

Indicative changes to the National Electricity Rules

Note:

This document shows indicative changes to the relevant parts of the National Electricity Rules (NER) proposed to be made by the draft *National Electricity Amendment (Sharing concessional finance benefits with consumers) Rule 2024*. The changes are shown in a modified version of the NER that incorporates, where relevant, final rules made by 14 December 2023 which take effect as of 29 March 2024. This modified version of parts of the NER is provided for information only and should not be used for any other purpose. The Australian Energy Market Commission does not guarantee the accuracy, reliability or completeness of this version of the NER or the mark-up.

5. Network Connection Access, Planning and Expansion

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5.16 Application of RIT-T to RIT-T projects which are not actionable ISP projects

5.16.1 Application

This rule 5.16 applies to the application of the *regulatory investment test for transmission* to RIT-T-projects that are not *actionable ISP projects*.

5.16.2 Regulatory investment test for transmission application guidelines

Definitions

(a0) In this clause 5.16.2:

current application has the meaning given to it by clause 5.16.2(g).

- (a) At the same time as the *AER* develops and *publishes* a proposed *regulatory investment test for transmission* under the *transmission consultation procedures*, the *AER* must also develop and *publish* guidelines for the operation and application of the *regulatory investment test for transmission* (the **regulatory investment test for transmission application guidelines**) in accordance with the *transmission consultation procedures* and this rule 5.16.
- (b) The *regulatory investment test for transmission application guidelines* must:
- (1) give effect to and be consistent with this clause 5.16.2 and clauses 5.15.2, 5.16.3, 5.16.4 and rule 5.16B; and
 - (2) provide guidance on:
 - (i) the operation and application of the *regulatory investment test for transmission*;
 - (ii) the process to be followed in applying the *regulatory investment test for transmission*; and
 - (iii) how disputes raised in relation to the *regulatory investment test for transmission* and its application will be addressed and resolved.
- (c) The *regulatory investment test for transmission application guidelines* must provide guidance and worked examples as to:
- (1) what constitutes a *credible option*;
 - (2) acceptable methodologies for valuing the costs of a *credible option*, including any acceptable cost estimate classification systems;
 - (3) what may constitute an externality under the *regulatory investment test for transmission*;

- (4) the classes of market benefits to be considered for the purposes of clause 5.15A.2(b)(4);
 - (5) the suitable modelling periods and approaches to scenario development;
 - (6) the acceptable methodologies for valuing the market benefits of a *credible option* referred to clause 5.15A.2(b)(4), including the option value, competition benefits and market benefits that accrue across regions;
 - (7) the appropriate approach to undertaking a sensitivity analysis for the purposes of clause 5.15A.2(b)(11);
 - (8) the appropriate approaches to assessing uncertainty and risks, including any appropriate role for contingency allowances
 - (9) when a person is sufficiently committed to a *credible option* for *reliability corrective action* to be characterised as a proponent for the purposes of clause 5.15.2(b)(7); ~~and~~
 - (10) the purpose of, and appropriate approach to developing, *RIT reopening triggers*, as well as examples of potential:
 - (i) *RIT reopening triggers*; and
 - (ii) actions that may be taken in response to a *RIT reopening trigger* being triggered; ~~and~~
 - (11) what constitutes an external funding contribution, and how any external funding contribution should be treated, for the purposes of the regulatory investment test for transmission.
- (d) The *AER* must ensure that there is a *regulatory investment test for transmission* and *regulatory investment test for transmission application guidelines* in force at all times.
- (e) The *AER* may, from time to time, amend or replace the *regulatory investment test for transmission* and *regulatory investment test for transmission application guidelines* in accordance with the *transmission consultation procedures*, provided the *AER* publishes any amendments to, or replacements of, the *regulatory investment test for transmission* or *regulatory investment test for transmission application guidelines* at the same time.
- (f) An amendment referred to in paragraph (e) that relates to:
- (1) applying the *regulatory investment test for transmission* to *RIT-T projects*, does not apply to a current application of the *regulatory investment test for transmission* and the *regulatory investment test for transmission application guidelines* under the *Rules* by a *RIT-T proponent*; and
 - (2) a *RIT-T proponent* ascertaining whether a material change in circumstances has occurred that would require it to reapply the *regulatory investment test for transmission* pursuant to clause 5.16.4(z3)(3), does not apply to a *RIT-T project* for which a *project assessment draft report* has been prepared prior to the date that the amendment is effective.

- (g) For the purposes of paragraph (f), a "current application" means any action or process initiated under the *Rules* which relies on or is referenced to the *regulatory investment test for transmission* and/or the *regulatory investment test for transmission application guidelines* and is not completed at the date of the relevant amendment to the *regulatory investment test for transmission* and/or the *regulatory investment test for transmission application guidelines*.
- (h) The *AER* may specify the relevant parts of the *regulatory investment test for transmission application guidelines* that are binding on *RIT-T* proponents.

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5.16A Application of the RIT-T to actionable ISP Projects

5.16A.1 Application

This rule 5.16A applies to the application of the *regulatory investment test for transmission* to *RIT-T*-projects that are *actionable ISP projects*.

