



National Electricity Amendment (Application period for contingent project revenue) Rule 2019 No. 4

under the National Electricity Law to the extent applied by:

- (a) the National Electricity (South Australia) Act 1996 of South Australia;
- (b) the Electricity (National Scheme) Act 1997 of the Australian Capital Territory;
- (c) the Electricity - National Scheme (Queensland) Act 1997 of Queensland;
- (d) the Electricity - National Scheme (Tasmania) Act 1999 of Tasmania;
- (e) the National Electricity (New South Wales) Act 1997 of New South Wales;
- (f) the National Electricity (Victoria) Act 2005 of Victoria;
- (g) the National Electricity (Northern Territory) (National Uniform Legislation) Act 2015; and
- (h) the Australian Energy Market Act 2004 of the Commonwealth.

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

John Pierce
Chairman
Australian Energy Market Commission

National Electricity Amendment (Application period for contingent project revenue) Rule 2019 No. 4

1 Title of Rule

This Rule is the *National Electricity Amendment (Application period for contingent project revenue) Rule 2019 No. 4*.

2 Commencement

This Rule commences operation on 2 May 2019.

3 Amendment of the National Electricity Rules

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

4 Amendment of the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 2.

Schedule 1 Amendment to the National Electricity Rules

(Clause 3)

[1] Clause 6.6A.2 Amendment of distribution determination for contingent project

In clause 6.6A.2(a), omit "(b)" and substitute "(a1)".

[2] Clause 6.6A.2 Amendment of distribution determination for contingent project

After clause 6.6A.2(a), insert:

- (a1) An application referred to in paragraph (a) must be made as soon as practicable after the occurrence of the *trigger event*, but cannot be made:
 - (1) within 90 *business days* prior to the end of the penultimate *regulatory year* of the *regulatory control period*; and
 - (2) at any time in the final *regulatory year* of the *regulatory control period*.

[3] Clause 6.6A.2 Amendment of distribution determination for contingent project

Omit clause 6.6A.2(b) and substitute:

- (b) Subject to paragraph (b1), an application made under paragraph (a) must contain the following information:
 - (1) an explanation that substantiates the occurrence of the *trigger event*;
 - (2) a forecast of the total capital expenditure for the *contingent project*;
 - (3) a forecast of the capital and incremental operating expenditure, for each remaining *regulatory year* which the *Distribution Network Service Provider* considers is reasonably required for the purpose of undertaking the *contingent project*;
 - (4) how the forecast of the total capital expenditure for the *contingent project* meets the threshold as referred to in clause 6.6A.1(b)(2)(iii);
 - (5) the intended date for commencing the *contingent project* (which must be during the *regulatory control period*);

- (6) the anticipated date for completing the *contingent project* (which may be after the end of the *regulatory control period*); and
- (7) an estimate of the incremental revenue which the *Distribution Network Service Provider* considers is likely to be required to be earned in each remaining *regulatory year* of the *regulatory control period* as a result of the *contingent project* being undertaken as described in subparagraph (3), which must be calculated:
 - (i) in accordance with the requirements of the *post-tax revenue model* referred to in clause 6.4.1;
 - (ii) in accordance with the requirements of the *roll forward model* referred to in clause 6.5.1(b);
 - (iii) using the *allowed rate of return* for that *Distribution Network Service Provider* for the *regulatory control period* as determined in accordance with clause 6.5.2;
 - (iv) in accordance with the requirements for depreciation referred to in clause 6.5.5; and
 - (v) on the basis of the capital expenditure and incremental operating expenditure referred to in subparagraph (b)(3).

[4] Clause 6.6A.2 Amendment of distribution determination for contingent project

In clause 6.6A.2(b1), in the opening paragraph, omit "subparagraph (b)(3)" and substitute "paragraph (b)".

[5] Clause 6.6A.2 Amendment of distribution determination for contingent project

In clause 6.6A.2(c), insert ", (a1)" after "paragraphs (a)".

[6] Clause 6.6A.2 Amendment of distribution determination for contingent project

In clause 6.6A.2(e)(2)(ii), omit "(4)" and substitute "(7)".

[7] Clause 6.6A.2 Amendment of distribution determination for contingent project

In clause 6.6A.2(f), in the opening paragraph, omit "(b)(3)(ii) to (vii)" and substitute "(b)(2) to (b)(7)".

[8] Clause 6.6A.2 Amendment of distribution determination for contingent project

In clause 6.6A.2(j), omit "subparagraphs (e)(3) and (h)" and substitute "subparagraph (e)(3) and paragraph (h)".

[9] Clause 6.6A.2 Amendment of distribution determination for contingent project

Omit clause 6.6A.2(o) and substitute:

- (o) Except where paragraph (p) applies, if the *AER* amends a distribution determination under paragraph (h), that amendment must take effect from the commencement of the next *regulatory year*.

