

# National Electricity Rules Version 27

## Status Information

This is a draft consolidation based on the latest electronically available version of the National Electricity Rules as at 31 March 2009.

This draft consolidated version of the National Electricity Rules includes the following draft amendment:

National Electricity Amendment (Regulatory Investment Test for Transmission) Rule 2009

This version of the National Electricity Rules only contains the Chapters of the National Electricity Rules that will be amended by the draft Rule.

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**CHAPTER 5**



## 5. Network Connection

### 5.1 Statement of Purpose

#### 5.1.1 [Deleted]

#### 5.1.2 Purpose

- (a) This Chapter:
- (1) provides the framework for *connection* to a *transmission network* or a *distribution network* and access to the *national grid*; and
  - (2) has the following aims:
    - (i) to detail the principles and guidelines governing *connection* and access to a *network*;
    - (ii) to establish the process to be followed by a *Registered Participant* or a person intending to become a *Registered Participant* for establishing or modifying a *connection* to a *network* or for altering *generating plant connected to a network*;
    - (iii) to address a *Connection Applicant's* reasonable expectations of the level and standard of *power transfer capability* that the relevant *network* should provide; and
    - (iv) to establish processes to ensure ongoing compliance with the technical requirements of this Chapter to facilitate management of the *national grid*.
- (b) Any person who is not a *Registered Participant* may agree with a *Network Service Provider* to comply with this Chapter as part of a *connection agreement*.
- (c) Nothing in the *Rules* is to be read or construed as preventing any person from constructing any *network* or *connection assets*.

#### 5.1.3 Principles

This Chapter is based on the following principles relating to *connection* to the *national grid*:

- (a) all *Registered Participants* should have the opportunity to form a *connection* to a *network* and have access to the *network services* provided by the *networks* forming part of the *national grid*;

- (b) the terms and conditions on which *connection* to a *network* and provision of *network service* is to be granted are to be set out in commercial agreements on reasonable terms entered into between a *Network Service Provider* and other *Registered Participants*;
- (c) the technical terms and conditions of *connection agreements* regarding standards of performance must be established at levels at or above the *minimum access standards* set out in schedules 5.1, 5.2, 5.3 and 5.3a, with the objective of ensuring that the *power system* operates securely and reliably and in accordance with the *system standards* set out in schedule 5.1a;
- (d) a *Registered Participant* or person intending to become a *Registered Participant* may request *connection* of a facility, modification of a *connection*, or alteration of *connected plant* at a standard below an *automatic access standard* if the *connection*, modification to the *connection*, or alteration of *connected plant* does not adversely affect:
  - (1) *power system security*; and
  - (2) the quality of *supply* to other *Network Users*;
- (e) in some jurisdictions separate agreements may be required for *connection services* and *use of system services*; and
- (f) the operation of the *Rules* should result in the achievement of:
  - (1) long term benefits to *Registered Participants* in terms of cost and *reliability* of the *national grid*; and
  - (2) open communication and information flows relating to *connections* between *Registered Participants* themselves, and between *Registered Participants* and *NEMMCO*, while ensuring the security of *confidential information* belonging to competitors in the *market*.

## 5.2 Obligations

### 5.2.1 Obligations of Registered Participants

- (a) All *Registered Participants* must maintain and operate (or ensure their authorised *representatives* maintain and operate) all equipment that is part of their *facilities* in accordance with:
  - (1) relevant laws;
  - (2) the requirements of the *Rules*; and

- (3) *good electricity industry practice* and applicable *Australian Standards*.
- (b) All *Registered Participants* must ensure that the *connection agreements* to which they are a party require the provision and maintenance of all required *facilities* consistent with *good electricity industry practice* and must operate their equipment in a manner:
  - (1) to assist in preventing or controlling instability within the *power system*;
  - (2) comply with the minimum standards *published* pursuant to clause 3.11.4(c);
  - (3) to assist in the maintenance of, or restoration to, a *satisfactory operating state* of the *power system*; and
  - (4) to prevent uncontrolled separation of the *power system* into isolated *regions* or partly combined *regions*, *intra-regional transmission break-up*, or *cascading outages*, following any *power system* incident.

## 5.2.2 Connection agreements

- (a) If requested to do so by a *Transmission Network User*, *Distribution Network User*, *NEMMCO* or the *AER*, a *Network Service Provider* and a *Transmission Network User* or *Distribution Network User* (as the case may be) must document the terms of any *network connection* arrangements made prior to 13 December 1998 and the resulting document will then be deemed to be a *connection agreement* for the purposes of the *Rules*.
- (b) The *Rules* apply to:
  - (1) *connection agreements* made after 13 December 1998;
  - (2) deemed *connection agreements* under paragraph (a); and
  - (3) requests to establish *connection* after 13 December 1998.
- (c) This Chapter is neither intended to have, nor is it to be read or construed as having, the effect of:
  - (1) altering any of the terms of a *connection agreement*; or
  - (2) altering the contractual rights or obligations of any of the parties under the *connection agreement* as between those parties; or
  - (3) relieving the parties under any such *connection agreement* of their contractual obligations under such an *agreement*.

- (d) Notwithstanding the provisions of clause 5.2.2(c), if any obligation imposed or right conferred on a *Registered Participant* by this Chapter is inconsistent with the terms of a *connection agreement* to which the *Rules* apply and the application of the inconsistent terms of the *connection agreement* would adversely affect the quality or security of *network service* to other *Network Users*, the parties to the *connection agreement* must observe the provisions of this Chapter as if they prevail over the *connection agreement* to the extent of the inconsistency.