5.16A.2 Cost Benefit Analysis Guidelines

- (a) The *Cost Benefit Analysis Guidelines* developed and *published* by the *AER* in accordance with clause 5.22.5 must include guidelines for the operation and application of the *regulatory investment test for transmission to actionable ISP projects* in accordance with rule 5.15A and this rule 5.16A.
- (b) The *Cost Benefit Analysis Guidelines* must in relation to the application of the *regulatory investment test for transmission* by a *RIT-T* proponent to an *actionable ISP project*:
 - (1) give effect to and be consistent with rule 5.15A and clauses 5.16A.3, 5.16A.4 and 5.16A.5; and
 - (2) specify requirements for *actionable ISP projects* on:
 - (i) the operation and application of the *regulatory investment test for transmission*;
 - (ii) the process to be followed in applying the *regulatory investment test for transmission*; and
 - (iii) how disputes raised in relation to the *regulatory investment test for transmission* and its application will be addressed and resolved.
- (c) The *Cost Benefit Analysis Guidelines* must provide guidance as to:
 - (1) what constitutes a *credible option* for the purposes of clause 5.15A.3(b)(7)(iii)(C);
 - (2) acceptable methodologies for valuing the costs of a *credible option*, including any acceptable cost estimate classification systems;
 - (3) how the *RIT-T* proponent must apply the *ISP parameters*; and
 - (4) the purpose of, and appropriate approach to developing, *RIT reopening triggers*, as well as examples of potential:
 - (i) *RIT reopening triggers*; and

- (ii) actions that may be taken in response to a *RIT reopening trigger* being triggered, and

(5) what constitutes an external funding contribution, and how any external funding contribution should be treated, for the purposes of the regulatory investment test for transmission for actionable ISP projects.

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5.17 Regulatory investment test for distribution

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5.17.2 Regulatory investment test for distribution application guidelines

Definitions

(a0) In this clause 5.17.2:

current application has the meaning given to it by clause 5.17.2(g).

- (a) At the same time as the *AER* develops and *publishes* a proposed *regulatory investment test for distribution* under the *distribution consultation procedures*, the *AER* must also develop and *publish* guidelines for the operation and application of the *regulatory investment test for distribution* in accordance with the *distribution consultation procedures* and this clause 5.17.2.
- (b) The *regulatory investment test for distribution application guidelines* must:
 - (1) give effect to and be consistent with this clause 5.17.2 and clauses 5.15.2, 5.17.3, 5.17.4 and 5.17.5; and
 - (2) provide guidance on:
 - (i) the operation and application of the *regulatory investment test for distribution*;
 - (ii) the process to be followed in applying the *regulatory investment test for distribution*;
 - (iii) what will be considered to be a material and adverse *NEM* impact for the purposes of the definition of *interested parties* in clause 5.15.1.
 - (iv) how disputes raised in relation to the *regulatory investment test for distribution* and its application will be addressed and resolved.
- (c) The *regulatory investment test for distribution application guidelines* must provide guidance and worked examples as to:
 - (1) how to make a determination under clause 5.17.4(c);
 - (2) what constitutes a *credible option*;
 - (3) the suitable modelling periods and approaches to scenario development;

- (4) the classes of market benefits to be considered for the purposes of clause 5.17.1(c)(4);
 - (5) the acceptable methodologies for valuing the market benefits of a *credible option* referred to in clause 5.17.1(c)(4);
 - (6) acceptable methodologies for valuing the costs of a *credible option* referred to in clause 5.17.1(c)(6), including any acceptable cost estimate classification systems;
 - (7) the appropriate approach to undertaking a sensitivity analysis for the purposes of clause 5.17.1(c)(9)(iv);
 - (8) the appropriate approaches to assessing uncertainty and risks, including any appropriate role for contingency allowances;
 - (9) what may constitute an externality under the *regulatory investment test for distribution*; ~~and~~
 - (10) the purpose of, and appropriate approach to developing, *RIT reopening triggers*, as well as examples of potential:
 - (i) *RIT reopening triggers*; and
 - (ii) actions that may be taken in response to a *RIT reopening trigger* being triggered; ~~and~~
 - (11) what constitutes an external funding contribution, and how any external funding contribution should be treated, for the purposes of the regulatory investment test for distribution.
- (d) The *AER* must develop and *publish* the first *regulatory investment test for distribution* and *regulatory investment test for distribution application guidelines* by 31 August 2013, and there must be a *regulatory investment test for distribution* and *regulatory investment test for distribution application guidelines* in force at all times after that date.
- (e) The *AER* may, from time to time, amend or replace the *regulatory investment test for distribution* and *regulatory investment test for distribution application guidelines* in accordance with the *distribution consultation procedures*, provided the *AER publishes* any amendments to, or replacements of, the *regulatory investment test for distribution* or *regulatory investment test for distribution application guidelines* at the same time.
- (f) An amendment referred to in paragraph (e) that relates to:
- (1) applying the *regulatory investment test for distribution* to *RIT-D projects*, does not apply to a current application of the *regulatory investment test for distribution* and the *regulatory investment test for distribution application guidelines* under the *Rules* by a *RIT-D proponent*; and
 - (2) a *RIT-D proponent* ascertaining whether a material change in circumstances has occurred that would require it to reapply the *regulatory investment test for distribution* pursuant to clause 5.17.4(t)(3), does not apply to a *RIT-D project* for which a *draft project assessment report* has been prepared prior to the date that the amendment is effective.

- (g) For the purposes of paragraph (f), a "current application" means any action or process initiated under the *Rules* which relies on or is referenced to the *regulatory investment test for distribution* and/or the *regulatory investment test for distribution application guidelines* and is not completed at the date of the relevant amendment to the *regulatory investment test for distribution* and/or the *regulatory investment test for distribution application guidelines*.
- (h) The *AER* may publish the *regulatory investment test for distribution*, the *regulatory investment test for distribution application guidelines*, the *regulatory investment test for transmission* and the *regulatory investment test for transmission application guidelines* in a single document.
- (i) The *AER* may specify the relevant parts of the *regulatory investment test for distribution application guidelines* that are binding on *RIT-D proponents*.

