



Distribution network planning and expansion framework rule change request – Section 108A report

Purpose

The Australian Energy Market Commission (Commission) is required under s. 108A of the National Electricity Law (NEL) to publicly report if a final rule determination is not made within 12 months of publication of a notice under s. 95 of the NEL which formally commences the rule change process.

Background

On 30 March 2011, the Commission received a rule change request from the Ministerial Council on Energy (MCE) seeking to establish a national framework for distribution network planning and expansion which would be applicable to distribution businesses in each National Electricity Market (NEM) jurisdiction.

The rule change request sought to implement (with some amendments) the recommendations put forward in the AEMC's Review of National Framework for Electricity Distribution Network Planning and Expansion which was completed in September 2009.

The s. 95 notice was published on 30 September 2011, together with a consultation paper which formally commenced the public consultation process. Stakeholders were given eight weeks to respond to the consultation paper, with submissions due on the 24 November 2011.

The Commission received 16 submissions and three supplementary submissions on the rule change request as part of the first round of consultation.

The draft rule determination and draft rule were published on 14 June 2012. Stakeholders were provided with eight weeks to respond to the draft rule determination, with submissions due on 9 August 2012.

The Commission received nine submissions to the draft rule determination and draft rule as part of the second round of consultation.

The final determination and final rule were published on 11 October 2012. The final rule implements a national framework for distribution network planning and expansion which consists of an annual planning and reporting process (including a number of demand side engagement obligations on distribution businesses), and a regulatory investment test for distribution (RIT-D) process.

Over the course of this rule change, four notices have been issued under s. 107 of the NEL extending the periods of time for publishing the draft and final rule determinations for this rule change request. The Commission considered that the proposed rule raised issues of sufficient complexity and difficulty such that additional time was necessary.

Reason for the final rule determination not being made within 12 months

The final rule determination has not been made within 12 months of the publication of the notice under s. 95 of the NEL as a result of:

- the detailed and complex nature of the rule change request; and
- the nature and volume of issues raised by stakeholders during the first and second rounds of consultation on the rule change request.

The consultation process has demonstrated a high level of interest from stakeholders regarding the rule change request and the issues raised. Over the course of this rule change process, the Commission received a total of 27 submissions and supplementary submissions to the consultation paper, draft rule determination and draft rule. These submissions included a significant number of detailed policy and drafting issues.

To ensure the Commission's assessment of the rule change request was robust, credible and would promote an outcome that was consistent with, and would contribute to, the achievement of the NEO, the Commission made the decision to extend the periods of time for considering the rule change request. These time extensions provided the Commission with the opportunity to fully consider the issues raised by stakeholders.

Time for making final rule determination

The final rule determination and final rule were published on 11 October 2012.