### 5.2.3 Obligations of network service providers

- (a) To be registered by *NEMMCO* as a *Network Service Provider*, a person must satisfy the relevant requirements specified in Chapter 2 and submit an application to *NEMMCO* in such form as *NEMMCO* may require.
- (b) A *Network Service Provider* must comply with the *power system* performance and quality of *supply* standards:
  - (1) described in schedule 5.1;
  - (2) in accordance with any *connection agreement* with a *Registered Participant*,and if there is an inconsistency between schedule 5.1 and such a *connection agreement*:
  - (3) if compliance with the relevant provision of the *connection agreement* would adversely affect the quality or security of *network service* to other *Network Users*, schedule 5.1 is to prevail;
  - (4) otherwise the *connection agreement* is to prevail.
- (c) Where the provisions of the *connection agreement* vary the technical requirements set out in the schedules to this Chapter, the relevant *Network Service Provider* must report on such variations to *NEMMCO* on an annual basis. *NEMMCO* must allow access to such information to all other *Network Service Providers* and the *Network Service Providers* must keep such information confidential.
- (d) A *Network Service Provider* must:
  - (1) review and process *applications to connect* or modify a *connection* which are submitted to it and must enter into a *connection agreement* with each *Registered Participant* and any other person to which it has provided a *connection* in accordance with rule 5.3 to the extent that the *connection point* relates to its part of the *national grid*;

- (1A) co-operate with any other *Network Service Provider* who is processing a *connection* enquiry or *application to connect* to allow that *connection* enquiry or *application to connect* to be processed expeditiously and in accordance with rule 5.3;
- (2) ensure that, to the extent that a *connection point* relates to its part of the *national grid*, every arrangement for *connection* with a *Registered Participant* or any other arrangement involving a *connection agreement* with that *Network Service Provider* complies with all relevant provisions of the *Rules*;
- (3) co-ordinate the design aspects of equipment proposed to be *connected* to its *networks* with those of other *Network Service Providers* in accordance with rule 5.4 in order to seek to achieve *power system* performance requirements in accordance with schedule 5.1;
- (4) together with other *Network Service Providers*, arrange for and participate in planning and development of their *networks* and *connection points* on or with those *networks* in accordance with rule 5.6;
- (5) permit and participate in inspection and testing of *facilities* and equipment in accordance with rule 5.7;
- (6) permit and participate in commissioning of *facilities* and equipment which are to be *connected* to its *network* in accordance with rule 5.8;
- (7) advise a *Registered Participant* or other person with whom there is a *connection agreement* upon request of any expected interruption characteristics at a *connection point* on or with its *network* so that the *Registered Participant* or other person may make alternative arrangements for *supply* during such interruptions, including negotiating for an alternative or backup *connection*;
- (8) use its reasonable endeavours to ensure that modelling data used for planning, design and operational purposes is complete and accurate and order tests in accordance with rule 5.7 where there are reasonable grounds to question the validity of data;
- (9) provide to *NEMMCO* and other *Network Service Providers* all data available to it and reasonably required for modelling the static and *dynamic performance* of the *power system*;
- (10) forward to *NEMMCO* and other *Network Service Providers* subsequent updates of the data referred to in clause 5.2.3(d)(9) and, to the best of its ability and knowledge, ensure that all data used for the purposes referred to in rule 5.3 is consistent with data used for such purposes by other *Network Service Providers*;

- (11) provide to *NEMMCO* the information required from *Generators* under schedule 5.2 and from *Customers* under schedule 5.3 and from *Market Network Service Providers* under schedule 5.3a in relation to a *connection agreement* and details of any *connection points* with other *Network Service Providers*; and
  - (12) where *network augmentations*, setting changes or other technical issues arise which could impact across *regional* boundaries, provide *NEMMCO* with a written report on the impact and its effects.
- (e) A *Network Service Provider* must arrange for operation of that part of the *national grid* over which it has control in accordance with instructions given by *NEMMCO*.
- (e1) A *Network Service Provider* must, except in so far as its *market network services* and parts of its *network* which are used solely for the provision of *market network services* are concerned, arrange for:
- (1) management, maintenance and operation of its part of the *national grid* such that, in the *satisfactory operating state*, electricity may be transferred continuously at a *connection point* on or with its *network* up to the *agreed capability*;
  - (2) operation of its *network* such that the fault level at any *connection point* on or with that *network* does not exceed the limits that have been specified in a *connection agreement*;
  - (3) management, maintenance and operation of its *network* to minimise the number of interruptions to *agreed capability* at a *connection point* on or with that *network* by using *good electricity industry practice*; and
  - (4) restoration of the *agreed capability* at a *connection point* on or with that *network* as soon as reasonably practicable following any interruption at that *connection point*.
- (f) A *Network Service Provider* must comply with *applicable regulatory instruments*.
- (g) Each *Network Service Provider* must in respect of new or altered equipment owned, operated or controlled by it for the purpose of providing a *market network service*:
- (1) submit an *application to connect* and enter into a *connection agreement* with a *Network Service Provider* in accordance with rule 5.3 prior to that equipment being connected to the *network* of that *Network Service Provider* or altered (as the case may be);

- (2) comply with the reasonable requirements of *NEMMCO* and the relevant *Network Service Provider* in respect of design requirements of equipment proposed to be *connected* to the *network* of that *Network Service Provider* in accordance with rule 5.4 and schedule 5.3a;
  - (3) provide forecast information to the relevant *Network Service Provider* in accordance with rule 5.6;
  - (4) permit and participate in inspection and testing of *facilities* and equipment in accordance with rule 5.7;
  - (5) permit and participate in commissioning of *facilities* and equipment which are to be *connected* to a *network* for the first time in accordance with rule 5.8; and
  - (6) **[Deleted]**
  - (7) give notice of intended voluntary permanent *disconnection* in accordance with rule 5.9.
- (h) **[Deleted]**
- (h1) On receipt of a written request from Basslink Pty Ltd or another party nominated in writing to *NEMMCO* by the Basslink Development Board (collectively ‘Basslink’) together with a copy of the *application to connect* lodged by Basslink with the relevant *Transmission Network Service Provider*, including all necessary supporting information and data required under clause 5.3.3(c), the *Inter-regional Planning Committee* must in accordance with clause 5.6.3 advise *NEMMCO* of the requirements that should be imposed on Basslink as the intending *Market Network Service Provider* for the purposes of clause 5.2.3(g)(2).
  - (h2) The *Inter-regional Planning Committee* must, in preparing its advice to *NEMMCO* under 5.2.3(h1), conduct a review of the technical impacts of the proposed interconnector to be constructed by Basslink covering those matters in clause 5.6.6(c)(1), (2) and (4) and *publish* a report of its review.
  - (h3) *NEMMCO* must, following receipt of advice from the *Inter-regional Planning Committee* in accordance with clause 5.2.3(h1), advise the relevant *Transmission Network Service Provider* and Basslink of its reasonable design requirements in respect of the equipment proposed to be *connected* to the *network* as set out in rule 5.4 and schedule 5.3a, in addition to those reasonable design requirements of the relevant *Transmission Network Service Provider*, for the purposes of clause 5.2.3(g)(2).
- (i) This Chapter is neither intended to require, nor is it to be read or construed as having the effect of requiring, a *Network Service Provider* to permit

*connection* to or to *augment* any part of its *network* which is solely used for the provision of *market network services*.