6. Economic Regulation of Distribution Services

Part B Classification of Distribution Services and Distribution Determinations

6.2.9 Concessional finance adjustments

- (a) A Distribution Network Service Provider who has entered into a concessional finance agreement that requires any of the benefits of the concessional finance to be shared with consumers of electricity, must provide the AER with a copy of that agreement within 40 business days of entering into that agreement.
- (b) A concessional finance agreement provided under paragraph (a) must include:
- (1) the name of the government funding body providing the concessional finance and the contact details for that body;
 - (2) a description of the capital expenditure in relation to which the concessional finance is being provided;
 - (3) a statement about whether the benefits of the concessional finance will be passed through to consumers of electricity as:
 - (i) an adjustment to the regulatory asset base of the Distribution Network Service Provider;
 - (ii) an amount to be passed through to Distribution Network Users;
or
 - (iii) a combination of the mechanisms referred to in subparagraphs (i) and (ii).
- (Distribution CF Adjustment):**
- (4) where paragraph (3)(i) applies, a description of the asset to which the concessional finance applies, as well as the value, timing and details of the adjustment to be made to the regulatory asset base and the relevant asset lives of the associated assets;
 - (5) where paragraph (3)(ii) applies, the amount to be passed through to Distribution Network Users in each year of each regulatory control period that the amount is to be passed through;
 - (6) where paragraph (3)(iii) applies, the information in subparagraphs (4) and (5);
 - (7) if the concessional finance agreement was entered into by a related entity of the Distribution Network Service Provider, the name, ACN and contact details of the entity that is party to the agreement.
- ~~(a)~~(c) Except to the extent paragraph (d) applies, if the AER receives a concessional finance agreement pursuant to paragraph (a), it must make the Distribution CF Adjustment, within 40 business days of receiving the concessional

finance agreement, and the Distribution CF Adjustment must be implemented in accordance with the concessional finance agreement.

- (d) If the AER receives a concessional finance agreement pursuant to paragraph (a) during the last two regulatory years of a regulatory control period and it is not practicable to implement the Distribution CF Adjustment in the current regulatory control period, then:
- (1) the time period under which the AER must take action under paragraph (c) does not apply; and
 - (2) instead, the AER must make the Distribution CF Adjustment, within 40 business days of the AER making the distribution determination in respect of the forthcoming regulatory control period, or do so as part of the distribution determination itself.
- (e) If the relevant Distribution CF Adjustment made under paragraphs (c) or (d) will apply in one or more regulatory years of a subsequent regulatory control period, then:
- (1) if the concessional finance agreement provides the Distribution CF Adjustment applies in the same way in the next regulatory control period, the Distribution CF Adjustment is binding on the AER and the Distribution Network Service Provider for that subsequent regulatory control period; and
 - (2) if the concessional finance agreement provides that the Distribution CF Adjustment does not apply in the same way in the next regulatory control period, then the Distribution Network Service Provider must notify the AER for each relevant regulatory control period.

Note

Where a concessional finance agreement applies over multiple regulatory control periods, the Distribution Network Service Provider is required to notify the AER in its next regulatory proposal. See clause 6.8.2(c3).

- (f) A Distribution Network Service Provider must provide the AER with such information as the AER requires for the purpose of making a Distribution CF Adjustment under paragraphs (c) or (d) within the timeframe specified by the AER in a notice provided to the Distribution Network Service Provider by the AER for that purpose.
- (g) Before making a Distribution CF Adjustment under paragraphs (c) or (d), the AER may:
- (1) request information from the government funding body; and
 - (2) consult with the government funding body in respect of the concessional finance agreement and disclose to the government funding body any information received from the Distribution Network Service Provider under paragraphs (b) and (f) for that purpose.
- (h) If the AER is satisfied that making a Distribution CF Adjustment under paragraphs (c) or (d) involves issues of such complexity or difficulty that the time limit for making the Distribution CF Adjustment should be extended, the AER may extend that time limit by a further period of up to 60 business days, provided that it gives written notice to the Distribution Network Service

Provider of that extension not later than 10 business days before the expiry of that time limit.

- (i) If the AER gives a written notice to the Distribution Network Service Provider stating that it requires information from a government funding body to make a Distribution CF Adjustment under paragraphs (c) or (d), then, for the purpose of calculating elapsed time, the period between when the AER gives that notice to the Distribution Network Service Provider and when the AER receives that information from that government funding body is to be disregarded.
- ~~(b)~~(j) If the AER receives confidential information from a government funding body pursuant to paragraph (g), the AER must treat that information as confidential information.