[10] Clause 6.6A.2 Amendment of distribution determination for contingent project

After clause 6.6A.2(o), insert:

- (p) If a *Distribution Network Service Provider* submits an application under paragraph (a) within 90 *business days* of the end of a *regulatory year* (where this is permitted in accordance with paragraph (a1)), an amendment to the distribution determination must take effect from the second *regulatory year* that commences after the application is submitted.

Schedule 2 Amendment to the National Electricity Rules

(Clause 4)

[1] Clause 6A.8.2 Amendment of revenue determination for contingent project

In clause 6A.8.2(a), omit "(b)" and substitute "(a1)".

[2] Clause 6A.8.2 Amendment of revenue determination for contingent project

After clause 6A.8.2(a), insert:

- (a1) An application referred to in paragraph (a) must be made as soon as practicable after the occurrence of the *trigger event*, but cannot be made:
 - (1) within 90 *business days* prior to the end of the penultimate *regulatory year* of the *regulatory control period*; and
 - (2) at any time in the final *regulatory year* of the *regulatory control period*.

[3] Clause 6A.8.2 Amendment of revenue determination for contingent project

Omit clause 6A.8.2(b) and substitute:

- (b) An application made under paragraph (a) must contain the following information:
 - (1) an explanation that substantiates the occurrence of the *trigger event*;
 - (2) a forecast of the total capital expenditure for the *contingent project*;
 - (3) a forecast of the capital and incremental operating expenditure, for each remaining *regulatory year* which the *Transmission Network Service Provider* considers is reasonably required for the purpose of undertaking the *contingent project*;
 - (4) how the forecast of the total capital expenditure for the *contingent project* meets the threshold as referred to in clause 6A.8.1(b)(2)(iii);
 - (5) the intended date for commencing the *contingent project* (which must be during the *regulatory control period*);

- (6) the anticipated date for completing the *contingent project* (which may be after the end of the *regulatory control period*); and
- (7) an estimate of the incremental revenue which the *Transmission Network Service Provider* considers is likely to be required to be earned in each remaining *regulatory year* of the *regulatory control period* as a result of the *contingent project* being undertaken as described in subparagraph (3), which must be calculated:
 - (i) in accordance with the requirements of the *post-tax revenue model* referred to in clause 6A.5.2;
 - (ii) in accordance with the requirements of the *roll forward model* referred to in clause 6A.6.1(b);
 - (iii) using the *allowed rate of return* for that *Transmission Network Service Provider* for the *regulatory control period* as determined in accordance with clause 6A.6.2;
 - (iv) in accordance with the requirements for depreciation referred to in clause 6A.6.3; and
 - (v) on the basis of the capital expenditure and incremental operating expenditure referred to in subparagraph (b)(3).

[4] Clause 6A.8.2 Amendment of revenue determination for contingent project

In clause 6A.8.2(c), after "paragraphs (a)", insert ", (a1)".

[5] Clause 6A.8.2 Amendment of revenue determination for contingent project

Omit clause 6A.8.2(e)(2) and substitute:

- (2) calculate the estimate referred to in subparagraph (1)(iv):
 - (i) on the basis of the capital expenditure referred to in subparagraph (1)(i);
 - (ii) to include the incremental operating expenditure referred to in subparagraph (1)(i); and
 - (iii) otherwise in accordance with paragraph (b); and

[6] Clause 6A.8.2 Amendment of revenue determination for contingent project

In clause 6A.8.2(f), in the opening paragraph, omit "clauses 6A.8.2 (b)(3)(ii) - (vii)" and substitute "subparagraphs (b)(2) to (7)".

[7] Clause 6A.8.2 Amendment of revenue determination for contingent project

In clause 6A.8.2(g), in the opening paragraph, omit "paragraphs (e)(1) and (f)" and substitute "subparagraph (e)(1) and paragraph (f)".

[8] Clause 6A.8.2 Amendment of revenue determination for contingent project

In clause 6A.8.2(h)(1), omit "clause 6A.8.2" and substitute "subparagraph".

[9] Clause 6A.8.2 Amendment of revenue determination for contingent project

In clause 6A.8.2(h)(2), omit "clause 6A.8.2" and substitute "subparagraph".

[10] Clause 6A.8.2 Amendment of revenue determination for contingent project

In clause 6A.8.2(i), omit "subparagraphs" and substitute "subparagraph".

[11] Clause 6A.8.2 Amendment of revenue determination for contingent project

Omit clause 6A.8.2(l) and substitute:

- (l) Except where paragraph (m) applies, if the *AER* amends a *revenue determination* under paragraph (h), that amendment must take effect from the commencement of the next *regulatory year*.

[12] Clause 6A.8.2 Amendment of revenue determination for contingent project

After clause 6A.8.2(l), insert:

- (m) If a *Transmission Network Service Provider* submits an application under paragraph (a) within 90 *business days* of the end of a *regulatory year* (where this is permitted in accordance with paragraph (a1)), an amendment to the *revenue determination* must take effect from the second *regulatory year* that commences after the application is submitted.

[END OF RULE AS MADE]