#### 5.2.4 Obligations of customers

- (a) Each *Customer* must plan and design its *facilities* and ensure that its *facilities* are operated to comply with:
  - (1) its *connection agreement* with a *Network Service Provider*;
  - (2) subject to clause 5.2.4(a)(1), all applicable *performance standards*; and
  - (3) subject to clause 5.2.4(a)(2), the *system standards*.
- (b) A *Customer* must:
  - (1) submit an *application to connect* in respect of new or altered equipment owned, operated or controlled by the *Customer* and enter into a *connection agreement* with a *Network Service Provider* in accordance with rule 5.3 prior to that equipment being *connected* to the *network* of that *Network Service Provider* or altered (as the case may be);
  - (2) comply with the reasonable requirements of the relevant *Network Service Provider* in respect of design requirements of equipment proposed to be *connected* to the *network* of that *Network Service Provider* in accordance with rule 5.4 and schedule 5.3;
  - (3) provide *load* forecast information to the relevant *Network Service Provider* in accordance with rule 5.6;
  - (4) permit and participate in inspection and testing of *facilities* and equipment in accordance with rule 5.7;
  - (5) permit and participate in commissioning of *facilities* and equipment which are to be *connected* to a *network* for the first time in accordance with rule 5.8; and
  - (6) **[Deleted]**
  - (7) give notice of any intended voluntary permanent *disconnection* in accordance with rule 5.9.

#### 5.2.5 Obligations of Generators

- (a) A *Generator* must plan and design its *facilities* and ensure that they are operated to comply with:

- (1) the *performance standards* applicable to those *facilities*;
  - (2) subject to subparagraph (1), its *connection agreement* applicable to those *facilities*; and
  - (3) subject to subparagraph (2), the *system standards*.
- (b) A *Generator* must:
- (1) submit an *application to connect* in respect of new *generating plant* owned, operated or controlled by the *Generator*, or to be owned, operated or controlled by the *Generator*, and enter into a *connection agreement* with a *Network Service Provider* in accordance with rule 5.3 prior to that *generating plant* being *connected* to the *network* of that provider;
  - (2) comply with the reasonable requirements of the relevant *Network Service Provider* in respect of design requirements of *generating plant* proposed to be *connected* to the *network* of that provider in accordance with rule 5.4 and schedule 5.2;
  - (3) provide *generation* forecast information to the relevant *Network Service Provider* in accordance with rule 5.6;
  - (4) permit and participate in inspection and testing of *facilities* and equipment in accordance with rule 5.7;
  - (5) permit and participate in commissioning of *facilities* and equipment which are to be *connected* to a *network* for the first time in accordance with rule 5.8; and
  - (6) give notice of intended voluntary permanent *disconnection* in accordance with rule 5.9.

## 5.3 Establishing or Modifying Connection

### 5.3.1 Process and procedures

- (a) For the purposes of this rule 5.3:
- establish a connection** includes modify an existing *connection* or alter *plant* but does not include alterations to *generating plant* in the circumstances set out in clause 5.3.9.
- (b) A *Registered Participant* or person intending to become a *Registered Participant* who wishes to establish a *connection* to a *network* must follow the procedures in this rule 5.3.

- (c) Any person wishing to establish a *connection* to a *network* may elect to follow the procedures in this rule 5.3.
- (d) A *Generator* wishing to alter *connected generating plant* must comply with clause 5.3.9.

### 5.3.2 Connection enquiry

- (a) A person referred to in clause 5.3.1(b) or (c) who wishes to make an *application to connect* must first make a *connection enquiry* by advising the *Local Network Service Provider* of the type, magnitude and timing of the proposed *connection* to that provider's *network*.
- (b) If the information submitted with a *connection enquiry* is inadequate to enable the *Local Network Service Provider* to process the enquiry the provider must within 5 *business days*, advise the *Connection Applicant* what other relevant preliminary information of the kind listed in schedule 5.4 is required before the *connection enquiry* can be further processed.
- (c) The *Local Network Service Provider* must advise the *Connection Applicant* within 10 *business days* of receipt of the *connection enquiry* and the further information required in accordance with paragraph (b) if the enquiry would be more appropriately directed to another *Network Service Provider*.
- (d) The *Connection Applicant*, notwithstanding the advice received under paragraph (c), may if it is reasonable in all the circumstances, request the *Local Network Service Provider* to process the *connection enquiry* and the provider must meet this request.
- (e) Where the *Local Network Service Provider* considers that the *connection enquiry* should be jointly examined by more than one *Network Service Provider*, with the agreement of the *Connection Applicant*, one of those *Network Service Providers* may be allocated the task of liaising with the *Connection Applicant* and the other *Network Service Providers* to process and respond to the enquiry.
- (f) A *Network Service Provider* must to the extent that it holds technical information necessary to facilitate the processing of a *connection enquiry* made in accordance with paragraph (a) or an *application to connect* in accordance with clause 5.3.4(a), provide that information to the *Connection Applicant* in accordance with the relevant requirements of schedule 5.1, 5.2, 5.3 or 5.3a.