6.6.1A Reporting on jurisdictional schemes

- (a) If during a *regulatory control period*:
- (1) a scheme becomes a *jurisdictional scheme*; or
 - (2) a *Distribution Network Service Provider* first becomes subject to *jurisdictional scheme obligations* under a *jurisdictional scheme*; and
 - (3) the relevant *jurisdictional scheme* is not an *approved jurisdictional scheme*,
- then a *Distribution Network Service Provider* may request the AER to determine how the *Distribution Network Service Provider* is to report to the AER on its recovery of *jurisdictional scheme amounts* in respect of that scheme for each *regulatory year* of the *regulatory control period* and on the adjustments to be made to subsequent *pricing proposals* to account for over or under recovery of those amounts.
- (b) To make a request under paragraph (a), a *Distribution Network Service Provider* must submit to the AER, as soon as practicable after the event referred to in subparagraph (a)(1) or (2), a written statement which specifies:
- (1) the name of the relevant *jurisdictional scheme*;
 - (2) the date of the event referred to in subparagraph (a)(1) or (2);
 - (3) details of how the *Distribution Network Service Provider* proposes to:
 - (i) estimate the *jurisdictional scheme amounts* for the relevant *jurisdictional scheme* for the purposes of clause 6.18.7A(b);
 - (ii) carry out any adjustments to *jurisdictional scheme amounts* for the relevant *jurisdictional scheme* for the purposes of clause 6.18.7A(b); and
 - (iii) report to the AER on the recovery process under clause 6.18.7A (a) to (c).
- (c) The AER must as soon as practicable after receiving a statement under paragraph (b), *publish* the statement.

- (d) Before making a determination under paragraph (e), the *AER* may consult with the relevant *Distribution Network Service Provider* and such other persons as the *AER* considers appropriate, on any matters arising out of the statement the *AER* considers appropriate.
- (e) Within 60 *business days* of receiving the statement under paragraph (b), the *AER* must make a determination on how the *Distribution Network Service Provider* is to report to the *AER* on its recovery of *jurisdictional scheme amounts* for the relevant *jurisdictional scheme* for each *regulatory year* of the *regulatory control period* and on the adjustments to be made to subsequent *pricing proposals* to account for over or under recovery of those amounts.
- (f) If the *AER* does not make the determination referred to in paragraph (e) within 60 *business days* of receiving the statement under paragraph (b) then, on expiry of that period, the *AER* is taken to have approved the process proposed in the *Distribution Network Service Provider's* statement.

6.6.1B Concessional finance adjustments

The distribution determination will be amended in a manner determined by the *AER* to reflect the adjustment made by the *AER* pursuant to clauses 6.2.9(c) and (d), as relevant.

Part E Regulatory proposal and proposed tariff structure statement

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6.8.2 Submission of regulatory proposal, tariff structure statement and exemption application

- (a) A *Distribution Network Service Provider* must, whenever required to do so under paragraph (b), submit to the *AER* a *regulatory proposal* and a proposed *tariff structure statement* related to the *distribution services* provided by means of, or in connection with, the *Distribution Network Service Provider's* *distribution system*.
- (a1) A *Distribution Network Service Provider* must submit to the *AER* any *exemption application* for an *asset exemption* under clause 6.4B.1(a)(1) or 6.4B.1(a)(2) for the *regulatory control period* at the same time as submitting the relevant *regulatory proposal* under paragraph (a).
- (b) A *regulatory proposal*, a proposed *tariff structure statement* and, if required under paragraph (a1), an *exemption application* must be submitted:
 - (1) at least 17 months before the expiry of a distribution determination that applies to the *Distribution Network Service Provider*; or
 - (2) if no distribution determination applies to the *Distribution Network Service Provider*, within 3 months after being required to do so by the *AER*.

- (c) A *regulatory proposal* must include (but need not be limited to) the following elements:
- (1) a classification proposal:
 - (i) showing how the *distribution services* to be provided by the *Distribution Network Service Provider* should, in the *Distribution Network Service Provider's* opinion, be classified under this Chapter; and
 - (ii) if the proposed classification differs from the classification suggested in the relevant *framework and approach paper* – including the reasons for the difference;
 - (2) for *direct control services* classified under the proposal as *standard control services* – a *building block proposal*;
 - (3) for *direct control services* classified under the proposal as *alternative control services* – a demonstration of the application of the control mechanism, as set out in the *framework and approach paper*, and the necessary supporting information;
 - (4) **[Deleted]**.
 - (5) for services classified under the proposal as *negotiated distribution services* – the proposed *negotiating framework*;
 - (5A) the proposed *connection policy*;
 - (6) an identification of any parts of the *regulatory proposal* the *Distribution Network Service Provider* claims to be confidential and wants suppressed from publication on that ground in accordance with the *Distribution Confidentiality Guidelines*; and
- Note:**
- Additional information that must be included in a *regulatory proposal* is referred to in clause 6.3.1(c) and Schedule 6.1.
- (7) a description (with supporting materials) of how the proposed *tariff structure statement* complies with the *pricing principles for direct control services* including:
 - (i) a description of where there has been any departure from the pricing principles set out in paragraphs 6.18.5(e) to (g); and
 - (ii) an explanation of how that departure complies with clause 6.18.5(c).
- (c1) The *regulatory proposal* must be accompanied by an overview paper in reasonably plain language which includes each of the following matters:
- (1) a summary to explain:
 - (i) the *regulatory proposal*;
 - (ii) the proposed *tariff structure statement* including the *export tariff transition strategy*;
 - (iii) the interrelationship between the elements of the *regulatory proposal*;

