

24 October 2018

Mr John Pierce  
Chair  
Australian Energy Market Commission  
PO BOX A2449  
Sydney South NSW 1235

Via online submission

Dear Mr Pierce,

**RE ERC0240 – DRAFT RULE DETERMINATION: NATIONAL ELECTRICITY AMENDMENT (GLOBAL SETTLEMENT AND MARKET RECONCILIATION) RULE**

TasNetworks welcomes the opportunity to make a submission to the Australian Energy Market Commission (**AEMC**) on the Global Settlement and Market Reconciliation Draft Rule Determination.

As the Transmission Network Service Provider (**TNSP**), Distribution Network Service Provider (**DNSP**) and jurisdictional planner in Tasmania, TasNetworks is focused on delivering safe and reliable electricity network services while achieving the lowest sustainable prices for Tasmanian customers. This requires the prudent, safe and efficient management and development of the Tasmanian power system. In this regard, TasNetworks is supportive of AEMC's efforts to introduce a global settlement framework for the National Electricity Market (**NEM**).

TasNetworks understands that in response to stakeholder feedback, the Commission is proposing a more flexible approach to the application and implementation of Global Settlement than that indicated within the draft rule determination. For example, it has been suggested that several provisions will be handled via Australian Energy Market Operator (**AEMO**) procedures rather than being directly placed into the rules. TasNetworks supports such flexibility so long as regulatory certainty and appropriate oversight is also maintained. It would be counterproductive if the intent behind the draft determination, and the associated flexibility afforded to accommodate different jurisdictional considerations, was undermined by a future change in an AEMO procedure which the rules did not adequately provide for. It is in this context that TasNetworks makes the following comments.

**Unaccounted For Energy and Virtual Transmission Nodes**

TasNetworks strongly supports the AEMC's proposal for Unaccounted For Energy (**UFE**) to be allocated at the DNSP network level. TasNetworks considers that this strikes an appropriate balance between settlement accuracy and potential distortions resulting from settlement at a more granular

level. Most importantly, it reduces the changes required to AEMO and DNSP systems and thereby minimises the transition costs which would otherwise be passed on to customers.

TasNetworks notes that settlement at the DNSP network level also facilitates the continued use of Virtual Transmission Nodes (**VTNs**). As highlighted in TasNetworks' submission to the consultation paper, the use of VTNs in Tasmania is an elegant, simple and cost effective solution for overcoming settlement issues associated with unique jurisdictional characteristics of the Tasmanian power system. To be clear, it is not possible for TasNetworks to perform TNI to NMI mapping owing to meshed network areas being able to be supplied from multiple injection points which can change on a daily basis. As such, the removal of VTNs would result in significant financial impost to TasNetworks by forcing additional system upgrades so that Market Settlement and Transfer Solution (**MSATS**) reporting obligations could continue to be met. TasNetworks will therefore be seeking a waiver from AEMO to retain the use of VTNs to ensure that cost impacts on Tasmanian customers from the move to global settlement are minimised.

### **Non-Contestable Unmetered Loads**

In terms of non-contestable unmetered loads, TasNetworks selectively supports the Commission's proposal to adopt AEMO's option 2, whereby parties agree on an estimate of the unmetered load. Although TasNetworks does not support the use of equipment specific or manually read profiles under option 2 the use of flat profiles at appropriate levels is strongly supported. The use of flat profiles is consistent with the current arrangements used in Tasmania whereby interval data is provided to AEMO for all unmetered connection points using established and agreed load profiles.

TasNetworks considers that this option preserves sufficient accuracy in the calculation of unmetered loads and avoids the cost and complexity associated with system wide approval testing necessitated by AEMO's suggested option 1 or the other methods under option 2. In this respect, given anomalies in UFE calculations may not be material for every jurisdiction or Transmission Node Identifier (**TNI**), TasNetworks considers that extending the existing type 7 classification to accommodate non-contestable, unmetered boundary cases would seem preferable to implementing an entirely new metering class to facilitate this.

Regarding National Meter Identifier (**NMI**) allocations for non-contestable unmetered loads, TasNetworks notes that current NMI Procedure calls for unmetered connection points to be aggregated to one NMI. This makes perfect sense for streetlights which account for the majority of contestable unmetered points in MSATS today. However, when bringing the remaining non-contestable points into the system, TasNetworks suggests that allowing individual NMIs for each connection point to be retained in the final rule. For reference, TasNetworks has already allocated and registered individual NMIs in MSATS for each set of traffic lights, railway crossings, private/watchman lights etc. in Tasmania. Any change requiring aggregation of these unmetered connection points to one NMI would jeopardise the value from the previous completed work and would also be likely to impose additional administrative costs which would not be in keeping with customers' best interests.

### **Transmission Metering and Implementation Timeframes**

The AEMC has proposed making TNSPs the relevant Metering Coordinator (**MC**) for transmission connection points under global settlement. TasNetworks endorses this proposal. As noted in the draft determination, TNSPs are already operating as the MC for transmission connection points today and most connection points reside inside TNSP's infrastructure, e.g. substations. As such, TNSP are uniquely placed to carry on the MC role under global settlement in the most efficient manner and with the requisite understanding and concern for infrastructure security and safety.

The AEMC has also proposed aligning the implementation timeframe of the Global Settlement rule change with the implementation timeframe of the Five Minute Settlement rule change. TasNetworks supports this proposal and considers it will allow for the greatest implementation synergies to be captured. As above, this will minimise administrative burden and avoid any unnecessary cost to customers and market participants.

TasNetworks would welcome the opportunity to discuss this submission further with you. Should you have any questions, please contact Bradley Woods, Senior Regulatory Analyst, via email ([bradley.woods@tasnetworks.com.au](mailto:bradley.woods@tasnetworks.com.au)) or by phone on (03) 6271 6187.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Kirstan Wilding', written in a cursive style.

Kirstan Wilding  
Leader Regulation