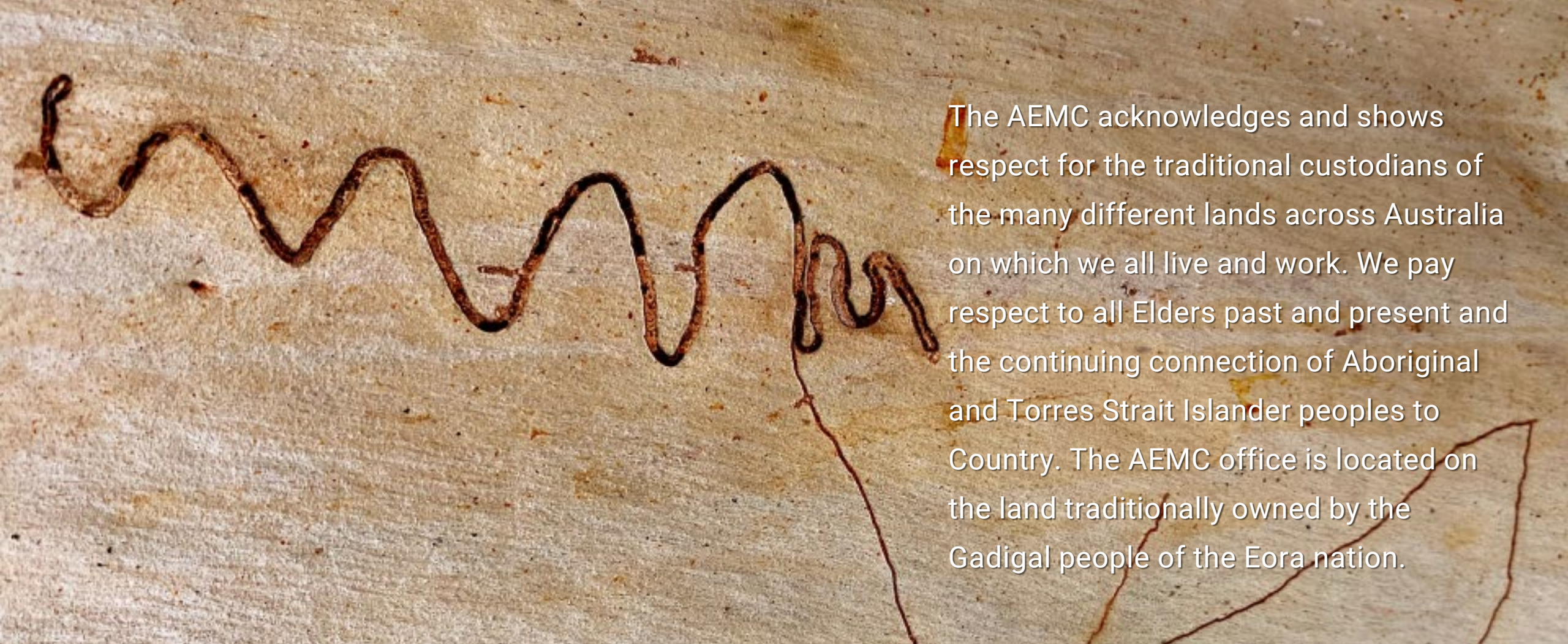


Expanding the transmission ring-fencing framework

Public Forum

18 March 2024

AEMC



The AEMC acknowledges and shows respect for the traditional custodians of the many different lands across Australia on which we all live and work. We pay respect to all Elders past and present and the continuing connection of Aboriginal and Torres Strait Islander peoples to Country. The AEMC office is located on the land traditionally owned by the Gadigal people of the Eora nation.