### 5.3.3 Response to connection enquiry

- (a) In preparing a response to a *connection enquiry*, the *Network Service Provider* must liaise with other *Network Service Providers* with whom it has *connection agreements*, if the *Network Service Provider* believes, in its

reasonable opinion, that compliance with the terms and conditions of those *connection agreements* will be affected. The *Network Service Provider* responding to the *connection* enquiry may include in that response the reasonable requirements of any such other *Network Service Providers* for information to be provided by the *Connection Applicant*.

(b) The *Network Service Provider* must:

- (1) within 10 *business days* after receipt of the *connection* enquiry and all such additional information (if any) advised under clause 5.3.2(b); or
- (2) within 10 *business days* after receipt of a request from the *Connection Applicant* to the *Local Network Service Provider* to process the *connection* enquiry under clause 5.3.2(d),

provide the following information in writing to the *Connection Applicant*:

- (3) the identity of other parties that the *Network Service Provider* considers:
  - (i) will need to be involved in planning to make the *connection* or must be involved under clause 5.3.5(e); and
  - (ii) must be paid for *transmission services* or *distribution services* in the appropriate jurisdiction;
- (4) whether it will be necessary for any of the parties identified in subparagraph (3) to enter into an agreement with the *Connection Applicant* in respect of the provision of *connection* or other *transmission services* or *distribution services* or both, to the *Connection Applicant*;
- (5) whether any service the *Network Service Provider* proposes to provide is *contestable* in the relevant *participating jurisdiction*; and
- (6) a *preliminary program* showing proposed milestones for *connection* and access activities which may be modified from time to time by agreement of the parties, where such agreement must not be unreasonably withheld.

(b1) The *Network Service Provider* must:

- (1) within 20 *business days* after receipt of the *connection* enquiry and all such additional information (if any) advised under clause 5.3.2(b); or
- (2) within 20 *business days* after receipt of a request from the *Connection Applicant* to the *Local Network Service Provider* to process the *connection* enquiry under clause 5.3.2(d),

provide the *Connection Applicant* with the following written details of each technical requirement relevant to the proposed *plant*:

- (3) the *automatic access standards*;
  - (4) the *minimum access standards*;
  - (5) the applicable *plant standards*;
  - (6) the *negotiated access standards* that will require *NEMMCO's* involvement in accordance with clause 5.3.4A(c); and
  - (7) the *normal voltage level*, if that is to change from the *nominal voltage level*.
- (b2) A *Registered Participant*, *NEMMCO* or *interested party* may request the *Reliability Panel* to determine whether, in respect of one or more technical requirements for access, an existing Australian or international standard, or a part thereof, may be adopted as a *plant standard* for a particular class of *plant*.
- (b3) Where, in respect of a technical requirement for access, the *Reliability Panel* determines a *plant standard* for a particular class of *plant* in accordance with clause 8.8.1(a)(8) as an acceptable alternative to a particular *minimum access standard* or *automatic access standard*, a *plant* which meets that *plant standard* is deemed to meet the applicable *automatic access standard* or *minimum access standard* for that technical requirement.
- (b4) In making a determination in accordance with clause 5.3.3(b2) the *Reliability Panel* must consult *Registered Participants* and *NEMMCO* using the *Rules consultation procedures*.
- (c) Within 20 *business days* after receipt of the *connection* enquiry and all such additional information (if any) advised under clause 5.3.2(b) or, if the *Connection Applicant* has requested the *Local Network Service Provider* to process the *connection* enquiry under clause 5.3.2(d), within 20 *business days* after receipt of that request, the *Network Service Provider* must provide to the *Connection Applicant* written advice of all further information which the *Connection Applicant* must prepare and obtain in conjunction with the *Network Service Provider* to enable the *Network Service Provider* to assess an *application to connect* including:
- (1) details of the *Connection Applicant's connection* requirements, and the *Connection Applicant's* specifications of the *facility* to be connected, consistent with the requirements advised in accordance with clause 5.3.3(b1);

- (2) details of the *Connection Applicant's* reasonable expectations of the level and standard of service of *power transfer capability* that the *network* should provide;
- (3) a list of the technical data to be included with the *application to connect*, which may vary depending on the *connection* requirements and the type, rating and location of the *facility* to be *connected* and will generally be in the nature of the information set out in schedule 5.5 but may be varied by the *Network Service Provider* as appropriate to suit the size and complexity of the proposed *facility* to be *connected*;
- (4) commercial information to be supplied by the *Connection Applicant* to allow the *Network Service Provider* to make an assessment of the ability of the *Connection Applicant* to satisfy the prudential requirements set out in rules 6.6 and 6.7;
- (5) the amount of the application fee which is payable on lodgement of an *application to connect*, such amount not being more than necessary to:
  - (i) cover the reasonable costs of all work anticipated to arise from investigating the *application to connect* and preparing the associated offer to *connect*; and
  - (ii) meet the reasonable costs anticipated to be incurred by *NEMMCO* and other *Network Service Providers* whose participation in the assessment of the *application to connect* will be required; and
- (6) any other information relevant to the submission of an *application to connect*.

#### **5.3.4 Application for connection**

- (a) A person who has made a *connection* enquiry under clause 5.3.2 may, following receipt of the responses under clause 5.3.3, make an *application to connect* in accordance with this clause 5.3.4 and clause 5.3.4A.
- (b) To be eligible for *connection*, the *Connection Applicant* must submit an *application to connect* containing the information specified in clause 5.3.3(c) and the relevant application fee to the relevant *Network Service Provider*.
- (c) The *Connection Applicant* may submit *applications to connect* to more than one *Network Service Provider* in order to receive additional offers to *connect* in respect of *facilities* to be provided that are *contestable*.

- (d) To the extent that an application fee includes amounts to meet the reasonable costs anticipated to be incurred by any other *Network Service Providers* or *NEMMCO* in the assessment of the *application to connect*, a *Network Service Provider* who receives the *application to connect* and associated fee must pay such amounts to the other *Network Service Providers* or *NEMMCO*, as appropriate.
- (e) For each technical requirement where the proposed arrangement will not meet the *automatic access standards* nominated by the *Network Service Provider* pursuant to clause 5.3.3(b1), the *Connection Applicant* must submit with the *application to connect* a proposal for a *negotiated access standard* for each such requirement to be determined in accordance with clause 5.3.4A.
- (f) The *Connection Applicant* may:
  - (1) lodge separate *applications to connect* and separately liaise with the other *Network Service Providers* identified in clause 5.3.3(b) who may require a form of agreement; or
  - (2) lodge one *application to connect* with the *Network Service Provider* who processed the *connection* enquiry and require it to liaise with those other *Network Service Providers* and obtain and present all necessary draft agreements to the *Connection Applicant*.