- (iv) the interrelationship between the *regulatory proposal* and performance; and
 - (v) the interrelationship between the proposed *tariff structure statement* and relevant elements of the *regulatory proposal* (including the proposed *connection policy* and capital expenditure or operating expenditure);
- (2) a description of:
- (i) how the *Distribution Network Service Provider* has engaged with relevant stakeholders including *distribution service end users* or groups representing them and (in relation to the *tariff structure statement*) *retailers* and *Market Small Generation Aggregators* in developing the *regulatory proposal* and the proposed *tariff structure statement* including the *export tariff transition strategy*;
 - (ii) the relevant concerns identified as a result of that engagement; and
 - (iii) how the *Distribution Network Service Provider* has sought to address those concerns;
- (3) a summary to explain the *Distribution Network Service Provider's* approach to identifying demand for, and where relevant providing for, *distribution services for supply* into the *distribution network* from *micro embedded generators* and *non-registered embedded generators*;
- (4) a summary of other approaches considered by the *Distribution Network Service Provider* in deciding on the approach referred to in subparagraph (3), including relevant proposals from *distribution service end users*, and how they compare to the approach referred to in subparagraph (3);
- (5) a description of the key risks and benefits for *distribution service end users* of the *regulatory proposal* and the proposed *tariff structure statement* including the *export tariff transition strategy*;
- (6) a comparison of the *Distribution Network Service Provider's* proposed *total revenue requirement* with its *total revenue requirement* for the current *regulatory control period* and an explanation for any material differences between the two amounts; and
- (7) a comparison of the *Distribution Network Service Provider's* proposed capital expenditure to support the provision of *distribution services for supply* into the *distribution network* from *micro embedded generators* and *non-registered embedded generators* for the current *regulatory control period* and its actual or committed capital expenditure in the current *regulatory control period* for that purpose and an explanation for any material differences between the two amounts.
- (c2) The *regulatory proposal* must be accompanied by information required by the *Expenditure Forecast Assessment Guidelines* as set out in the *framework and approach paper*.

- (c3) Where clause 6.2.9(e) applies, the *regulatory proposal* must be accompanied by a copy of the relevant *concessional finance agreement*.
- (d) The *regulatory proposal* must comply with the requirements of, and must contain or be accompanied by the information required by any relevant *regulatory information instrument*.
- (d1) The proposed *tariff structure statement* must be accompanied by an *indicative pricing schedule*.
- (d2) The proposed *tariff structure statement* must comply with the *pricing principles for direct control services*.
- (e) If more than one *distribution system* is owned, controlled or operated by a *Distribution Network Service Provider*, then, unless the *AER* otherwise determines, a separate *regulatory proposal* and a separate *tariff structure statement* are to be submitted for each *distribution system*.
- (f) If, at the commencement of this Chapter, different parts of the same *distribution system* were separately regulated, then, unless the *AER* otherwise determines, a separate *regulatory proposal* and a separate *tariff structure statement* are to be submitted for each part as if it were a separate *distribution system*.

6A. Economic Regulation of Transmission Services

Part C Regulation of Revenue - Prescribed Transmission Services

6A.3 Allowed revenue from prescribed transmission services

6A.3.1 Allowed revenue for regulatory year

The revenue that a *Transmission Network Service Provider* may earn in any *regulatory year* of a *regulatory control period* from the provision of *prescribed transmission services* is the *maximum allowed revenue* subject to any adjustments referred to in clause 6A.3.2, and is to be determined in accordance with:

- (1) the *revenue determination* forming part of the applicable *transmission determination*; and
- (2) the provisions of this Part C.

6A.3.2 Adjustment of maximum allowed revenue

The *maximum allowed revenue* that a *Transmission Network Service Provider* may earn in any *regulatory year* of a *regulatory control period* from the provision of *prescribed transmission services* is subject to adjustment in accordance with clause 6A.3.3 or rules 6A.7, 6A.8 or 6A.15.

6A.3.3 Concessional finance adjustments

- (a) A *Transmission Network Service Provider* who has entered into a *concessional finance agreement* that requires any of the benefits of the *concessional finance* to be shared with consumers of electricity, must provide the *AER* with a copy of that agreement within 40 *business days* of entering into that agreement.
- (b) A *concessional finance agreement* provided under paragraph (a) must include:
 - (1) the name of the *government funding body* providing the *concessional finance* and the contact details for that body;
 - (2) a description of the capital expenditure in relation to which the *concessional finance* is being provided;
 - (3) a statement about whether the benefits of the relevant *concessional finance* will be passed through to consumers of electricity as:
 - (i) an adjustment to the regulatory asset base of the *Transmission Network Service Provider*;
 - (ii) an amount to be passed through to *Transmission Network Users*;
or
 - (iii) a combination of the mechanisms referred to in subparagraphs (i) and (ii).

(Transmission CF Adjustment):

 - (4) where paragraph (3)(i) applies, a description of the assets to which the *concessional finance* applies, as well as the value, timing and details of

- the adjustment to be made to the regulatory asset base and the relevant asset lives of the associated assets;
- (5) where paragraph (3)(ii) applies, the amount to be passed through to *Transmission Network Users* in each year of each *regulatory control period* that the amount is to be passed through;
- (6) where paragraph (3)(iii) applies, the information in subparagraphs (4) and (5); and
- (7) if the *concessional finance agreement* was entered into by a related entity of the *Transmission Network Service Provider*, the name, ACN and contact details of the entity that is party to the agreement.
- (c) Except to the extent that paragraph (d) applies, if the *AER* receives a *concessional finance agreement* pursuant to paragraph (a), it must make a *Transmission CF Adjustment* within 40 *business days* of receiving the *concessional finance agreement*, and the *Transmission CF Adjustment* must be implemented in accordance with the *concessional finance agreement*.
- (d) If the *AER* receives a *concessional finance agreement* pursuant to paragraph (a) during the last two *regulatory years* of a *regulatory control period* and it is not practicable to implement the *Transmission CF Adjustment* in the current *regulatory control period*, then:
- (1) the time periods under which the *AER* must take action under paragraph (c) does not apply; and
- (2) instead, the *AER* must make the *Transmission CF Adjustment* within 40 *business days* of the *AER* making the *transmission determination* in respect of the forthcoming *regulatory control period*, or do so as part of the *transmission determination* itself.
- (e) If the relevant *Transmission CF Adjustment* under paragraphs (c) or (d) will apply in one or more *regulatory years* of a subsequent *regulatory control period*, then:
- (1) if the *concessional finance agreement* provides that the *Transmission CF Adjustment* applies in the same way in the *next regulatory control period*, the *Transmission CF Adjustment* is binding on the *AER* and the *Transmission Network Service Provider* for that subsequent *regulatory control period*; and
- (2) if the *concessional finance agreement* provides that the *Transmission CF Adjustment* does not apply in the same way in the *next regulatory control period*, then the *Transmission Network Service Provider* must notify the *AER* for each relevant *regulatory control period*.