AEMC

ACKNOWLEDGEMENT OF COUNTRY

Introductory remarks

AEMC

Charles Popple - Commissioner

1	Acknowledgement of country and opening remarks	Charles Popple
2	Purpose of this forum and housekeeping	Martina McCowan
3	Draft rule determination – Expanding the transmission ring-fencing framework (ERC0371)	Ashwin Raj/Martina McCowan
4	Timeline and next steps	Ashwin Raj
5	Q&A session	Martina McCowan
6	Forum close	Charles Popple

Purpose of this forum

AEMC

Martina McCowan

Director – Networks & Technical

Housekeeping

- All participants are currently in 'listen-only' mode
 - Moderators can switch your mic/video on if you are invited to speak.
- Asking questions
 - Use the Q&A button on the bottom of your screen
 - Questions will be answered at a dedicated Q&A session
 - We will try to answer all questions, but will prioritise questions with most 'upvotes' first
- Presentations from today have been uploaded to the project page on our website

COMPETITION PROTOCOL

KEY PRINCIPLES



The AEMC is committed to complying with all applicable laws, including the ***Competition and Consumer Act 2010*** (CCA), during this forum. Breaching the CCA can lead to serious penalties for individuals involved in any breach (including large financial penalties and imprisonment for key individuals involved). This protocol governs the way in which discussions will proceed at this forum, and each attendee agrees to adhere to this protocol in order to comply with the CCA.

Each attendee must make an independent and unilateral decision about their commercial positions and approach in relation to the matters under discussion in this forum.

Attendees must not discuss, or reach or give effect to any agreement or understanding which relates to:

- **pricing** for the products and/or services that any attendee supplies or will supply, or the terms on which those products and/or services will be supplied (including discounts, rebates, price methodologies etc)
- **targeting (or not targeting) customers** of a particular kind, or in particular areas
- **tender processes** and whether (or how) they will participate
- any decision by attendees:
 - about the purchase or supply of any products or services that other attendees also buy or sell
 - to not engage with persons or the terms upon which they will engage with such persons (i.e. boycotting); or
 - to deny any person's access to any products, services or inputs they require
- **sharing competitively sensitive information** such as non-publicly available pricing or strategic information including details of customers, suppliers (or the terms on which they do business), volumes, future capacity etc
- **breaching confidentiality obligations** that each attendee owes to third parties.

