



# INFORMATION

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## Proposed planning arrangements

AEMC Transmission Frameworks Review backgrounder – 15 August 2012

### Transmission planning today

Currently, the arrangements for planning and investing in transmission networks vary between the jurisdictions which make up the National Electricity Market (NEM)<sup>1</sup>. In most states<sup>2</sup>, transmission planning is the responsibility of the transmission network service provider (TNSP) that owns the network. The Australian Energy Market Operator (AEMO) has a role as national transmission planner to guide the system's strategic development, but decisions about the development of new infrastructure are made by individual TNSPs. In Victoria, infrastructure investment decisions are made by AEMO. The AEMC has a minor role in transmission planning through its Last Resort Planning Power (LRPP) which acts as a safety net to ensure that TNSPs are assessing new inter-regional transmission investments where appropriate.

### Proposed transmission planning arrangements

In the Transmission Frameworks Review's second interim report, the AEMC proposes options to encourage TNSPs to plan their networks in a coordinated way that minimises cost across the market. The proposal enhances AEMO's role as national transmission planner to enable it to review TNSP planning and provides for AEMO to take over responsibility for forecasting future demand. This is similar to the division of roles that currently exists in South Australia. Responsibility for the LRPP would also be reallocated to AEMO. This proposal would be inconsistent with AEMO's current role of making investment decisions in Victoria (AEMO could not act as an independent check on its own decisions. We propose to align arrangements in Victoria with the rest of the National Electricity Market – providing a consistent approach).

### COMPARISON OF EXISTING AND PROPOSED TRANSMISSION PLANNING ARRANGEMENTS

CURRENT NEM ARRANGEMENTS	NSW	Qld	SA	Tas	Vic
Last resort planning power			AEMC		
Long-term strategic national planning			AEMO		
Demand forecasting					
Investment decision-making					
Detailed design	TRANSGRID	POWERLINK	ELECTRANET	TRANSEND	SP AUSNET (AND OTHER POSSIBLE TENDER WINNERS)
Provision of assets					
Operation and maintenance					

  

AEMC PROPOSALS	NSW	Qld	SA	Tas	Vic
Last resort planning power					
Long-term strategic national planning			AEMO		
Shorter-term national coordination					
Demand forecasting					
Investment decision-making					
Detailed design	TRANSGRID	POWERLINK	ELECTRANET	TRANSEND	SP AUSNET
Provision of assets					
Operation and maintenance					

<sup>1</sup> The National Electricity Market (in operation since 1998) is the wholesale market for electricity supply in Queensland, New South Wales, Victoria, Tasmania, South Australia and the Australian Capital Territory.

<sup>2</sup> The ACT is served by the NSW transmission network service provider.