scheme* under new clause 6.6.3; and

(ii) *demand management innovation allowance mechanism* under new clause 6.6.3A.

### Part ZZM Common definitions of distribution reliability measures

#### 11.85 Rules consequential on the making of the National Electricity Amendment (Common definitions of distribution reliability measures) Rule 2015

##### 11.85.1 Definitions

(a) In this rule 11.85:

**Amending Rule** means the National Electricity Amendment (Common definitions of distribution reliability measures) Rule 2015.

**effective date** means 30 June 2017.

### 11.85.2 Distribution reliability measures guidelines

Despite clause 6.28(a), the *AER* must develop and *publish* the *distribution reliability measures guidelines* by 30 June 2017.

### 11.85.3 Amended STPIS

- (a) If, prior to the effective date, and for the purposes of developing changes to the current version of the *service target performance incentive scheme* in anticipation of the Amending Rule, the *AER* undertook a consultation, step, decision or action equivalent to that as required in the *distribution consultation procedures* or otherwise under the *Rules*, then that consultation, step, decision or action is taken to satisfy the equivalent consultation step, decision or action under the *distribution consultation procedures* or *Rules*.

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### 11.86.8 Distribution Ring Fencing Guidelines

- (a) *AER* must by 1 December 2016 *publish* *Distribution Ring-Fencing Guidelines*.

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## Part ZZT Application of Offsets in the Prudential Margin Calculation

### 11.92 Rules consequential on the making of the National Electricity Amendment (Application of Offsets in the Prudential Margin Calculation) Rule 2016

#### 11.92.1 Definitions

In this rule 11.92:

**Amending Rule** means the National Electricity Amendment (Application of Offsets in the Prudential Margin Calculation) Rule 2016.

**credit limit procedures** has the meaning given in clause 3.1.1A.

**reallocation timetable** has the meaning given in clause 3.15.11(d)(2).

### 11.92.2 Amended procedures

- (a) By 1 July 2017, *AEMO* must amend and *publish* the following, as required, to take into account the Amending Rule:
- (1) credit limit procedures;
  - (2) *reallocation procedures*; and
  - (3) reallocation timetable.
- (b) *AEMO* must comply with the *Rules consultation procedures* when meeting its obligations under paragraph (a).

## Part ZZU Rate of Return Guidelines Review

### 11.93 Rules consequential on the making of the National Electricity Amendment (Rate of Return Guidelines Review) Rule 2016

#### 11.93.1 Definitions

In this rule 11.93:

**affected DNSP** means each of the following *Distribution Network Service Providers*:

- (a) ActewAGL Distribution, the joint venture between Icon Distribution Investments Limited ACN 073 025 224 and Jemena Networks (ACT) Pty Ltd ACN 008 552 663 providing *distribution services* in the Australian Capital Territory, or any successor to its business;
- (b) Ausgrid, the energy services corporation of that name (formerly known as EnergyAustralia), which is constituted under section 7 of the *Energy Services Corporations Act 1995* (NSW) and specified in Part 2 of Schedule 1 of that Act, or any successor to its business (including any ‘authorised distributor’ of Ausgrid’s ‘network infrastructure assets’ (as those terms are defined in the *Electricity Network Assets (Authorised Transactions) Act 2015* (NSW)) following the transfer of the whole, or part of, those network infrastructure assets to the private sector);
- (c) Endeavour Energy, the energy services corporation of that name (formerly known as Integral Energy), which is constituted under section 7 of the *Energy Services Corporations Act 1995* (NSW) and specified in Part 2 of Schedule 1 to that Act, or any successor to its business (including any ‘authorised distributor’ of Endeavour Energy’s ‘network infrastructure assets’ (as those terms are defined in the *Electricity Network Assets*

(*Authorised Transactions*) Act 2015 (NSW)) following the transfer of the whole, or part of, those network infrastructure assets to the private sector);

- (d) Essential Energy, the energy services corporation of that name (formerly known as Country Energy), which is constituted under section 7 of the *Energy Services Corporations Act 1995* (NSW) and specified in Part 2 of Schedule 1 to that Act, or any successor to its business;
- (e) Power and Water Corporation ABN 15 947 352 360, providing *distribution services* in the Northern Territory, or any successor to its business; and
- (f) Tasmanian Networks Pty Ltd ACN 167 357 299, providing *distribution services* in Tasmania, or any successor to its business.

**affected TNSP** means the *Transmission Network Service Provider*, Tasmanian Networks Pty Ltd ACN 167 357 299, providing *transmission services* in Tasmania, or any successor to its business.

**commencement date** means 20 October 2016.

**current rate of return guidelines** means the *Rate of Return Guidelines* as in force on the commencement date.

**current regulatory control period** of an affected DNSP or affected TNSP, means the *regulatory control period* for that affected DNSP or affected TNSP, which commenced before the commencement date and, as at the commencement date, has not ended.

**subsequent regulatory control period** of an affected DNSP or affected TNSP, means the *regulatory control period* for that affected DNSP or affected TNSP that immediately follows the current regulatory control period.

### 11.93.2 **Application of current rate of return guidelines to making of a distribution determination for the subsequent regulatory control period**

For the purposes of the application of:

- (a) Chapter 6 to the making, amendment, revocation or substitution of a distribution determination for an affected DNSP's subsequent regulatory control period; and
- (b) Chapter 6A to the making, amendment, revocation or substitution of a *transmission determination* for the affected TNSP's subsequent regulatory control period,

a reference to the *Rate of Return Guidelines* is deemed to be a reference to the current rate of return guidelines.

#### **Note**

Part ZZV will be inserted by the National Electricity Amendment (Demand Response Mechanism and Ancillary Services Unbundling) Rule 2016 No. 10 which commences on 1 July 2017.

## Part ZZW Local Generation Network Credits

### 11.95 Rules consequential on the making of the National Electricity Amendment (Local Generation Network Credits) Rule 2016

#### 11.95.1 Definitions

- (a) In this rule 11.95:

**Amending Rule** means the National Electricity Amendment (Local Generation Network Credits) Rule 2016.

**commencement date** means the date of commencement of Schedule 1 of the Amending Rule.

**system limitation template** has the meaning given to it in the Amending Rule.

#### 11.95.2 System initiation template

- (a) The *AER* must develop and *publish* the first system limitation template by the commencement date and in accordance with clause 5.13.3(a) of the Amending Rule.