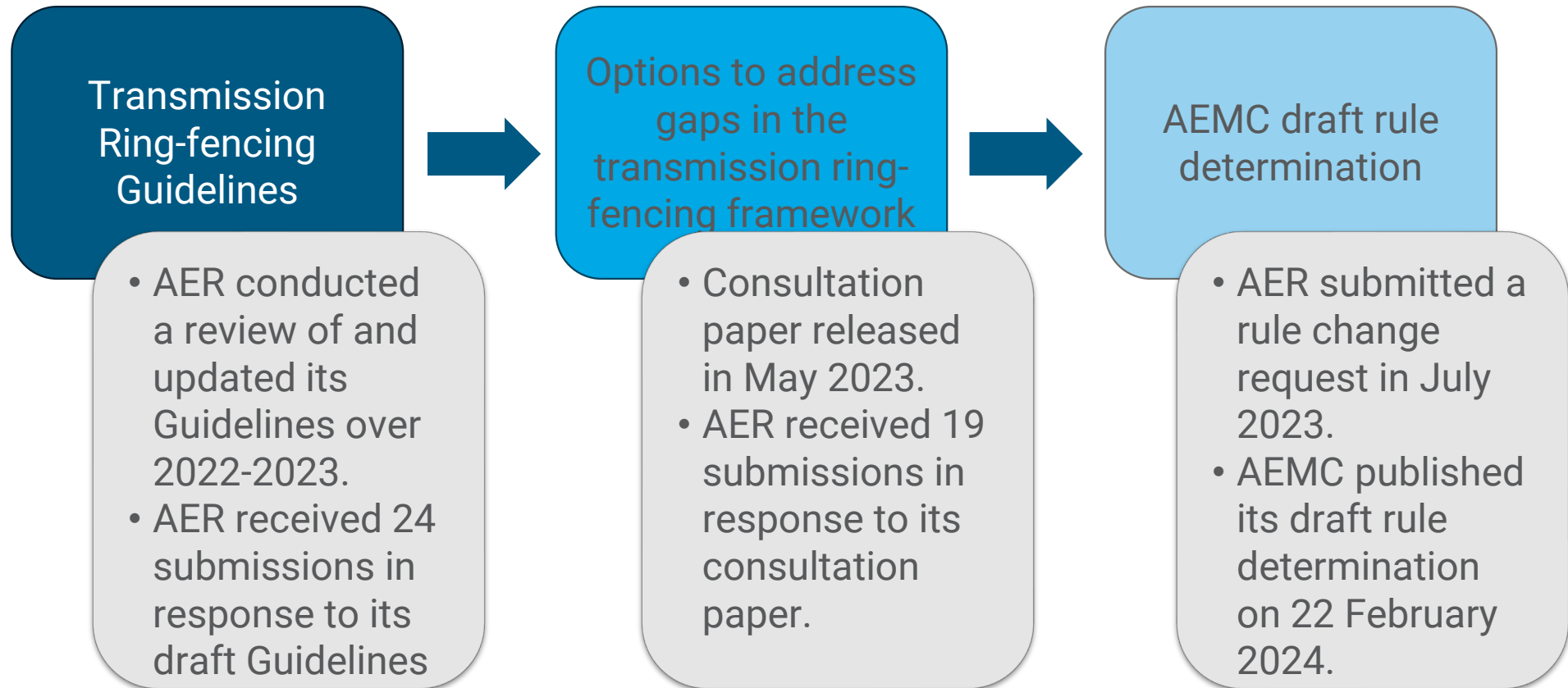
Draft rule determination

AEMC

Expanding the transmission ring-fencing framework

Ashwin Raj/Martina McCowan

Context and background



The AEMC has made a more preferable draft rule

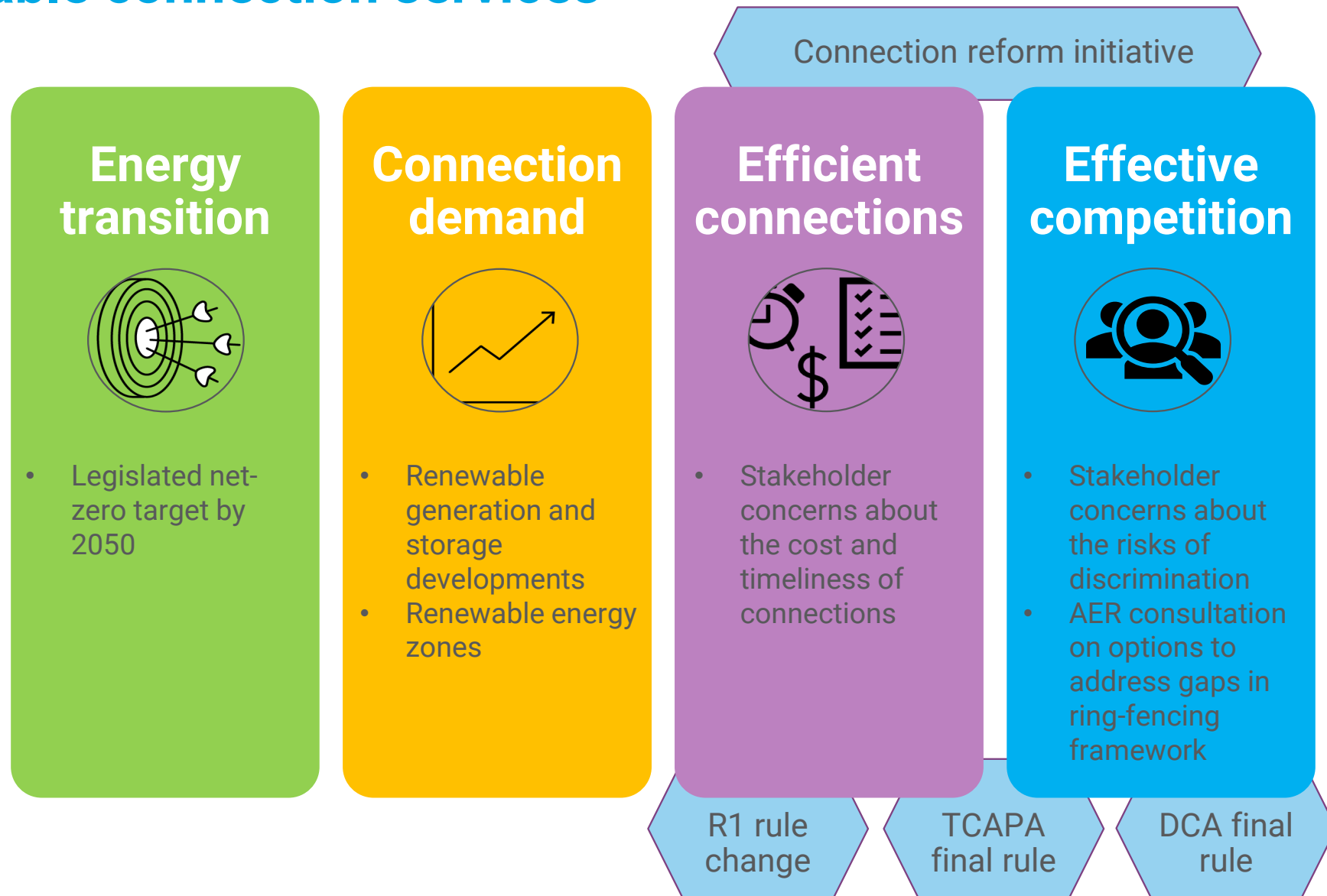
**We have
made a more
preferable
draft rule**

