

Ms Anna Collyer  
Chair  
Australian Energy Market Commission  
Level 15  
60 Castlereagh Street  
Sydney NSW 2000

24 August 2022

Re: Revenue Determination for intending TNSPs

Dear Ms Collyer

Thank you for this opportunity to comment on the AEMC's draft rule determination in relation to Establishing Revenue Determinations for intending TNSPs.

We strongly support the AEMC's more preferable rule and consider it better promotes the National Electricity Objective than the rule originally proposed.

The Australian Energy Regulator has expressed concerns about their ability to make revenue determinations for Market Network Service Providers seeking conversion to Transmission Network Service Providers.

The ability to make a revenue determination was clearly the intent of the original rule makers given the transitional provisions provide for setting an Asset Base for Basslink. It is consistent with efficient investment in, and operation of, transmission networks to remove any potential impediments on the AER's ability to perform its functions, consistent with the intention demonstrated by policy makers when establishing the National Electricity Rules.

More broadly, APA is of the view that it is necessary to enable intending networks to establish a revenue reset. This will provide additional revenue certainty to financiers. Lower risk to financiers lowers the cost of finance to networks. The cost of finance compared to net income flows is one of the key criteria for whether a project goes ahead.

APA support the rule change and draft rule determination as it is best the National Electricity Rules minimise the impediments to efficient investment, such as unnecessary uncertainty for financiers, in transmission networks. This is particularly important at a time when investment in transmission is increasingly becoming the key to facilitating the necessary new generation to produce lower prices and reliability in the NEM.

In the early stages of a transmission project, greater certainty is key to achieving early, and lower cost, financing. In relation to intending TNSPs the certainty is provided by a revenue determination. This means the AEMC should seek additional efficient and transparent ways to enable the AER a shorter path to issuing its revenue determination. Some of which the AEMC have already identified but giving the AER discretion around the need for, or timing of, Framework and Approach papers, Expenditure Forecasting Methodology and AER public forums.

Some parties at the AEMC's public forum raised the prospect of creating a process for an early decision point for the AER to determine whether it considers the applicant to be an intending TNSP. APA is of the view that this would create an unnecessary delay in the process. By the time it is starting

the process of organising finance, an intending network should be in the position to demonstrate that it is a credible prospect for establishing a TNSP.

APA would be most concerned about any proposals that introduce additional steps into the process of the AER issuing a final revenue determination. If you have any questions about this submission, please contact me on 02 9275 0010

Yours faithfully

Mark Allen  
Regulatory Manager  
APA