#### 5.3.4A Negotiated access standards

- (a) For the purposes of this clause 5.3.4A:

**NEMMCO advisory matter** means a matter that relates to *NEMMCO's* functions under the *National Electricity Law* and a matter in which *NEMMCO* has a role in schedules 5.1a, 5.1, 5.2, 5.3 and 5.3a.
- (b) A *negotiated access standard* must:
  - (1) be no less onerous than the corresponding *minimum access standard* provided by the *Network Service Provider* under clause 5.3.3(b1)(4);
  - (2) be set at a level that will not adversely affect *power system security*;
  - (3) be set at a level that will not adversely affect the quality of *supply* for other *Network Users*; and
  - (4) in respect of *generating plant*, meet the requirements applicable to a *negotiated access standard* in clauses S5.2.5, S5.2.6, S5.2.7 and S5.2.8.
- (c) A *Network Service Provider* must following the receipt of a proposed *negotiated access standard* under clause 5.3.4(e) or paragraph (h), consult

with *NEMMCO* as soon as practicable in relation to *NEMMCO* advisory matters for that proposed standard.

- (d) *NEMMCO* must within 20 *business days* following the submission of a proposed *negotiated access standard* under clause 5.3.4(e) or paragraph (h)(3), respond to the *Network Service Provider* in writing in respect of any *NEMMCO* advisory matters.
- (e) A *Network Service Provider* must within 30 *business days* following the receipt of a proposed *negotiated access standard* in accordance with clause 5.3.4(e) or paragraph (h)(3), accept or reject a proposed *negotiated access standard*.
- (f) The *Network Service Provider* must reject the proposed *negotiated access standard* if that *connection*, or alteration of the *generating plant* (as the case may be), at the *negotiated access standard* proposed by the *Connection Applicant* would:
  - (1) on *NEMMCO*'s reasonable advice, adversely affect *power system security*;
  - (2) in the *Network Service Provider*'s reasonable opinion, adversely affect quality of *supply* for other *Network Users*;
  - (3) in the reasonable opinion of *NEMMCO* or the *Network Service Provider*, in respect of a *NEMMCO* advisory matter or a matter allocated to the *Network Service Provider*, respectively, be lower than the corresponding *minimum access standard*; or
  - (4) in respect of *generating plant*, in *NEMMCO*'s reasonable opinion, not satisfy paragraph (b)(4).
- (g) If a *Network Service Provider* rejects a proposed *negotiated access standard*, the *Network Service Provider* must when rejecting the proposed *negotiated access standard*, advise the *Connection Applicant* of a *negotiated access standard* that the *Network Service Provider* will accept.
- (h) The *Connection Applicant* may in relation to a proposed *negotiated access standard* advised by a *Network Service Provider* in accordance with paragraph (g):
  - (1) accept the proposed *negotiated access standard*;
  - (2) reject the proposed *negotiated access standard*;
  - (3) propose an alternative *negotiated access standard* to be further evaluated in accordance with the criteria in paragraph (b); or

- (4) elect to adopt the relevant *automatic access standard* or a corresponding *plant standard*.
- (i) An *automatic access standard* or if the procedures in this clause 5.3.4A have been followed a *negotiated access standard*, that forms part of the terms and conditions of a *connection agreement*, is taken to be the *performance standard* applicable to the *connected plant* for the relevant technical requirement.

### 5.3.5 Preparation of offer to connect

- (a) The *Network Service Provider* to whom the *application to connect* is submitted:
  - (1) at the *automatic access standard* under clause 5.3.4; or
  - (2) at a *negotiated access standard* that the provider has accepted under clause 5.3.4A(e),must proceed to prepare an offer to *connect* in response.
- (b) The *Network Service Provider* must use its reasonable endeavours to advise the *Connection Applicant* of all risks and obligations in respect of the proposed *connection* associated with planning and environmental laws not contained in the *Rules*.
- (c) The *Connection Applicant* must provide such other additional information in relation to the *application to connect* as the *Network Service Provider* reasonably requires to assess the technical performance and costs of the required *connection* and to enable the *Network Service Provider* to prepare an offer to *connect*.
- (d) So as to maintain levels of service and quality of *supply* to existing *Registered Participants* in accordance with the *Rules*, the *Network Service Provider* in preparing the offer to *connect* must consult with *NEMMCO* and other *Registered Participants* with whom it has *connection agreements*, if the *Network Service Provider* believes in its reasonable opinion, that compliance with the terms and conditions of those *connection agreements* will be affected, in order to assess the *application to connect* and determine:
  - (1) the technical requirements for the equipment to be *connected*;
  - (2) the extent and cost of *augmentations* and changes to all affected *networks*;
  - (3) any consequent change in *network service charges*; and
  - (4) any possible material effect of this new *connection* on the *network power transfer capability* including that of other *networks*.

- (e) If the *application to connect* involves the *connection* of *generating units* having a *nameplate rating* of 10 MW or greater to a *distribution network*, the *Distribution Network Service Provider* must consult the relevant *Transmission Network Service Provider* regarding the impact of the *connection* contemplated by the *application to connect* on fault levels, line reclosure protocols, and stability aspects.
- (f) The *Transmission Network Service Provider* consulted under paragraph (e) must determine the reasonable costs of addressing those matters for inclusion in the offer to *connect* and the *Distribution Network Service Provider* must make it a condition of the offer to *connect* that the *Connection Applicant* pay these costs.
- (g) The *Network Service Provider* preparing the offer to *connect* must include provision for payment of the reasonable costs associated with *remote control equipment* and *remote monitoring equipment* as required by *NEMMCO* and it may be a condition of the offer to *connect* that the *Connection Applicant* pay such costs.