To enable the AER to specify obligations that would require Transmission Network Service Providers (TNSPs) to ring-fence their provision of negotiated transmission services from other services

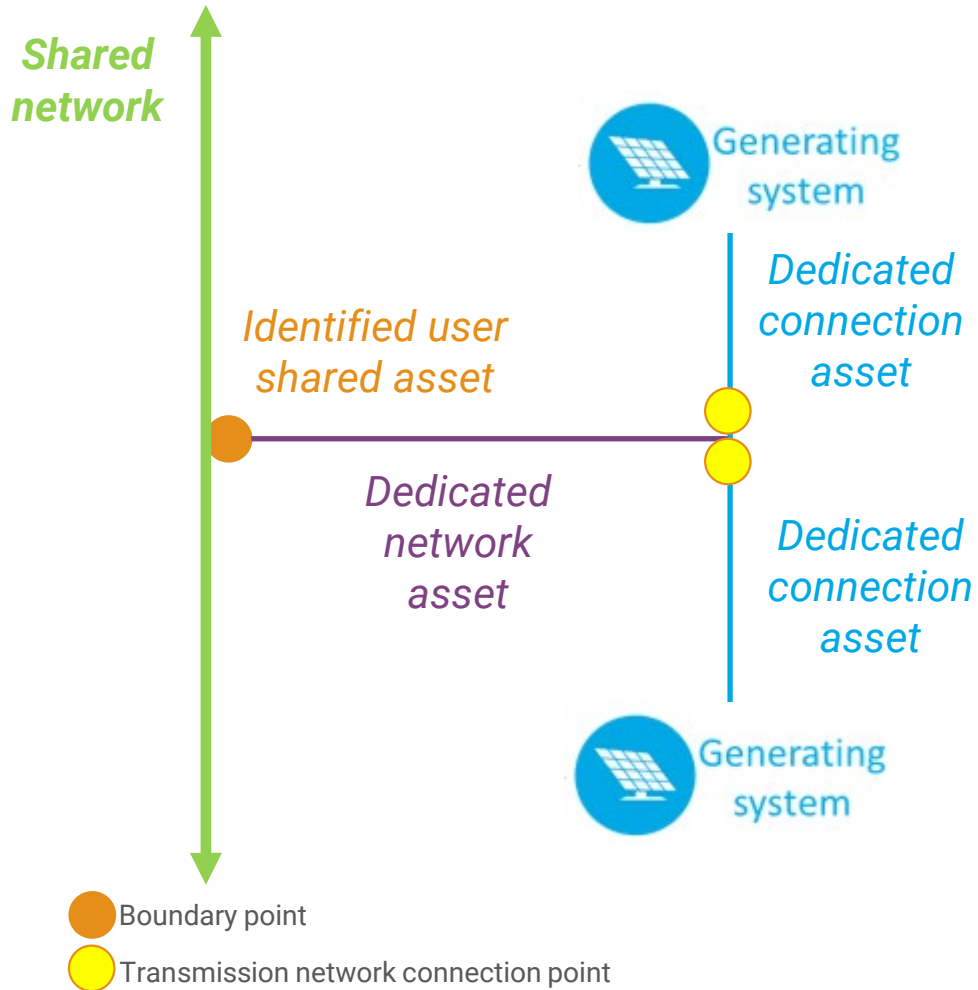
We are satisfied that the consultation already undertaken by the AER was adequate, having regard to the nature and content of the request

