



Australian Energy Market Commission

LAST RESORT PLANNING POWER GUIDELINES

24 September 2015

GUIDELINES

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About the AEMC

The AEMC reports to the Council of Australian Governments (COAG) through the COAG Energy Council. We have two functions. We make and amend the national electricity, gas and energy retail rules and conduct independent reviews for the COAG Energy Council.

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These guidelines may be referred to as the "last resort planning power guidelines" and are made under clause 5.22 of the National Electricity Rules (the NER).

1. Purpose and scope of these guidelines

1.1 The Australian Energy Market Commission (AEMC) is responsible for the exercise of a "last resort planning power" (LRPP) under clause 5.22 of the NER. The purpose of the LRPP is:

"to ensure timely and efficient inter-regional transmission investment for the long term interests of consumers of electricity."¹

1.2 The LRPP enables the AEMC to direct one or more Registered Participants to:

- identify a potential transmission project and apply the regulatory investment test for transmission (RIT-T) to that project; or
- apply the RIT-T to a potential transmission project that has been identified by the AEMC.

1.3 These guidelines provide further information about the AEMC's processes when considering the exercise of the LRPP including information gathering, consultation and communication.

1.4 These guidelines have been developed and published by the AEMC in accordance with the transmission consultation procedures in clause 6A.20 of the NER, having regard to the requirements of clause 5.22 of the NER including:

- the purpose of the LRPP;
- the advisory role of the Australian Energy Market Operator (AEMO);
- the need for consideration of matters that are relevant to the exercise of the LRPP; and
- the annual reporting role on the matters considered by the AEMC in exercising the LRPP.

1.5 The AEMC has also had regard to the requirement for procedural fairness to be afforded to a Registered Participant when the AEMC is considering whether or not a Registered Participant is to be nominated as a directed party.

¹ NER clause 5.22(b).

2 Date of commencement of these guidelines

The date of commencement of these amended guidelines is 24 September 2015.

3 Interpretation

- 3.1 Any term used in these guidelines that is defined in the NER has the same meaning as it has in the NER.
- 3.2 Where these guidelines refer to “a directed party” this may be taken to include more than one directed party, where relevant.

4 AEMC's general approach to exercising the LRPP

- 4.1 The AEMC uses a three stage process in determining whether to exercise the LRPP.
- 4.2 The first stage involves undertaking analysis to determine whether there are any inter regional flow constraints in the national electricity market that may not have been adequately examined by Network Service Providers. To undertake this exercise the AEMC will generally analyse and compare the following documents:
 - the two most recent National Transmission Network Development Plans published by AEMO under clause 5.20.2 of the NER;
 - the most recent congestion information resource published by AEMO under clause 3.7A of the NER;²
 - the most recent transmission annual planning reports published by Transmission Network Service Providers under clause 5.12.2 of the NER; and
 - any other relevant documents, such as any RIT-T reports published under clause 5.16.4 of the NER.
- 4.3 The second stage of the process is only undertaken if the first stage identifies any constraints on inter regional flow paths that may not have been adequately examined by the relevant Network Service Provider(s). This stage involves more closely examining the inter regional flow paths and the estimated economic impacts of any constraints to determine whether exercising the LRPP may meet the national electricity objective. During this stage, the AEMC will request information from AEMO and relevant Registered Participants.

² AEMO publishes a national electricity market constraints report annually.

4.4 The third stage focuses on who the AEMC should direct to undertake the RIT-T. The AEMC will only undertake this stage of the process if it has determined that exercising the LRPP may meet the national electricity objective during stage two of the process.

5 Request for advice from AEMO on the LRPP

5.1 This section of these guidelines sets out the processes that apply where the AEMC requests advice from AEMO under clause 5.22(e) of the NER.

5.2 The AEMC may include in any terms of reference in relation to a request to AEMO for advice under clause 5.22(e) of the NER:

- a description of a problem relating to constraints in respect of national transmission flow paths between regional reference nodes (“the problem”) or a potential transmission project that will address a problem (“the project”);
- the findings of the AEMC in respect of the matters listed in clause 5.22(g) of the NER and any other relevant considerations;
- a request for AEMO’s view as to whether it is appropriate for the AEMC in all the circumstances, to exercise the LRPP in relation to that project or problem and the reasons for those views;
- a request for AEMO to provide recommendations as to which Network Service Providers (if any) may be an appropriate directed party in the particular circumstances;
- a date by which the advice is to be provided to the AEMC; and
- any other relevant matter.

5.3 If AEMO, in preparing advice to the AEMC, forms the view that it requires further time than initially provided for by the AEMC, it may, with the agreement of the AEMC, provide its advice on a later agreed date.

5.4 The AEMC must publish on its website:

- any terms of reference in relation to a request to AEMO for advice under clause 5.22(e) of the NER; and
- any extension of the time for the provision of that advice, as agreed between AEMO and the AEMC, and the reasons for the extension.

6 Consultation on advice received from AEMO

- 6.1 The AEMC must publish on its website a copy of AEMO's advice to the AEMC in relation to the exercise of the LRPP and invite comment from interested persons.
- 6.2 If advice from AEMO includes a recommendation as to a person who has been nominated as a directed party, the AEMC must invite comment from that person on AEMO's advice, or on any other matters that the AEMC considers relevant.
- 6.3 If the AEMC considers that AEMO's advice to the AEMC affects any other person, it may invite comment from that person on AEMO's advice.
- 6.4 Any consultation under this section in relation to advice from AEMO is to be for a period of not less than 20 business days.

7 Provision of information for the exercise of the LRPP

- 7.1 The AEMC may, from time to time, request persons to provide information to inform the AEMC's decision making in relation to the exercise of the LRPP.
- 7.2 The AEMC may request information from:
 - Network Service Providers under consideration by the AEMC as a potential directed party; and
 - other persons who may be affected by the exercise of the LRPP or who may be capable of providing relevant information to assist the AEMC in its decision making.

8 Treatment of confidential information

- 8.1 Subject to any claims of confidentiality, the AEMC will publish information provided in relation to the exercise of the LRPP on its website.
- 8.2 Those persons providing information should clearly identify any confidential information and give reasons why the material should be treated as confidential.

9. Role of interested persons in the AEMC's exercise of the LRPP

- 9.1 The AEMC is mindful that interested persons may wish to make the AEMC aware of matters that may be relevant to the exercise of the LRPP.
- 9.2 Such provision of information should be in writing and may present the person's views as to the nature and extent of a problem and its relevance for the exercise of the LRPP.

9.3 While the AEMC is not bound to take action upon receipt of general information or adopt a suggested course of action, the AEMC considers that a free flow of information is in the public interest and wishes to encourage such input into its exercise of the LRPP. The AEMC may post any such communications on its website.

10 Who will the AEMC nominate as a directed party?

10.1. While the NER allows a Registered Participant to be a directed party, in practice it will only be appropriate for a Network Service Provider to undertake this role. Consequently, the AEMC will only direct a Network Service Provider to identify a potential transmission project and apply the RIT-T to that project, or to apply the RIT-T to a potential transmission project identified by the AEMC.

11. Review of these guidelines

11.1 Clause 5.22(q) of the NER allows the AEMC to amend or replace these guidelines from time to time. The AEMC anticipates that it will review these guidelines at intervals of five years, or earlier if the AEMC considers there is a need to do so.

END OF GUIDELINE