### 5.3.6 Offer to connect

- (a) Subject to clause 5.3.3(b)(6), the *Network Service Provider* processing the *application to connect* must make an offer to *connect* the *Connection Applicant's facilities* to the *network* within the time period specified in the *preliminary program*.
  - (a1) The *Network Service Provider* may amend the time period referred to in clause 5.3.6(a) to allow for any additional time taken in excess of the period allowed in the *preliminary program* for the negotiation of *negotiated access standards* in accordance with clause 5.3.4A.
  - (b) The offer to *connect* must contain the proposed terms and conditions for *connection* to the *network* including:
    - (1) for each technical requirement identified by the *Network Service Provider* under clause 5.3.3(b1), the *automatic access standard* or the *negotiated access standard* as determined in accordance with clauses 5.3.4 and 5.3.4A; and
    - (2) the terms and conditions of the kind set out in schedule 5.6,and must be capable of acceptance by the *Connection Applicant* so as to constitute a *connection agreement*.
  - (b1) The proposed terms and conditions detailed in the offer to *connect* must be no lower than the applicable *minimum access standards*.

- (c) The offer to *connect* must be fair and reasonable and must be consistent with the safe and *reliable* operation of the *power system* in accordance with the *Rules*. Without limitation, unless the parties otherwise agree, to be fair and reasonable an offer to *connect* must offer *connection* and *network services* consistent with schedule 5.1 and (as applicable) schedules 5.2, 5.3 and 5.3a and must not impose conditions on the *Connection Applicant* which are more onerous than those contemplated in schedules 5.1, 5.2, 5.3 or 5.3a.
- (c1) An offer to *connect* and the resulting *connection agreement* must be consistent with any minimum standards set by *NEMMCO* under clause 3.11.4(b)(1).
- (d) The *Network Service Provider* must use its reasonable endeavours to provide the *Connection Applicant* with an offer to *connect* in accordance with the reasonable requirements of the *Connection Applicant*, including without limitation, the location of the proposed *connection point* and the level and standard of *power transfer capability* that the *network* will provide.
- (e) An offer to *connect* may contain options for *connection* to a *network* at more than one point in a *network* and/or at different levels of service and with different terms and conditions applicable to each *connection point* according to the different characteristics of *supply* at each *connection point*.
- (f) Both the *Network Service Provider* and the *Connection Applicant* are entitled to negotiate with each other in respect of the provision of *connection* and any other matters relevant to the provision of *connection* and, if negotiations occur, the *Network Service Provider* and the *Connection Applicant* must conduct such negotiations in good faith.
- (g) An offer to *connect* must define the basis for determining *transmission service* charges in accordance with Chapter 6A, including the prudential requirements set out in that Chapter.
- (h) An offer to *connect* must define the basis for determining *distribution service* charges in accordance with Chapter 6, including the prudential requirements set out in Part K of Chapter 6.
- (i) An offer to *connect* in respect of a *transmission network* must conform with the access arrangements set out in rule 5.4A.
- (j) An offer to *connect* in respect of a *distribution network* made to an *Embedded Generator* or a *Market Network Service Provider*, must conform with the relevant access arrangements set out in rule 5.5.
- (k) Nothing in the *Rules* is to be read or construed as imposing an obligation on a *Network Service Provider* to effect an extension of a *network* unless that

extension is required to effect or facilitate the *connection* of a *Connection Applicant* and the *connection* is the subject of a *connection agreement*.

### 5.3.7 Finalisation of connection agreements

- (a) If a *Connection Applicant* wishes to accept an offer to *connect*, the *Connection Applicant* must negotiate and enter into a *connection agreement* with each relevant *Network Service Provider* identified in accordance with clauses 5.3.3(b)(3) and (4) and in doing so must use its reasonable endeavours to negotiate in good faith with all parties with which the *Connection Applicant* must negotiate such a *connection agreement*.
- (b) The *connection agreement* must include proposed *performance standards* with respect to each of the technical requirements identified in schedules 5.2, 5.3 and 5.3a and each proposed *performance standard* must have been established in accordance with the relevant technical requirement.
- (c) The proposed *performance standards* must be based on the *automatic access standard* or, if the procedures in clause 5.3.4A have been followed, the *negotiated access standard*.
- (d) The provision of *connection* by any *Network Service Provider* may be made subject to gaining environmental and planning approvals for any necessary *augmentation* or *extension* works to a *network*.
- (e) Where permitted by the applicable law in the relevant *participating jurisdiction*, the *connection agreement* may assign responsibility to the *Connection Applicant* for obtaining the approvals referred to in paragraph (d) as part of the project proposal and the *Network Service Provider* must provide all reasonable information and may provide reasonable assistance for a reasonable fee to enable preparation of applications for such approvals.
- (f) Subject to paragraph (e), each *connection agreement* must be based on the offer to *connect* as varied by agreement between the parties.
- (g) The *Network Service Provider* responsible for the *connection point* and the *Registered Participant* must jointly notify *NEMMCO* that a *connection agreement* has been entered into between them and forward to *NEMMCO* relevant technical details of the proposed *plant* and *connection*, including as applicable:
  - (1) details of all *performance standards* that form part of the terms and conditions of the *connection agreement*;
  - (2) if a *Generator*, the arrangements for updating the information required under clause S5.2.4(b);
  - (3) the proposed *metering installation*;

- (4) arrangements for the *Metering Provider* to obtain physical access to the *metering installation*; and
  - (5) the terms upon which a *Registered Participant* is to supply any *ancillary services* under the *connection agreement*.
- (h) *NEMMCO* must, within 20 *business days* of receipt of the notice under paragraph (g), advise the relevant *Network Service Provider* and the *Registered Participant* of whether the proposed *metering installation* is acceptable for those *metering installations* associated with those *connection points* which are classified as *metering installation* types 1, 2, 3 and 4 as specified in schedule 7.2.