**We have
fast-tracked
the rule
change**

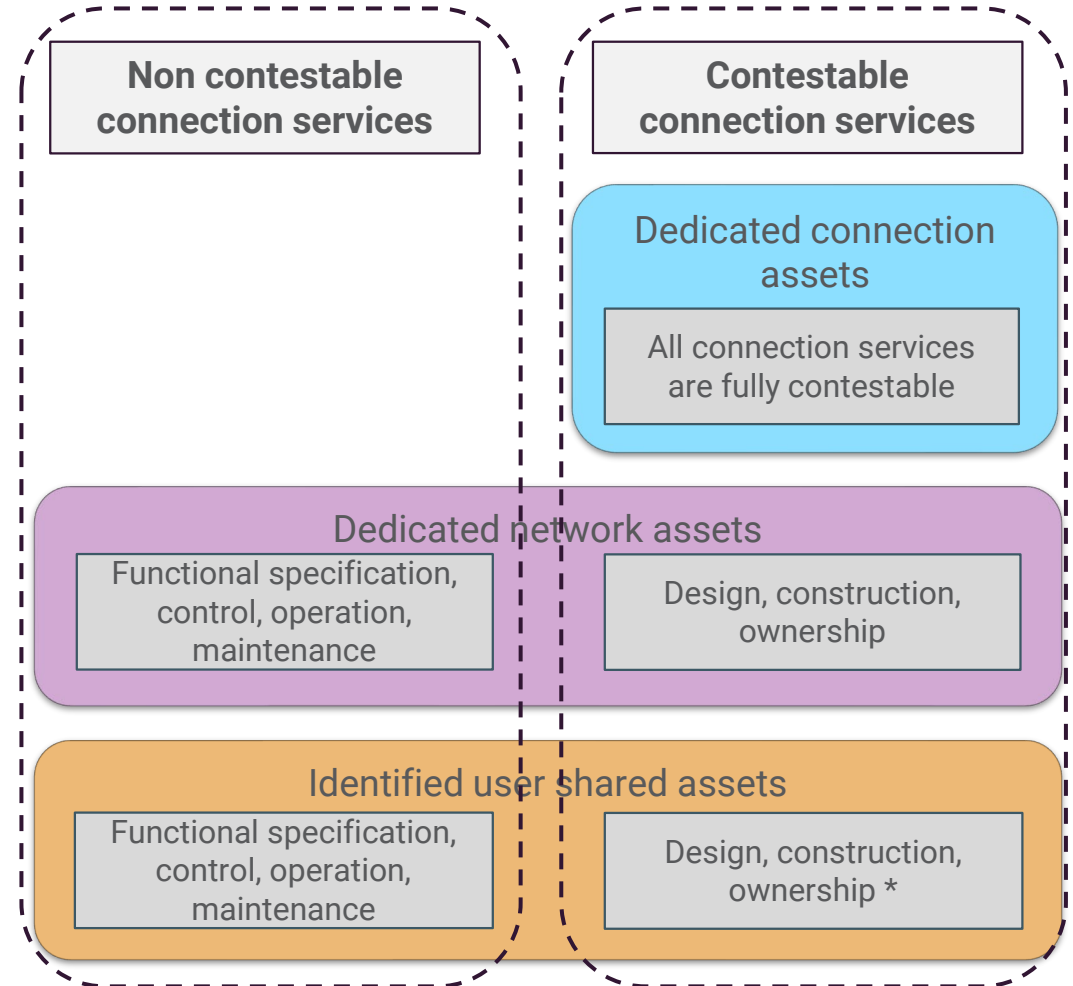
Our draft rule seeks to support effective competition in the market for contestable connection services



