



## **National Electricity Amendment (DNSP Recovery of Transmission-related Charges) Rule 2011 No. 1**

under the National Electricity Law as applied by:

- (a) the National Electricity (South Australia) Act 1996;
- (b) the Electricity (National Scheme) Act 1997 of the Australian Capital Territory;
- (c) the Electricity - National Scheme (Queensland) Act 1997 of Queensland;
- (d) the Electricity - National Scheme (Tasmania) Act 1999 of Tasmania;
- (e) the National Electricity (New South Wales) Act 1997 of New South Wales;
- (f) the National Electricity (Victoria) Act 2005 of Victoria; and
- (g) the Australian Energy Market Act 2004 of the Commonwealth.

The Australian Energy Market Commission makes the following Rule under the National Electricity Law.

John Pierce  
Chairman  
Australian Energy Market Commission

## **National Electricity Amendment (DNSP Recovery of Transmission-related Charges) Rule 2011 No. 1**

### **1 Title of Rule**

This Rule is the *National Electricity Amendment (DNSP Recovery of Transmission-related Charges) Rule 2011 No.1*.

### **2 Commencement**

This Rule commences operation on 24 March 2011.

### **3 Amendment of the National Electricity Rules**

The National Electricity Rules are amended as set out in Schedule 1.

### **4 Savings and Transitional Amendments to the National Electricity Rules**

The National Electricity Rules are amended as set out in Schedule 2.

### **5 Savings and Transitional Amendments to the National Electricity Rules - Chapter 11 Appendix 1 (Transitional Chapter 6)**

The National Electricity Rules are amended as set out in Schedule 3.

## **Schedule 1          Amendments of the National Electricity Rules**

(Clause 3)

### **[1] Clause 6.12.1      Constituent decisions**

In clause 6.12.1(19), omit "*Transmission Use of System charges*" and substitute "*designated pricing proposal charges*".

### **[2] Clause 6.18.2      Pricing proposals**

In clause 6.18.2(b)(6), omit "charges incurred by the *Distribution Network Service Provider* for *transmission use of system services*" and substitute "*designated pricing proposal charges*".

### **[3] Clause 6.18.6      Side constraints on tariffs for standard control services**

In clause 6.18.6(d)(2), omit "charges for *transmission use of system services*" and substitute "*designated pricing proposal charges*".

### **[4] Clause 6.18.7      Recovery of charges for transmission use of system services**

In clause 6.18.7, omit the clause heading and substitute "Recovery of designated pricing proposal charges".

### **[5] Clause 6.18.7      Recovery of charges for transmission use of system services**

In clause 6.18.7(a), omit "charges to be incurred by the *Distribution Network Service Provider* for *transmission use of system services*" and substitute "*designated pricing proposal charges* to be incurred by the *Distribution Network Service Provider*".

### **[6] Clause 6.18.7      Recovery of charges for transmission use of system services**

Omit clause 6.18.7(b) and substitute:

- (b) The amount to be passed on to customers for a particular *regulatory year* must not exceed the estimated amount of the *designated pricing proposal charges* adjusted for over or under recovery in accordance with paragraph (c).

### **[7] Clause 6.18.7      Recovery of charges for transmission use of system services**

Omit clause 6.18.7(c) and substitute:

- (c) The over and under recovery amount must be calculated in a way that:
  - (1) subject to subparagraphs (2) and (3) below, is consistent with the method determined by the *AER* in the relevant distribution determination for the *Distribution Network Service Provider*;
  - (2) ensures a *Distribution Network Service Provider* is able to recover from customers no more and no less than the *designated pricing proposal charges* it incurs; and
  - (3) adjusts for an appropriate cost of capital that is consistent with the rate of return used in the relevant distribution determination for the relevant *regulatory year*.
- (d) Notwithstanding anything else in this clause 6.18.7, a *Distribution Network Service Provider* may not recover charges under this clause to the extent these are:
  - (1) recovered through the *Distribution Network Service Provider's annual revenue requirement*;
  - (2) recovered under clause 6.18.7A; or
  - (3) recovered from another *Distribution Network Service Provider*.

