

2 October 2020



Ms Merryn York
Chair
Australian Energy Market Commission

Submitted via email

Consultation Paper – Simplification of NER definitions (ERC0312)

Dear Ms York

Energy Networks Australia is seeking to engage with the Australian Energy Market Commission (AEMC) regarding its simplifications of NER definitions consultation.¹

Energy Networks Australia (ENA) is the national industry body representing Australia's electricity transmission and distribution and gas distribution networks. Our members provide more than 16 million electricity and gas connections to almost every home and business across Australia.

ENA recognises that the definition changes proposed by both the Australian Energy Market Operator and Energy Security Board are intended to be non-controversial, however there is considerable detail and complexity to work through the sheer volume of changes to consider the impacts across the National Electricity Rules and any potential overlaps with jurisdictional instruments. ENA therefore requests an extension to allow for more time to consider the ramification of the changes more broadly and to provide a more considered response.

Given the complexity, ENA encourages the AEMC to extend the consultation due date by a fortnight for all stakeholders rather than providing the minimum consultation period. Understandably that will have flow on impacts to the AEMC. ENA will endeavour to submit as soon as possible, however there are a significant number of other material consultations with due dates in mid-October.

ENA also encourage the AEMC to use their National Electricity Law s107 powers to allow more time for the substantive drafting required and to consider informal consultation with affected stakeholders on the proposed drafting to ensure that there are no unintended consequences before making a final determination and final rule.

Should you have any queries on this response please feel free to contact Verity Watson, vwatson@energynetworks.com.au.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "A Dillon".

Andrew Dillon
Chief Executive Officer

¹ AEMC, Simplification of NER definitions, Consultation paper, 17 September 2020.
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15 October 2020

Mitchell Grande
Graduate Adviser - Transmission and Distribution Networks
Australian Energy Market Commission

Submitted online

Dear Mr. Grande,

AEMC Consultation Paper – Simplification of NER definitions

Energy Networks Australia welcomes the opportunity to provide a submission to the Australian Energy Market Commission's (the Commission) *Simplification of NER Definitions Consultation Paper*¹, following two rule change requests from the Australian Energy Market Operator and Energy Security Board that both propose changes to defined terms in the National Electricity Rules (the Rules).

Energy Networks Australia is the national industry body representing Australia's electricity transmission and distribution and gas distribution networks. Our members provide more than 16 million electricity and gas connections to almost every home and business across Australia.

Energy Networks Australia has provided a detailed response to the proposed definitional changes in Table A1, which can be found in **Appendix A**. Please note that we have raised definitional issues by exception rather than comment on every individual proposed change.

As outlined in our letter to the Commission on 2 October 2020², we strongly encourage the Commission to consider further informal consultation with affected stakeholders on the proposed Rules drafting to ensure that there are no unintended consequences before making a final determination and final rule.

Should you have any queries on this response, please feel free to contact Lucy Moon, Head of Regulation, on lmooon@energynetworks.com.au.

Yours sincerely,



Andrew Dillon
Chief Executive Officer

¹ Australian Energy Market Commission, Simplification of NER definitions, Consultation Paper, 17 September 2020.

² Energy Networks Australia, Letter to AEMC Chair: Consultation Paper – Simplification of NER definitions, 2 October 2020.

Appendix A | Detailed response to proposed changes

Table A1: ENA response to proposed definitional changes

| Definition | ENA Response (based on NER V150) |
|---|---|
| Redundant definitions: Unused definitions – proposed for deletion (Table A.1 in AEMC Consultation Paper) | |
| negotiated use of system service | <p>ENA does not support this proposed change (deletion of <i>negotiated use of system service</i> from the NER Chapter 10 Glossary).</p> <p>While this definition may currently be unused, we cannot say that it has no ongoing relevance, and therefore do not consider deletion is appropriate.</p> <p>Prior to any change, the intent of this current provision needs to be clarified / investigated to then allow stakeholders to determine if there is any possibility that it may be used in the future. In addition, removing the term 'negotiated use of system service' may affect the application of the procedures in NER 5.3AA(f)(3), which do refer to negotiated use of system charges, as do other parts of NER Chapter 5.</p> |
| New (ENA proposed) <i>NTNDP input</i> , clause 3.14.5A(e)) | ENA is proposing that the reference to NTNDP input in clause 3.14.5A(e) be replaced by a reference to relevant inputs in the ISP Inputs, Assumptions and Scenario report defined in clause 5.10.2. |
| New (ENA proposed) <i>last resort planning power</i> <i>last resort planning power guidelines</i> | <p>The last resort planning powers afforded to the AEMC were removed by the actionable ISP framework. Clause 2A.2.5(b)(2) should reference AEMO's ability to specify projects as actionable ISP projects. If this were adopted, then the definitions of <i>last resort planning power</i> and <i>last resort planning power guidelines</i> in NER Chapter 10 (Glossary) could also be removed as the terms are no longer used in Chapter 5 and the clauses referenced no longer exist.</p> <p>If the AEMC does not intend to make the necessary amendments in this process, these definition deletions could be included in the next AEMC minor amendments process.</p> |