A primary TNSP *must* provide non-contestable and *can* provide contestable connection services



Stylised example of a connection configuration - for illustrative purposes only



* If the capital cost of the IUSA is reasonably expected to be \$10m or less then these services must be provided by the primary TNSP as a negotiated service

There is a risk of discrimination under the existing arrangements

TNSPs are the exclusive provider of non-contestable connection services and can also participate in the contestable market for connection services.

There is a risk that TNSPs leverage their exclusive right to provide non-contestable connection services to obtain an advantage over potential competitors in the market for contestable connection services.

Existing measures (Chapter 5 of the NER, Competition and Consumer Act 2010) and alternative options (compliance reporting) do not adequately address the risks.

Connecting parties may be reluctant to raise concerns about a TNSP's behaviour given the importance of maintaining a working commercial relationship.

Our draft rule seeks to address the risk of discrimination

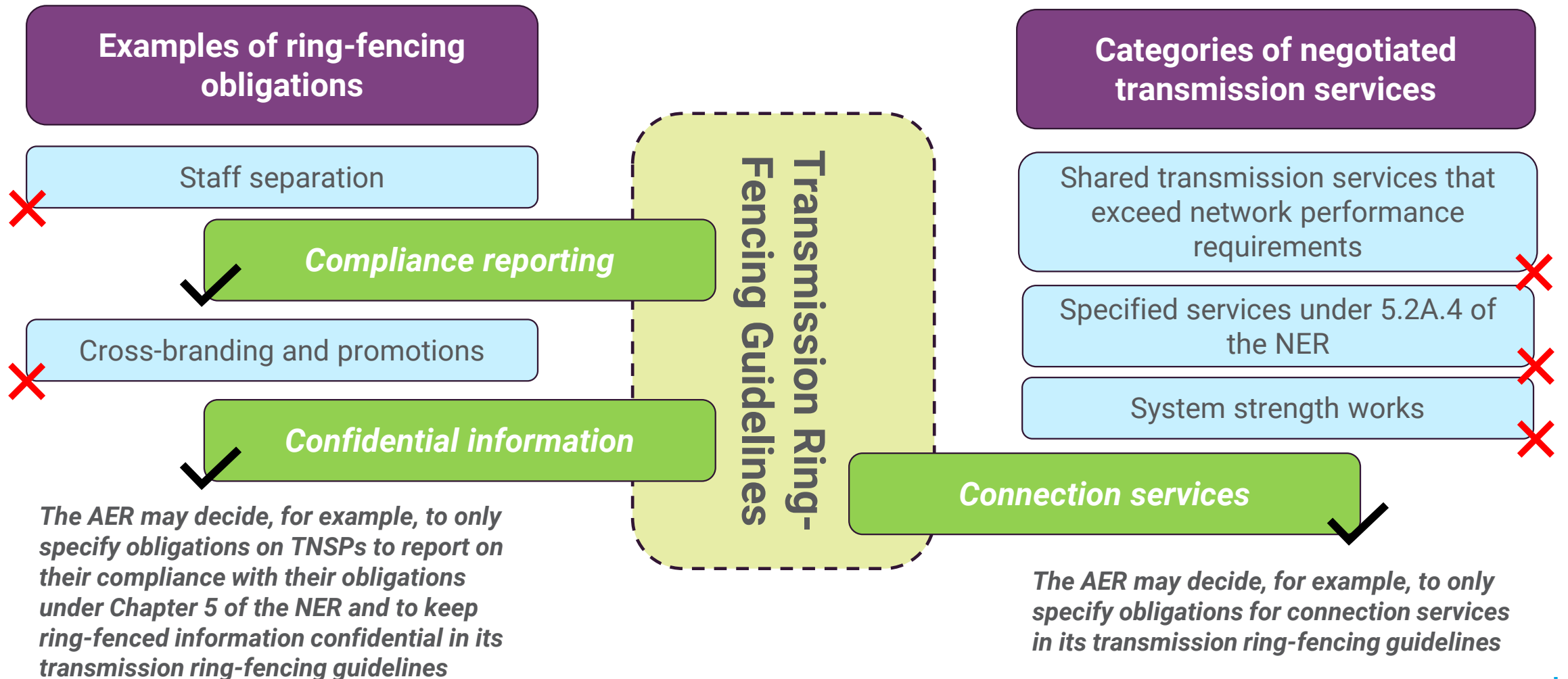
1 Empower the AER to specify ring-fencing obligations for negotiated transmission services