Note

Where a *concessional finance agreement* applies over multiple *regulatory control periods*, the *Transmission Network Service Provider* is required to notify the *AER* in its next *Revenue Proposal*. See clause 6A.10.1(i).

- (f) A *Transmission Network Service Provider* must provide the *AER* with such information as the *AER* requires for the purpose of making a *Transmission CF Adjustment* under paragraphs (c) or (d) within the timeframe specified by

- the AER in a notice provided to the Transmission Network Service Provider by the AER for that purpose.
- (g) Before making a Transmission CF Adjustment under paragraphs (c) or (d), the AER may:
- (1) request information from the government funding body; and
 - (2) consult with the government funding body in respect of the concessional finance agreement and may disclose to the government funding body any information received from the Transmission Network Service Provider under paragraphs (b) and (f) for that purpose.
- (h) If the AER is satisfied that making a Transmission CF Adjustment under paragraphs (c) or (d) involves issues of such complexity or difficulty that the time limit for making the Transmission CF Adjustment should be extended, the AER may extend that time limit by a further period of up to 60 business days, provided that it gives written notice to the Transmission Network Service Provider of that extension not later than 10 business days before the expiry of that time limit.
- (i) If the AER gives a written notice to the Transmission Network Service Provider stating that it requires information from a government funding body in order to make a Transmission CF Adjustment under paragraphs (c) or (d), then, for the purpose of calculating elapsed time, the period between when the AER gives that notice to the Transmission Network Service Provider and when the AER receives that information from that government funding body is to be disregarded.
- (j) If the AER receives confidential information from a government funding body pursuant to paragraph (g), the AER must treat that information as confidential information.

6A.10.1 Submission of proposal, pricing methodology and information

- (a) *A Transmission Network Service Provider must submit to the AER a Revenue Proposal and a proposed pricing methodology relating to the prescribed transmission services that are provided by means of, or in connection with, a transmission system that is owned, controlled or operated by that Transmission Network Service Provider:*
- (1) if any of those prescribed transmission services are subject to a transmission determination, 17 months before the expiry of the period in respect of which that transmission determination applies; or*
 - (2) if any of those prescribed transmission services are not subject to a transmission determination, 3 months after being required to do so by the AER.*
- (b) **[Deleted]**
- (c) *The Revenue Proposal must comply with the requirements of, and must contain or be accompanied by such information as is required by, any relevant regulatory information instrument.*
- (d) **[Deleted]**

- (e) A proposed *pricing methodology* must:
 - (1) give effect to and be consistent with the *Pricing Principles for Prescribed Transmission Services*; and
 - (2) comply with the requirements of, and contain or be accompanied by such information as is required by, the *pricing methodology guidelines* made for that purpose under rule 6A.25.
- (f) The *Revenue Proposal* must also:
 - (1) include a statement of whether it is consistent with the most recent *Integrated System Plan* and, if it is inconsistent, identify and give reasons for the inconsistency; and
 - (2) identify any parts of the *Revenue Proposal* or the proposed pricing methodology the *Transmission Network Service Provider* claims to be confidential and wants suppressed from publication on that ground in accordance with the *Transmission Confidentiality Guidelines*.
- (g) The *Revenue Proposal* must be accompanied by an overview paper which includes each of the following matters:
 - (1) a summary of the *Revenue Proposal* the purpose of which is to explain the *Revenue Proposal* in reasonably plain language to electricity consumers;
 - (2) a description of how the *Transmission Network Service Provider* has engaged with electricity consumers and has sought to address any relevant concerns identified as a result of that engagement;
 - (3) a description of the key risks and benefits of the *Revenue Proposal* for electricity consumers; and
 - (4) a comparison of the *Transmission Network Service Provider's* proposed total revenue cap with its total revenue cap for the current *regulatory control period*.
- (h) The *Revenue Proposal* must be accompanied by information required by the *Expenditure Forecast Assessment Guidelines* as set out in the *framework and approach paper*.
- (i) Where clause 6A.3.3(e) applies, the *Revenue Proposal* must be accompanied by a copy of the relevant *concessional finance agreement*.

6A.4 Revenue determinations

...

Schedule 6A.4 Application of this Chapter to AEMO and declared transmission system operators

S6A.4.1 Application of this Chapter to AEMO etc

- (a) For the purpose of applying this Chapter, *AEMO* will be regarded as a *Transmission Network Service Provider* providing *shared transmission services*.
- (b) However, in the application of this Chapter to *transmission services* provided by means of, or in connection with, the *declared transmission system* of an *adoptive jurisdiction*, a reference to a *Transmission Network Service Provider* is, in relation to the provision of *entry services*, *exit services* or *shared network capability services* to be read as a reference to a *declared transmission system operator*.

