



National Electricity Amendment (Transgrid Participant Derogation - Treatment of Contingent Projects (Interim Arrangements)) Rule 2006 No.13

under the National Electricity Law as applied by:

- (a) the National Electricity (South Australia) Act 1996; and
- (b) the Electricity (National Scheme) Act 1997 of the Australian Capital Territory; and
- (c) the National Electricity (New South Wales) Act 1997 of New South Wales; and
- (d) the Electricity - National Scheme (Queensland) Act 1997 of Queensland; and
- (e) the Electricity - National Scheme (Tasmania) Act 1999 of Tasmania; and
- (f) the National Electricity (Victoria) Act 1997 of Victoria; and
- (g) the Australian Energy Market Act 2004 of the Commonwealth.

The Australian Energy Market Commission makes the following Rule under the National Electricity Law.

A handwritten signature in black ink, appearing to read "John Tamblyn".

John Tamblyn
Chairman

Australian Energy Market Commission

National Electricity Amendment (Transgrid Participant Derogation - Treatment of Contingent Projects (Interim Arrangements)) Rule 2006 No.13

1. Title of Rule

This Rule is the *National Electricity Amendment (Transgrid Participant Derogation - Treatment of Contingent Projects (Interim Arrangements)) Rule 2006 No.13*.

2. Commencement

This Rule commences operation on 27 July 2006.

3. Amendment of the National Electricity Rules

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

Schedule 1 Amendment of National Electricity Rules

(Clause 3)

[1] Chapter 8A Participant derogations

Omit the heading

Part 1 – Derogations Granted to South Australian Generators

Insert:

Part 1 – Derogations Granted to TransGrid

8A.1 Derogation for the Treatment of Contingent Projects under Revenue Determination

8A.1.1 Expiry date

This derogation expires on 1 July 2009.

8A.1.2 Definitions

In this *participant derogation*:

contingent project means a project approved by the *ACCC* and identified in the *Determination* as a contingent project.

current regulatory control period means the period 1 July 2004 to 30 June 2009.

Determination means the “Final Decision, NSW and ACT Transmission Network Revenue Cap TransGrid 2004-05 to 2008-09” dated 27 April 2005 determined by the *ACCC* pursuant to clause 6.2.4(b) of the National Electricity Code.

maximum allowed revenue means the maximum allowed revenue in the *Determination*.

TransGrid means the energy services corporation constituted under section 6A of the Energy Services Corporations Act 1995 (NSW).

trigger event means an event identified as a trigger in Attachment G of the *Determination* in respect of a contingent project.

8A.1.3 Treatment of contingent projects

- (a) Where the trigger event identified in respect of a contingent project occurs prior to 1 July 2009, the *AER* must, in accordance with the Determination:
- (1) determine:
 - (i) the forecast capital expenditure for that contingent project for each remaining regulatory year of the current regulatory control period, which the *AER* considers represents the efficient capital costs required for the purpose of undertaking the contingent project in accordance with Appendix F of the Determination;
 - (ii) the likely commencement and completion dates for the contingent project;
 - (iii) the incremental revenue which is likely to be earned by TransGrid in each remaining regulatory year of the current regulatory control period as a result of the contingent project being undertaken; and
 - (iv) the maximum allowed revenue for each regulatory year in the remainder of the current regulatory control period by adding the incremental revenue for that regulatory year; and
 - (2) calculate the estimate referred to in subparagraph (1)(iii) in accordance with the Determination, including:
 - (i) on the basis of the rate of return for TransGrid for the current regulatory control period; and
 - (ii) consistently with the manner in which depreciation is calculated under the Determination; and
 - (3) vary the Determination to apply for the remainder of the current regulatory control period in accordance with paragraph (b).
- (b) The *AER* may only vary the Determination to the extent necessary:
- (1) to adjust the forecast capital expenditure for the current regulatory control period to accommodate the amount of additional capital expenditure determined under paragraph (a)(1)(i); and
 - (2) to reflect the effect of any resultant increase in forecast capital expenditure on the maximum allowed revenue for each regulatory year in the remainder of the current regulatory control period.
- (c) The intended date for commencing the contingent project must be during the current regulatory control period.
-