2 Explicitly clarify, for the avoidance of doubt, that the AER has flexibility to

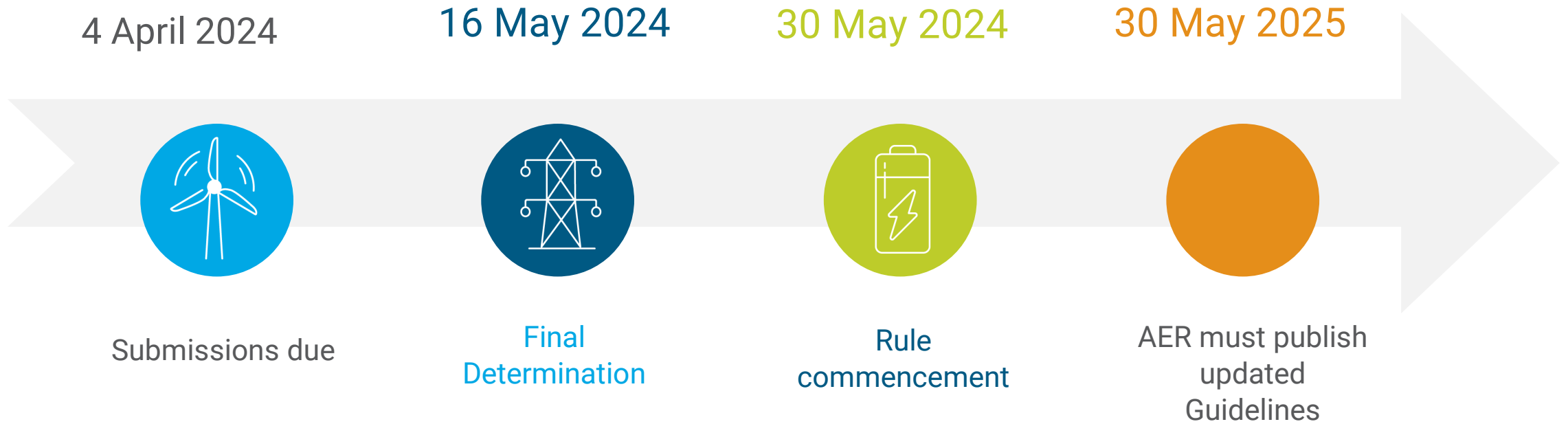
- specify, or not to specify obligations
- exclude specific categories of negotiated transmission services

*Note: Obligation to comply with the Transmission Ring-Fencing Guideline has recently been made a tier one **civil penalty provision** (since July 2023)*

The AER can decide what obligations to apply and which category of negotiated transmission services should be covered



Timeline and next steps



Q & A

Expanding the transmission ring-fencing framework



18 March 2024

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Keep in touch

www.aemc.gov.au



LEVEL 15
60 CASTLEREAGH STREET
SYDNEY NSW 2000

+61 2 8296 7800