### 5.3.8 Provision and use of information

- (a) The data and information provided under this rule 5.3 is *confidential information* and must:
- (1) be prepared, given and used in good faith; and
  - (2) not be disclosed or made available by the recipient to a third party except as set out in clause 3.13.3 or this clause 5.3.8.
- (b) The data and information to be provided under this rule 5.3 may be shared between a *Network Service Provider* and *NEMMCO* for the purpose of enabling:
- (1) the *Network Service Provider* to advise *NEMMCO* of *ancillary services* or similar services described in clause 3.11.3(j); and
  - (2) either party to:
    - (i) assess the effect of a proposed *facility* or proposed alteration to *generating plant* (as the case may be) on:
      - (A) the performance of the *power system*; or
      - (B) another proposed *facility* or another proposed alteration;
    - (ii) assess proposed *negotiated access standards*; or
    - (iii) determine the extent of any required *augmentation* or *extension*.
- (c) A *Network Service Provider* may disclose the data and information to be provided under this rule 5.3 to another *Network Service Provider* if the *Network Service Provider* considers the information or data is materially relevant to that provider for *connection*.

- (d) A person intending to disclose information under paragraphs (b) or (c) must first advise the relevant *Connection Applicant* of the extent of the disclosure.
- (e) If a *Connection Applicant* or *Network Service Provider* becomes aware of any material change to any information contained in or relevant to an *application to connect*, it must promptly notify the other party in writing of that change.
- (f) A *Registered Participant* must, within 5 *business days* of becoming aware that any information provided to *NEMMCO* in relation to a *performance standard* or other information of a kind required to be provided to *NEMMCO* under clause 5.3.7 is incorrect, advise *NEMMCO* of the correct information.

### **5.3.9 Procedure to be followed by a Generator proposing to alter a generating system**

- (a) This clause 5.3.9 applies where a *Generator* proposes to alter:
  - (1) a *connected generating system*; or
  - (2) a *generating system* for which *performance standards* have been previously accepted by *NEMMCO*,  
  
in a manner that will affect the performance of the *generating system* relative to any of the technical requirements set out in clauses S5.2.5, S5.2.6, S5.2.7 and S5.2.8.
- (b) A *Generator* to which this clause applies, must submit to the *Network Service Provider* with a copy to *NEMMCO*:
  - (1) a description of the nature of the alteration and the timetable for implementation;
  - (2) in respect of the proposed alteration to the *generating system*, details of the *generating unit* design data and *generating unit* setting data in accordance with the *Generating System Model Guidelines*, *Generating System Design Data Sheet*, or *Generating System Setting Data Sheet*; and
  - (3) in relation to each relevant technical requirement for which the proposed alteration to the equipment will affect the performance of the *generating system*, the proposed amendments to:
    - (i) the applicable *automatic access standard*; or
    - (ii) a proposed *negotiated access standard*.

- (c) Clause 5.3.4A applies to a submission by a *Generator* under paragraph (b)(3)(ii).
- (d) Without limiting subparagraph (b)(3), for the purposes of that subparagraph (unless *NEMMCO* and the *Network Service Provider* otherwise agree), a proposed alteration to the equipment specified in column 1 of the table set out below is taken to affect the performance of the *generating system* relative to technical requirements specified in column 2, thereby necessitating a submission under subparagraph (b)(3).

<b>Column 1 (altered equipment)</b>	<b>Column 2 (clause)</b>
machine windings	S5.2.5.1, S5.2.5.2, S5.2.8
power converter	S5.2.5.1, S5.2.5.2, S5.2.5.5, S5.2.5.12, S5.2.5.13, S5.2.8
reactive compensation plant	S5.2.5.1, S5.2.5.2, S5.2.5.5, S5.2.5.12, S5.2.5.13
<i>excitation control system</i>	S5.2.5.5, S5.2.5.7, S5.2.5.12, S5.2.5.13
<i>voltage control system</i>	S5.2.5.5, S5.2.5.12, S5.2.5.13
<i>governor control system</i>	S5.2.5.7, S5.2.5.11, S5.2.5.14
<i>power control system</i>	S5.2.5.11, S5.2.5.14
<i>protection system</i>	S5.2.5.3, S5.2.5.4, S5.2.5.5, S5.2.5.7, S5.2.5.8, S5.2.5.9
auxiliary supplies	S5.2.5.1, S5.2.5.2, S5.2.8
remote control and monitoring system	S5.2.5.14, S5.2.6.1, S5.2.6.2

- (e) The *Network Service Provider* may as a condition of considering a submission made under paragraph (b), require payment of a fee to meet the reasonable costs anticipated to be incurred by the provider, other *Network Service Providers* and *NEMMCO*, in the assessment of the submission.
- (f) The *Network Service Provider* must require payment of a fee under paragraph (e) if so requested by *NEMMCO*.
- (g) On payment of the required fee referred to in paragraph (e), the *Network Service Provider* must pay such amounts as are on account of the costs anticipated to be incurred by the other *Network Service Providers* and *NEMMCO*, as appropriate.

- (h) If the application of this clause 5.3.9 leads to a variation to an existing *connection agreement* the *Network Service Provider* and the *Generator* must immediately jointly advise *NEMMCO*.

### **5.3.10 Acceptance of performance standards for generating plant that is altered**

- (a) A *Generator* must not commission altered *generating plant* until the *Network Service Provider* has advised the *Generator* that the provider and *NEMMCO* are satisfied in accordance with paragraph (b).
- (b) In relation to altered *generating plant*, the *Network Service Provider* and *NEMMCO*, to the extent of *NEMMCO*'s advisory role under clause 5.3.4A, must be satisfied that:
  - (1) the *Generator* has complied with clause 5.3.9; and
  - (2) each amended *performance standard* submitted by the *Generator* either meets:
    - (i) the *automatic access standard* applicable to the relevant technical requirement; or
    - (ii) the *negotiated access standard* under clause 5.3.4A as applied in accordance with clause 5.3.9(c).
- (c) For the purposes of paragraph (a), *NEMMCO* must advise the *Network Service Provider* as to whether it is satisfied with the matters referred to paragraph (b).