| Definition | ENA Response (based on NER V150) |
|---|--|
| Redundant definitions: Definitions used rarely – proposed to be deleted from the NER Glossary & described within the Rules (Table A.2 in AEMC Consultation Paper) | |
| entry charge | <p>ENA does not support this proposed change (deletion of <i>entry charge</i> from the NER Chapter 10 Glossary and instead described in the Rules where it appears in the substantive provision).</p> <p>For clarity and transparency, ENA considers that ‘entry charge’ should remain a defined term in NER Chapter 10 (Glossary), and does not consider it beneficial for stakeholder transparency to be deleted.</p> |
| maximum power input | <p>ENA does not support this proposed change (deletion of <i>maximum power input</i> from the NER Chapter 10 Glossary and instead substitute it with ‘maximum output’).</p> <p>For clarity and transparency, ENA considers that ‘maximum power input’ should remain a defined term in NER Chapter 10 (Glossary), and does not consider it beneficial to be deleted.</p> |
| Redundant definitions: Defined terms with common meanings – proposed to be deleted from the NER Glossary & removed as a defined term within the Rules (Table A.3 in AEMC Consultation Paper) | |
| time | <p>The definition of time refers to Eastern Standard Time and <i>time stamp</i> links to <i>time</i>. Before the definition of time is removed, AEMC should satisfy itself that there are no adverse impacts created and that instances where local time or Eastern Standard Time is intended in the rules are clear. Often time stamp is used in market based transactions, metering etc and needs to have a very clear link to Eastern Standard Time and not local time.</p> |

| Definition | ENA Response (based on NER V150) |
|---|---|
| <p>materially (specific materiality thresholds should be defined in the relevant provision of Chapters 6 and 6A respectively)</p> | <p>ENA does not support this proposed change (deletion of <i>materially</i> from NER Chapter 10 Glossary, and instead define specific materiality threshold in the relevant Chapters 6 and 6A respectively).</p> <p>Materially is currently defined in NER Chapter 10 (Glossary), and is then directly linked (as a defined term) to other key definitions in the regulatory framework, including but not necessarily limited to: <i>positive change event, negative change event, regulatory change event, service standard event, tax change event, fault level shortfall event, and inertia shortfall event.</i></p> <p>Making this change would add a layer of complexity to the framework for no demonstrable benefit, and therefore ENA does not consider it appropriate. In addition, amendments to key definitions require substantive stakeholder consultation on Rules drafting, for which this expedited rule change process does not accommodate.</p> |



| Definition | ENA Response (based on NER V150) |
|--|---|
| Errors and inconsistencies: Inconsistent use of defined terms (Table A.4 in AEMC Consultation Paper) | |
| transmission or distribution system | <p>As a result of direct AEMC engagement, ENA understands that AEMO is proposing:</p> <ul style="list-style-type: none"> to remove the definition of <i>transmission or distribution system</i>. Wherever that defined term is currently used in the rules, AEMO propose replacing it with <i>transmission system</i> or <i>distribution system</i>. There is no intent to remove or combine the individual definitions of transmission network or transmission system. for consistency and correctness, where the (undefined) phrase '<i>transmission or distribution network</i>' is used in the rules, AEMO suggest it be replaced with '<i>transmission network</i> or <i>distribution network</i>'. <p>ENA:</p> <ul style="list-style-type: none"> Supports the single italicised term being split out to <i>transmission system</i> or <i>distribution system</i>. Supports the same approach for the combined but not defined term of <i>transmission or distribution network</i> being split to <i>transmission network</i> or <i>distribution network</i>. <p>AEMO rule change proposal notes that the use of 'network' or 'system' is not necessarily systematic, and this may be reviewed as part of a future consultation. ENA does not support any further changes during an expedited process to try to address this potential issue.</p> |
| General streamlining: Use of abbreviations (Table A.6 in AEMC Consultation Paper) | |
| TUOS (transmission use of system service) | <p>As a result of direct AEMC engagement, ENA understands that AEMO is proposing to replace '<i>transmission use of system</i>' with <i>TUOS</i> wherever possible (i.e. the word 'service' was not meant to be included in the rule change request).</p> <p>For completeness, ENA does not support <i>transmission use of system <u>service</u></i> being replaced with <i>TUOS</i>.</p> |