### **[8] Clause 6.18.7A Recovery of jurisdictional scheme amounts**

In clause 6.18.7A(b), omit "(year t)" and "for year t".

### **[9] Clause 6.18.7A Recovery of jurisdictional scheme amounts**

Omit clauses 6.18.7A(c) and (c1) and substitute:

- (c) The over and under recovery amount must be calculated in a way that:
  - (1) subject to subparagraphs (2) and (3) below, is consistent with the method determined by the *AER* for *jurisdictional scheme amounts* in the relevant distribution determination for the *Distribution Network Service Provider*, or where no such method has been determined, with the method determined by the *AER* in the relevant distribution determination in respect of *designated pricing proposal charges*;
  - (2) ensures a *Distribution Network Service Provider* is able to recover from customers no more and no less than the *jurisdictional scheme amounts* it incurs; and

- (3) adjusts for an appropriate cost of capital that is consistent with the rate of return used in the relevant distribution determination for the relevant *regulatory year*.

**[10] Clause 6.18.8 Approval of pricing proposal**

In clause 6.18.8(a)(1), after "this Part", insert ", any relevant clauses in Chapter 11 of the *Rules*".

**[11] Clause 6.20.2 Minimum information to be provided in distribution network service provider bills**

In clause 6.20.2, insert "(a)" in front of the existing text.

**[12] Clause 6.20.2 Minimum information to be provided in distribution network service provider bills**

After new clause 6.20.2(a), insert:

- (b) In addition to the minimum information requirements in paragraph (a), a bill for a *network coupling point* issued by a *Distribution Network Service Provider* directly to another *Distribution Network Service Provider* must separately identify the component of *designated pricing proposal services*, if any, to which each amount charged in the bill relates.

**[13] Rule 6.23 Separate disclosure of transmission and distribution charges**

In rules 6.23(a) and 6.23(f), omit "*transmission use of system*" and substitute in each case "*designated pricing proposal charges*".

**[14] Rule 6.23 Separate disclosure of transmission and distribution charges**

In rule 6.23(c), omit "*transmission use of system charges*" and substitute "*designated pricing proposal charges*".

**[15] Clause 6A.27.2 Minimum information to be provided in network service bills**

After clause 6A.27.2(b), insert:

- (c) In addition to the minimum information requirements in paragraph (a), a bill for a *connection point* issued by a *Transmission Network Service Provider* directly to a *Distribution Network Service Provider* must separately identify the component of *designated pricing proposal services*, if any, to which each amount charged in the bill relates.

## **[16] Chapter 10            New definitions**

In Chapter 10, insert the following new definitions in alphabetical order:

### ***designated pricing proposal charges***

Any of the following:

- (a) charges for *designated pricing proposal services*;
- (b) *avoided Customer TUOS charges*;
- (c) charges for *distribution services* provided by another *Distribution Network Service Provider*, but only to the extent those charges comprise:
  - (1) charges incurred by that *Distribution Network Service Provider* for *designated pricing proposal services*; or
  - (2) charges for *standard control services*;
- (d) charges or payments specified in rule 11.39.

### ***designated pricing proposal services***

Any of the following services:

- (a) *prescribed exit services*;
- (b) *prescribed common transmission services*; and
- (c) *prescribed TUOS services*.

## Schedule 2 Savings and Transitional Amendments to the National Electricity Rules

(Clause 4)

### [1] Chapter 11 Savings and Transitional Rules

After rule 11.38, insert:

#### Part ZI DNSP Recovery of Transmission-related Charges

##### 11.39 Rules consequential on the making of the National Electricity Amendment (DNSP Recovery of Transmission-related Charges) Rule 2011

###### 11.39.1 Definitions

For the purposes of this rule 11.39:

**Amending Rule** means the DNSP Recovery of Transmission-related Charges Rule 2011.

**Bairnsdale network support payments** means payments made by SP AusNet to the owners of the Bairnsdale Power Station under the *network support agreement* of 2001, but only to the extent those payments have been approved by the Essential Services Commission of Victoria established by the *Essential Services Commission Act 2001* (Vic), or its succeeding body assuming its powers and functions.

