

2 June 2022

Anna Collyer  
Chair  
Australian Energy Market Commission  
Sydney South NSW 1235

By online submission

Dear Ms. Collyer,

### **Establishing a revenue determination for Intending TNSPs – ERC0343**

AEMO welcomes the opportunity to provide feedback on the AEMC's Consultation Paper published on 5 May 2022 regarding the above-mentioned rule change request made by Marinus Link Pty Ltd (**MLPL**).

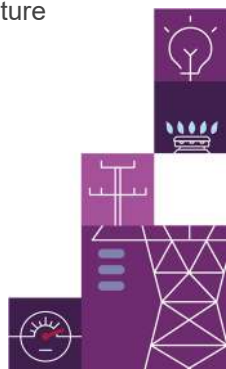
We understand that the proposed rule aims to enable the Australian Energy Regulator (**AER**) to establish a revenue determination for Intending Transmission Network Service Providers (**TNSPs**), which according to the rule change proponent, is a pre-requisite for obtaining finance from the capital markets (and ultimately proceeding with the project). The proponent is of the view that the National Electricity Rules (**NER**) presently do not allow the AER to make a revenue determination for new TNSPs.

Overall, AEMO is supportive of the above aim and proposed rule to include explicit provisions confirming that the AER is empowered to make a revenue determination for Intending TNSPs.

At the same time, AEMO wishes to ensure that the proposed rule will not have, or introduce the potential for, consequential adverse effects on consumers. In MLPL's example, we see this as a risk for Victorian consumers, but similar considerations would apply for future Intending TNSPs providing interconnection between NEM regions. AEMO requests the AEMC to consider the need for appropriate limitations relating to the consequences of an Intending TNSPs' revenue determination.

As set out in the Consultation Paper, the AER regulates TNSPs under Chapter 6A of the NER. Schedule 6A.2 sets out arrangements to establish a Regulatory Asset Base (**RAB**) for a transmission system that has not been the subject of a revenue determination. Noting the shortcomings of Schedule 6A.2 reported in the Consultation Paper, in particular the implicit assumption that the relevant TNSP has already undertaken the investment, AEMO supports the establishment of a RAB for Intending TNSPs. However, any resulting revenue determination should not pre-empt any cost allocation to consumers, and due consideration should be given to such allocations within the applicable regulatory arrangements for relevant regions.

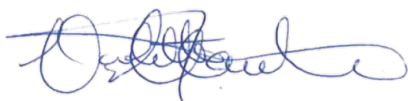
In this regard, also as set out in the Consultation Paper, we acknowledge that this rule change does not deal with issues including cost allocation (specifically related to MLPL or like projects) that will need to be addressed to enable recovery. We believe that there is a reasonable case to explore new and alternative cost sharing models or methodologies for major strategic transmission investments (such as actionable or future



ISP projects to meet the needs identified within AEMO's Integrated System Plan (**ISP**)), which have broad benefits to consumers across the NEM.

Please contact Kevin Ly, Group Manager Reform Development & Insights, by email at [kevin.ly@aemo.com.au](mailto:kevin.ly@aemo.com.au) should there be any enquiries on the matters outlined in this submission.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Violette Mouchaileh", with a long horizontal flourish extending to the left.

Violette Mouchaileh

**Executive General Manager – Reform Delivery**