S6A.4.2 Exclusions, qualifications and modifications

- (a) This Chapter will be read subject to the following exclusions, qualifications and modifications.
- (b) **Part A (Introduction)**
Clause 6A.1.4(b) is excluded.
- (c) **Part B (Transmission Determinations Generally)**
This Part applies subject to the following exclusions, qualifications and modifications:
Clause 6A.2.2 (Components of transmission determinations):
 - (1) A *transmission determination* for *AEMO* will not include a *revenue determination*.
 - (2) However, *AEMO* must have a revenue methodology (which will not be subject to the *AER*'s approval) setting out the method for calculating *AEMO's maximum allowed revenue* for the provision of *prescribed transmission services* for each *regulatory year*.
 - (3) In formulating its revenue methodology, or an amendment to its revenue methodology, *AEMO* must consult with the public.
 - (4) *AEMO's maximum allowed revenue* consists of:
 - (i) so much of the *aggregate annual revenue requirement* of each *declared transmission system operator* for *AEMO's regulatory year* as relates to the provision to *AEMO* of *shared network capability services*; and
 - (ii) the other costs forecast to be incurred by *AEMO* in the same *regulatory year* for the provision of *prescribed shared transmission services*.

Note:

The costs under subparagraph (ii) might include the cost of *electricity network services* provided by a *declared transmission system operator* where those services are, from the standpoint of the operator, not *prescribed transmission services*.

- (5) The revenue methodology must include a description of:
 - (i) the categories of costs to be recovered; and
 - (ii) the method (which must be consistent with the *Cost Allocation Principles*) for allocating costs to *prescribed transmission services* and *negotiated transmission services*; and
 - (iii) how under and over recovery of revenue in a particular *regulatory year* is to be treated.
- (6) The revenue methodology must be consistent with section 52 of the *NEL* and the provisions of Chapter 2 of the *Rules* applicable to *AEMO*.
- (7) *AEMO* must comply with its revenue methodology.
- (8) Before the commencement of the *regulatory year* to which *AEMO*'s revenue methodology applies, *AEMO* must *publish*:
 - (i) the revenue methodology; and
 - (ii) a report on how it has applied its revenue methodology for the purpose of determining prices for the ensuing *regulatory year*.
- (9) However, for the *regulatory year* commencing on 1 July 2009, *AEMO* may, instead of formulating and publishing its own revenue methodology, adopt as its revenue methodology relevant provisions of the *transmission determination* that would have applied to VENCORP for that *regulatory year* if the legislative and regulatory changes that took effect at the commencement of that *regulatory year* had not been made

Clause 6A.3.3 (Concessional finance adjustments to MAR and RAB):

(10) A declared transmission system operator who receives concessional finance for assets that form part of an augmentation that is not contestable as determined by AEMO in accordance with Part H of Chapter 8 of the Rules, must provide to AEMO the concessional finance agreement provided to the AER under clause 6A.3.3 at the same time that agreement is provided to the AER, as well as any other information reasonably requested by AEMO in relation to the concessional finance agreement.

(d) **Part C (Regulation of Revenue – Prescribed Transmission Services)**

This Part is not applicable to *AEMO*.

This Part applies to a *declared transmission system operator* with the following modification of clause 6A.7.1:

If a *declared transmission system operator* is directed by *AEMO*, or is required by or agrees with a *Connection Applicant*, to construct an *augmentation*, clause 6A.7.1 applies as if:

- (1) the direction, requirement or agreement were an event in respect of which the *declared transmission system operator* were unconditionally authorized under clause 6A.7.1(a) to apply to the *AER* for revocation and substitution of a *revenue determination*; and
- (2) clause 6A.7.1(a)(1) to (7) were inapplicable to an application founded on such an event; and
- (3) the following were added after clause 6A.7.1(d):
 - (da) If a *declared transmission system operator* is directed by *AEMO*, or is required by or agrees with a *Connection Applicant*, to construct an *augmentation*, and the operator applies to the *AER* for revocation of a *revenue determination* on that ground, the *AER* must revoke the *revenue determination*.

(e) **[Deleted]**

(f) **Part E (Revenue determinations and pricing methodologies)**

Part E applies subject to the following exclusions, qualifications and modifications:

1. Clause 6A.10.1 (Submission of proposal, pricing methodology and information)

Clause 6A.10.1 applies to *AEMO* as if for paragraphs (a), (b) and (c) the following were substituted:

(a) *AEMO* must, as and when required by the *AER*, submit to the *AER*:

(1) a proposed *pricing methodology* relating to *shared transmission services* that are *prescribed TUOS services* or *prescribed common transmission services* (**prescribed shared transmission services**).

(2) **[Deleted]**

(b) *AEMO's pricing methodology*:

(1) must be designed to recover no more than *AEMO's maximum allowed revenue* for the provision of *prescribed shared transmission services*; and

(2) must set out the principles on which prices for *prescribed shared transmission services* are to be determined.

(c) Exact equivalence is not required between the costs of providing a service and the revenue derived from providing the service in a particular *regulatory year* if there are reasonable grounds to believe that costs will over time approximate revenue.

(ca) **[Deleted]**

1A. Clause 6A.10.1A *AER's framework and approach paper*)

Clause 6A.10.1A is not applicable to *AEMO*.