**commencement date** means the date that the Amending Rule commences operation.

**current regulatory control period** for a *Distribution Network Service Provider* means the *regulatory control period* that commenced before the commencement date and, as at the commencement date, has not ended.

**Energex** means Energex Limited (ACN 078 849 055).

**Energex transitional charges** means charges levied by Powerlink on Energex in respect of *entry services* and *exit services* for the *connection* of Energex's 110kV *network* at Archerfield.

**Ergon Energy** means Ergon Energy Corporation Limited (ACN 087 646 062).

**Ergon Energy connection points** means the *connection* at Oakey Power Station to supply Oakey town, the *connection* at Queensland Nickel, the *connection* at Stoney Creek for the Sunwater pump sites and the *connection* at King Creek for the Sunwater pump sites.

**Ergon Energy transitional charges** means charges levied on Ergon Energy for use of the 220kV *network* which supplies the Cloncurry township as approved by the *AER* in its distribution determination for the current regulatory control period, and charges levied by Powerlink on Ergon Energy for *entry services* and *exit services* at the Ergon Energy connection points.

**Powerlink** means Queensland Electricity Transmission Corporation Limited (ACN 078 849 233).

**SP AusNet** means SPI Electricity Pty Ltd (ABN 91 064 651 118).

**Victorian Distribution Network Service Provider** means a *Distribution Network Service Provider* for a *distribution network* situated wholly or partly within Victoria for whom a distribution determination took effect on 1 January 2011.

### **11.39.2 Recovery by Victorian distribution network service providers during current regulatory control period**

- (a) Subject to the remainder of this clause, a Victorian Distribution Network Service Provider may, in any of its *pricing proposals* for the remainder of the current regulatory control period, provide for the recovery of any additional *designated pricing proposal charges* which it could have passed on to customers in the first *regulatory year* of the current regulatory control period as if the Amending Rule were operative during that first *regulatory year*.
- (b) A Victorian Distribution Network Service Provider may recover the total amount of charges described in paragraph (a) during a single *regulatory year* or over the course of several *regulatory years* during the current regulatory control period.
- (c) A Victorian Distribution Network Service Provider must not recover in total under this clause any more than the additional *designated pricing proposal charges* referred to in paragraph (a).
- (d) The additional charges recovered under paragraph (a) must be adjusted for an appropriate cost of capital that is consistent with the rate of return used in the distribution determination for the *Distribution Network Service Provider* for the current regulatory control period.

### **11.39.3 Recovery by Victorian distribution network service providers for shared network augmentations**

The definition of *designated pricing proposal charges* as it applies to a Victorian Distribution Network Service Provider during the current regulatory control period includes charges in respect of *negotiated transmission services* levied by *AEMO* on the Victorian Distribution Network Service Provider to recover costs incurred by *AEMO* in



*augmenting* the relevant *declared shared network* to facilitate a *connection* between the *declared shared network* and a *distribution network*.

**11.39.4 Bairnsdale network support agreement**

The definition of *designated pricing proposal charges* as it applies to SP AusNet includes Bairnsdale network support payments.

**11.39.5 Approval of pricing proposal**

For the purposes of determining whether to approve a *pricing proposal* under clause 6.18.8, the *AER* must exclude from its consideration any part of a distribution determination for a current regulatory control period which does not permit a *Distribution Network Service Provider* to recover charges which are recoverable under clause 6.18.7.

**11.39.6 Ergon Energy transitional charges**

The definition of *designated pricing proposal charges* as it applies to Ergon Energy includes Ergon Energy transitional charges, but only for the current regulatory control period.

**11.39.7 Energex transitional charges**

The definition of *designated pricing proposal charges* as it applies to Energex includes Energex transitional charges, but only for the current regulatory control period.

