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1 March 2012

Mr John Pierce  
Chairman  
Australian Energy Market Commission  
Level 5, 201 Elizabeth Street  
Sydney NSW 2000

Via website: [www.aemc.gov.au](http://www.aemc.gov.au)

AEMC Reference: ERC0139

Attention: Ms Skye d'Almeida

Dear John

**Payment to AEMO of negative intra-regional settlements residue Rule Change Proposal**

TransGrid welcomes the opportunity to provide a submission to the Australian Energy Market Commission (AEMC) on the Australian Energy Market Operator's (AEMO) 'Payment to AEMO of negative intra-regional settlements residue' Rule Change Proposal (ERC0139).

TransGrid notes that the Commission clearly identifies that: *"AEMO's proposed rule change would not require AEMO to adopt identical payment procedures for both types of negative settlement residue. Nor would it require identical payment procedures for all TNSPs"* (p.13 of the Consultation Paper).

Notwithstanding this, TransGrid agrees with the Commission in recognising that, of all of the NEM's Transmission Network Service Provider (TNSPs), this issue primarily impacts on our organisation (the Co-ordinating TNSP in New South Wales). This is in terms of both the instances and quantum of these negative intra-regional settlement residues. Going forward, TransGrid is also likely to remain the most affected of the NEM TNSPs.

Overall, TransGrid supports the intent of the Rule change to align the hitherto disparate arrangements for inter-regional and intra-regional settlement residues payments to AEMO. In addition, TransGrid welcomes the inclusion of proposed improvements to AEMO's associated notification of these residue payments.

However, TransGrid considers that, in moving the payment provisions from the National Electricity Rules to an AEMO procedure, it would be appropriate from a good governance perspective to not enable AEMO to unilaterally change matters in the proposed procedures. In this regard a requirement for AEMO to consult with TNSPs is not sufficient. Instead, it is proposed that any changes developed by AEMO should require the agreement (*which should not be unreasonably withheld*) of affected TNSPs.

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Further, the notices for payment claims under the proposed Rule change to be sent out by AEMO to the TNSPs should clearly indicate the amount payable, the due date of payment and the process of determining the claimed amount for the specific billing period so that there is no ambiguity.

TransGrid looks forward to working with the AEMC, and should you require any further information, please do not hesitate to contact myself on (02) 9284 3434 or via e-mail on [Philip.Gall@transgrid.com.au](mailto:Philip.Gall@transgrid.com.au).

Yours sincerely,

*Philip Gall 1/3/2012*

**Philip Gall**

**General Manager / Corporate and Regulatory Strategy**