2. **[Deleted]**

3. Clause 6A.11.1 (Preliminary examination and determination of non-compliance with relevant requirements)
Clause 6A.11.1 applies to *AEMO* only insofar as relevant to a *pricing methodology*.
4. Clause 6A.11.2 (Resubmission of proposal, pricing methodology or information)
Clause 6A.11.2 applies to *AEMO* only insofar as relevant to a *pricing methodology*.
5. Clause 6A.11.3 (Resubmission of proposal, pricing methodology or information)
Clause 6A.11.3 applies to *AEMO* only insofar as relevant to a *pricing methodology*.
6. Rule 6A.12 (Draft decision and further consultation)
This *Rule* applies to *AEMO* only insofar as relevant to a decision on a *pricing methodology*.
7. Rule 6A.13 (Final decision)
This *Rule* applies to *AEMO* only insofar as relevant to a decision on a *pricing methodology*.
8. Rule 6A.14 (Requirements relating to draft and final decisions)
 - (a) This *Rule* applies to *AEMO* only insofar as relevant to a decision on a *pricing methodology*.
 - (b) Clause 6A.14.3(c) (which requires the *AER* to approve a *regulatory control period* of 5 *regulatory years*) is inapplicable to *AEMO*.

Note:

The *Rule* is thus largely inapplicable. Of clause 6A.14.1 only paragraphs (6), (7) and (8) are applicable. Clause 6A.14.2 requires the *AER* to give reasons setting out the basis and rationale of its decision. This requirement is relevant to a decision on a pricing methodology but the matters of detail mentioned in paragraphs (1) to (4) would, as a general rule, be irrelevant to such a decision. Of clause 6A.14.3 only paragraphs (f) to (i) would be relevant.

9. Rule 6A.15 (Revocation of revenue determination or amendment of pricing methodology for wrong information or error)
This *Rule* applies to *AEMO* only insofar as relevant to the amendment of a *pricing methodology*.
10. Rule 6A.16 (Miscellaneous)
This *Rule* applies as if it included the following additional paragraphs:
 - (g) *AEMO* must, on or before 15 May in each year, *publish* its prices for *prescribed shared transmission services* for its next *regulatory year*.
 - (h) A *declared transmission system operator* must notify *AEMO* of its revenue requirement for the provision of *shared network capability services* for *AEMO*'s next *regulatory year* in sufficient

time to enable *AEMO* to calculate prices in accordance with the approved *pricing methodology* and meet its obligations under paragraph (g).

10. Glossary

concessional finance

An arrangement between a *government funding body* and a *Network Service Provider* under which the *government funding body* directly or indirectly provides financial support to the *Network Service Provider* pursuant to a *concessional finance agreement*.

Concessional finance agreement

An agreement between a *Network Service Provider*, or a related entity of the *Network Service Provider*, and a *government funding body* which the *government funding body* specifies to be such an agreement for the purposes of clauses 6.2.9(b) or 6A.3.3(b).

government funding body means a government or government agency (including, without limitation, an entity owned, or where there is a controlling interest, by a Commonwealth, State or Territory government).

11. Savings and Transitional Rules

11.[XXX] Rules consequential on the making of the National Electricity Amendment (Sharing concessional finance benefits with consumers) Rule 2024

11.[XXX].1 Definitions

- (a) In this rule 11.XXX:

Amending Rule means the *National Electricity Amendment (Sharing concessional finance benefits with consumers) Rule 2024 No.[X]*.

commencement date means [29 March 2024], being the date on which the Amending Rule commences.

new clause 6.2.9(b) means clause 6.2.9 of new Chapter 6.

new clause 6A.3.3(b) means clause 6A.3.3 of new Chapter 6A.

new clause S6A.4.2(10) means clause S6A.4.2(10) of new Chapter 6A.

new Chapter 6 means Chapter 6 of the *Rules* as in force on and from the commencement date.

new Chapter 6A means Chapter 6A of the *Rules* as in force on and from the commencement date.

new Chapter 10 means Chapter 10 of the *Rules* as in force on and from the commencement date.

- (b) Italicised terms used in this rule 11.[XXX] have the same meaning as in new Chapter 10.

11.[XXX].2 Application of Amending Rule to concessional finance received prior to commencement date

- (a) If, between 14 December 2023 and the commencement date, a *Network Service Provider* has entered into an agreement with a *government funding body*, which following the commencement date, would be a *concessional finance agreement* that requires any of the benefits of the *concessional finance* to be shared with consumers of electricity, then the *Network Service Provider* must provide the *AER* with the information specified in new clause 6.2.9(b) or 6A.3.3(b) (as applicable) within 40 *business days* of the commencement date.
- (b) If paragraph (a) applies to a *Network Service Provider* that is a *declared transmission system operator*, then the *declared transmission system operator* must also comply with new clause S6A.4.2(10).

11.[XXX].3 AER RIT instruments and guidelines

- (a) By no later than 31 December 2024, the *AER* must update and publish the following instruments and guidelines to take into account the Amending Rule, and in doing so must comply with the *standard rules consultation procedures*:
 - (1) the *Cost Benefit Analysis Guidelines*;
 - (2) the *regulatory investment test for transmission*;
 - (3) the *regulatory investment test for transmission application guidelines*;
 - (4) the *regulatory investment test for distribution*; and
 - (5) the *regulatory investment test for distribution application guidelines*.
- (b) The *AER* may undertake consultation on the instruments and guidelines listed in subparagraph (a) using the *standard rules consultation procedures* as either:
 - (1) a single process; or
 - (2) multiple processes, applied to each instrument or guideline separately.
- (c) If, prior to the rule commencement date and for the purposes of updating any of the instruments or guidelines described in subparagraph (a) in anticipation of the Amending Rule, the *AER* undertook a consultation or step equivalent to those required under the *standard rules consultation procedures*, then the *AER* is taken to have satisfied the relevant consultation or step required under the *standard rules consultation procedures*.