**Schedule 3            Savings and Transitional Amendments to the  
National Electricity Rules - Chapter 11  
Appendix 1 (Transitional Chapter 6)**

(Clause 5)

**[1] Transitional Chapter 6            Pricing proposals**

In clause 6.18.2(b)(6) of Appendix 1, omit "charges incurred by the *Distribution Network Service Provider* for *transmission use of system services*" and substitute "*designated pricing proposal charges*".

**[2] Transitional Chapter 6 Side constraints on tariffs for  
standard control services**

In clause 6.18.6(d)(2) of Appendix 1, omit "charges for *transmission use of system services*" and substitute "*designated pricing proposal charges*".

**[3] Transitional Chapter 6 Recovery of charges for  
transmission use of system services**

In clause 6.18.7 of Appendix 1, omit the clause heading and substitute "Recovery of designated pricing proposal charges".

**[4] Transitional Chapter 6 Recovery of charges for  
transmission use of system services**

In clause 6.18.7(a) of Appendix 1, omit "charges to be incurred by the *Distribution Network Service Provider* for *transmission use of system services*" and substitute "*designated pricing proposal charges* to be incurred by the *Distribution Network Service Provider*".

**[5] Transitional Chapter 6 Recovery of charges for  
transmission use of system services**

Omit clause 6.18.7(b) of Appendix 1, and substitute:

- (b) The amount to be passed on to customers for a particular *regulatory year* must not exceed the estimated amount of the *designated pricing proposal charges* adjusted for over or under recovery in accordance with paragraph (c).

**[6] Transitional Chapter 6 Recovery of charges for  
transmission use of system services**

Omit clause 6.18.7(c) of Appendix 1, and substitute:

- (c) The over and under recovery amount must be calculated in a way that:

- (1) subject to subparagraphs (2) and (3) below, is consistent with the method determined by the *AER* in the relevant distribution determination for the *Distribution Network Service Provider*;
  - (2) ensures a *Distribution Network Service Provider* is able to recover from customers no more and no less than the *designated pricing proposal charges* it incurs; and
  - (3) adjusts for an appropriate cost of capital that is consistent with the rate of return used in the relevant distribution determination for the relevant *regulatory year*.
- (d) Notwithstanding anything else in this clause 6.18.7, a *Distribution Network Service Provider* may not recover charges under this clause to the extent these are:
- (1) recovered through the *Distribution Network Service Provider's annual revenue requirement*;
  - (2) recovered under modified clauses 6.18.7A(a) to (c) or clause 6.18.7B; or
  - (3) recovered from another *Distribution Network Service Provider*.

#### **[7] Transitional Chapter 6 Approval of pricing proposal**

In clause 6.18.8(a)(1) of Appendix 1, after "this Part", insert ", any relevant clauses in Chapter 11 of the *Rules*".

#### **[8] Transitional Chapter 6 Minimum information to be provided in distribution network service provider bills**

In clause 6.20.2 of Appendix 1, insert "(a)" in front of the existing text.

#### **[9] Transitional Chapter 6 Minimum information to be provided in distribution network service provider bills**

After clause 6.20.2(a) of Appendix 1, insert:

- (b) In addition to the minimum information requirements in paragraph (a), a bill for a *network coupling point* issued by a *Distribution Network Service Provider* directly to another *Distribution Network Service Provider* must separately identify the component of *designated pricing proposal services*, if any, to which each amount charged in the bill relates.

#### **[10] Transitional Chapter 6 Separate disclosure of transmission and distribution charges**

In rules 6.23(a) and 6.23(f) of Appendix 1, omit "*transmission use of system*" and substitute in each case "*designated pricing proposal charges*".

**[11] Transitional Chapter 6 Separate disclosure of transmission and distribution charges**

In rule 6.23(c) of Appendix 1, omit "*transmission use of system charges*" and substitute "*designated pricing proposal charges*".

[END OF RULE AS MADE]

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