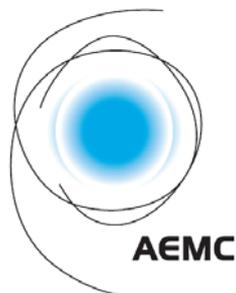


DRAFT RULE



Draft National Electricity Amendment (Transmission Last Resort Planning) Rule 2006

under the National Electricity Law as applied by:

- (a) the National Electricity (South Australia) Act 1996;
- (b) the Electricity (National Scheme) Act 1997 of the Australian Capital Territory;
- (c) the National Electricity (New South Wales) Act 1997 of New South Wales;
- (d) the Electricity - National Scheme (Queensland) Act 1997 of Queensland;
- (e) the Electricity - National Scheme (Tasmania) Act 1999 of Tasmania;
- (f) the National Electricity (Victoria) Act 2005 of Victoria; and
- (g) the Australian Energy Market Act 2004 of the Commonwealth.

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

John Tamblyn
Chairman
Australian Energy Market Commission

DRAFT RULE

Draft National Electricity Amendment (Transmission Last Resort Planning) Rule 2006

1. Title of Rule

This Rule is the *Draft National Electricity Amendment (Transmission Last Resort Planning) Rule 2006*.

2. Commencement

This Rule commences operation on [insert date].

3. Amendment of the National Electricity Rules

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

DRAFT RULE

Schedule 1 Amendment of National Electricity Rules

(Clause 3)

[1] Clause 5.6.4 Deleted

Omit clause 5.6.4 and substitute:

5.6.4 Last Resort Planning Power

- (a) The *AEMC* may in accordance with this clause 5.6.4 direct one or more *Registered Participants* (**‘the directed party’** or **‘directed parties’**) to:
 - (1) identify a *potential transmission project* and apply the *Regulatory Test* to that project; or
 - (2) apply the *Regulatory Test* to a *potential transmission project* that has been identified by the *AEMC*,
(‘a *last resort planning power*’)
- (b) The purpose of a *last resort planning power* is to ensure timely and efficient inter-regional *transmission* investment for the long term interests of consumers.
- (c) The *AEMC* must only exercise a *last resort planning power*:
 - (1) in accordance with the *last resort planning power guidelines*; and
 - (2) consistent with the purpose of the *last resort planning power* identified in paragraph (b);
- (d) Before the *AEMC* exercises the *last resort planning power* it must:
 - (1) seek advice from the *Reliability Panel*; and
 - (2) have regard to:
 - (i) the latest two *Annual National Transmission Statements*; and
 - (ii) the likely costs of the directed party or directed parties in applying the *Regulatory Test* to a *potential transmission project*.
- (e) The *AEMC* must exercise its *last resort planning power* by giving notice in writing to the directed party or directed parties of the following matters:
 - (1) the relevant action(s) under paragraph (a) that the directed party or directed parties are required to undertake; and
 - (2) the *AEMC*’s reasons for exercising the power.

DRAFT RULE

- (f) The *AEMC* may specify in a notice given under paragraph (e) one or more of the following:
 - (1) one or more of the alternative projects which the directed party must consider when applying the *Regulatory Test* to the *potential transmission projects*;
 - (2) the time frame in which the *Regulatory Test* must be carried out by the directed party or directed parties; or
 - (3) additional consultation and publication requirements not required by the *Regulatory Test*.
- (g) The directed party or directed parties must comply with the notice issued under paragraph (e) and with all requirements of the *Regulatory Test*.
- (h) If the directed party fails to comply with the requirements of paragraph (g), the *AEMC* may engage another *Registered Participant* other than the directed party to apply the *Regulatory Test* to the *potential transmission project*.
- (i) The *AEMC* must *publish* annually a report that sets out the matters which the *AEMC* has considered during that year in deciding whether to exercise the *last resort planning power*.

Last resort power guidelines

- (j) The *AEMC* must develop and *publish* guidelines that set out the process that the *AEMC* will adopt in exercising the *last resort planning power* ('*last resort planning power guidelines*').
- (k) The *AEMC* must develop and *publish* the *last resort planning power guidelines* in accordance with the *transmission consultation procedure*.
- (l) The *AEMC* must develop and *publish* the first *last resort planning power guidelines* by 1 January 2008 and there must be such guidelines available at all times after that date.
- (m) The *AEMC* may from time to time and in accordance with the *transmission consultation procedure*, amend or replace the *last resort planning power guidelines*.

[2] Chapter 10 New Definitions

In Chapter 10, insert the following new definitions in alphabetical order:

last resort planning power

The *AEMC's* power to direct a *Registered Participant* under clause 5.6.4(a)(1) or (2) in accordance with clause 5.6.4.

DRAFT RULE

last resort planning power guidelines

The guidelines referred to in paragraphs (j)-(m) of clause 5.6.4.

potential transmission project

New transmission network investment identified by the AEMC which would, if constructed, relieve forecast constraints in respect of national transmission flow paths between regional reference nodes.

[Drafting Note: The definition of new transmission network investment includes the expanded definition of new large transmission network asset as proposed to be amended by the Draft National Electricity Amendment (Transmission network replacement and reconfiguration) Rule 2006.]
