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**Australian Energy Market Commission**

## **EXPLANATORY STATEMENT AND PROPOSED GUIDELINES**

Review of the last resort planning power  
guidelines

23 July 2015

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# GUIDELINES

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AEMC 2015, Review of the last resort planning power guidelines, Explanatory statement and proposed guidelines, 23 July 2015, Sydney

## **About the AEMC**

The AEMC reports to the Council of Australian Governments (COAG) through the COAG Energy Council. We have two functions. We make and amend the national electricity, gas and energy retail rules and conduct independent reviews for the COAG Energy Council.

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# Review of the last resort planning power guidelines

## Background

The last resort planning power (LRPP) is provided for in clause 5.22 of the National Electricity Rules (the NER). Its purpose is to ensure timely and efficient inter-regional transmission investment for the long term interests of consumers of electricity. It confers on the Australian Energy Market Commission (AEMC) the power to direct one or more Registered Participants to apply the regulatory investment test for transmission to projects that are likely to relieve a forecast constraint on national transmission flow paths between regional reference nodes.

To support the AEMC's last resort planning power role, clause 5.22(n) of the NER requires the AEMC to develop and publish the last resort planning guidelines (the guidelines). In general the purpose of the guidelines is to provide information about the AEMC's approach to exercising the LRPP, and establish the frameworks for information gathering and public communication to be followed by the AEMC. Clause 5.22(q) of the NER allows the AEMC to amend or replace the last resort planning power guidelines from time to time.

## Purpose of this explanatory statement

This explanatory statement sets out proposed amendments to the current version of the guidelines for consultation and the reasons for these amendments. The AEMC has previously noted its intention to amend the current guidelines to correct a number of out of date cross references to the NER.<sup>1</sup> In addition, the guidelines are due to be reviewed as the last review was undertaken in 2010.<sup>2</sup> As part of this review, the AEMC has also taken the opportunity to incorporate an explanation of the three stage process the AEMC follows when deciding whether to exercise the last resort planning power.

## Proposed amendments to the last resort planning power guidelines

The AEMC proposes to make two sets of changes to the current version of the guidelines.

First, the AEMC has incorporated into the guidelines a description of a three stage process the AEMC follows when deciding whether to exercise the last resort planning power. This process has been followed by the AEMC in LRPP reviews since 2010 and the AEMC considers that including it in the guidelines will provide more transparency and certainty for stakeholders.

Second, the AEMC has made a number of housekeeping amendments to the guidelines. These include streamlining the guidelines and updating a number of out of date cross references to the NER. The out of date cross references are as a result of the

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<sup>1</sup> AEMC, *Last resort planning power - 2014 review*, 6 November 2014, p8.

<sup>2</sup> In clause 10 of the current version of guidelines the AEMC states that it anticipates that it will review the guidelines at least every five years.

distribution network planning and expansion framework rule which commenced on 1 January 2013.<sup>3</sup>

A marked up version of the proposed amended guidelines accompanies this explanatory statement and is attached to this explanatory statement.

### **Drafting anomalies in the NER**

In updating the guidelines, the AEMC has identified some drafting anomalies in the NER relating to the LRPP, in particular the definition of a 'potential transmission project'. The AEMC proposes to deal with these anomalies through a minor rule change process later in the year.

### **Invitation for submissions**

Interested parties are invited to make written submissions to the AEMC on the proposed amended guidelines. Submissions should be received by 3 September 2015. Submissions are to be lodged online via the AEMC's website, [www.aemc.gov.au](http://www.aemc.gov.au) or by mail to:

Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

Or by fax to (02) 8296 7899.

The Commission publishes all submissions on its website, subject to a claim of confidentiality.

All enquiries on this project should be addressed to Neil Howes on (02) 8296 7800.

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<sup>3</sup> AEMC, *Distribution network planning and expansion framework*, Rule determination, 11 October 2012.