## **5.4 Design of Connected Equipment**

### **5.4.1 Application**

This rule 5.4 applies to new installations and modifications to existing installations that include alterations to existing *generating plant*, after:

- (a) 13 December 1998, in the case of installations located in *participating jurisdictions* other than Tasmania; and
- (b) 29 May 2005, in the case of installations located in Tasmania.

### **5.4.2 Advice of inconsistencies**

- (a) At any stage prior to commissioning the *facility* in respect of a *connection* if there is an inconsistency between the proposed equipment and the *connection agreement* including the *performance standards*, the *Registered Participant* or the person intending to be registered as a *Generator* must:

- (1) advise the relevant *Network Service Provider* and, if the inconsistency relates to *performance standards*, *NEMMCO*, in writing of the inconsistency; and
  - (2) if necessary, negotiate in good faith with the *Network Service Provider* any necessary changes to the *connection agreement*.
- (b) If an inconsistency in a *connection agreement* including a *performance standard* is identified under paragraph (a), the *Registered Participant* or the person intending to be registered as a *Generator* and the *Network Service Provider* must not commission the *facility* in respect of a *connection* unless the *facility* or the *connection agreement* or *performance standard* has been varied to remove the inconsistency.
- (c) Nothing in this clause 5.4.2 affects the operation of clause 5.3.6(c1).

### 5.4.3 Additional information

A *Registered Participant* must provide any additional information in relation to its *plant* or associated equipment as the relevant *Network Service Provider* reasonably requests.

### 5.4.4 Advice on possible non-compliance

- (a) If the relevant *Network Service Provider* reasonably believes that the design of a proposed *facility* has potential to adversely and materially affect the performance of the *power system*, the *Network Service Provider* may require the *Registered Participant* to submit to it specified design information and drawings to enable the *Network Service Provider* to assess the performance of the *facility* in respect of its interaction with the *power system*:
- (1) after the *Registered Participant* has entered into an agreement for the supply of *plant* or associated equipment to be connected; and
  - (2) when the relevant contractor's designs have progressed to a point where preliminary designs are available but prior to manufacture of equipment.
- (b) The *Network Service Provider* must, within 40 *business days* of receipt of such information, use its reasonable endeavours to advise the *Registered Participant* in writing of any design deficiencies which the *Network Service Provider* believes would cause the design to be inconsistent with the *connection agreement* or the *Rules*.
- (c) Notwithstanding clause 5.4.4(b), it is the *Registered Participant's* sole responsibility to ensure that all *plant* and equipment associated with the *connection* complies with the *connection agreement* and the *Rules*.

## 5.4A Access arrangements relating to Transmission Networks

- (a) The *Transmission Network Service Provider* referred to in this rule 5.4A is the *Transmission Network Service Provider* required under clause 5.3.3 to process and respond to a *connection* enquiry or required under clause 5.3.5 to prepare an offer to *connect* for the establishment or modification of a *connection* to the *transmission network* owned, controlled or operated by that *Transmission Network Service Provider* or for the provision of *network service*.
- (b) If requested by a *Connection Applicant*, whether as part of a *connection* enquiry, application to *connect* or the subsequent negotiation of a *connection* agreement, the *Transmission Network Service Provider* must negotiate in good faith with the *Connection Applicant* to reach agreement in respect of the *transmission network user access* arrangements sought by the *Connection Applicant*.
- (c) As a basis for negotiations under paragraph (b):
- (1) the *Connection Applicant* must provide to the *Transmission Network Service Provider* such information as is reasonably requested relating to the expected operation of:
    - (i) its *generating units* (in the case of a *Generator*);
    - (ii) its *network elements* used in the provision of *network service* (in the case of a *Network Service Provider*); or
    - (iii) its *plant* (in the case of any other kind of *Connection Applicant*);  
and
  - (2) the *Transmission Network Service Provider* must provide to the *Connection Applicant* such information as is reasonably requested to allow the *Connection Applicant* to fully assess the commercial significance of the *transmission network user access* arrangements sought by the *Connection Applicant* and offered by the *Transmission Network Service Provider*.
- (d) A *Connection Applicant* may seek *transmission network user access* arrangements at any level of *power transfer capability* between zero and:
- (1) in the case of a *Generator*, the *maximum power input* of the relevant *generating units* or group of *generating units*;
  - (2) in the case of a *Network Service Provider*, the *power transfer capability* of the relevant *network elements*; and
  - (3) in the case of any other kind of *Connection Applicant*, the *maximum demand* at the *connection point* for the relevant *plant*.

- (e) The *Transmission Network Service Provider* must use reasonable endeavours to provide the *transmission network user access* arrangements being sought by the *Connection Applicant* subject to those arrangements being consistent with *good electricity industry practice* considering:
- (1) the *connection assets* to be provided by the *Transmission Network Service Provider* or otherwise at the *connection point*; and
  - (2) the potential *augmentations* or *extensions* required to be undertaken on all affected *transmission networks* or *distribution networks* to provide that level of *power transfer capability* over the period of the *connection agreement* taking into account the amount of *power transfer capability* provided to other *Registered Participants* under *transmission network user access* or *distribution network user access* arrangements in respect of all affected *transmission networks* and *distribution networks*.
- (f) The *Transmission Network Service Provider* and the *Connection Applicant* must negotiate in good faith to reach agreement as appropriate on:
- (1) the *connection service charge* to be paid by the *Connection Applicant* in relation to *connection assets* to be provided by the *Transmission Network Service Provider*;
  - (2) in the case of a *Market Network Service Provider*, the service level standards to which the *Market Network Service Provider* requires the *Transmission Network Service Provider* to adhere in providing its services;
  - (3) the *use of system services charge* to be paid:
    - (i) by the *Connection Applicant* in relation to any *augmentations* or *extensions* required to be undertaken on all affected *transmission networks* and *distribution networks*; and
    - (ii) where the *Connection Applicant* is a *Market Network Service Provider*, to the *Market Network Service Provider* in respect of any reduction in the long run marginal cost of *augmenting* the *transmission network* as a result of it being *connected* to the *transmission network*;

(‘*negotiated use of system charges*’); and
  - (4) the amounts (‘*access charges*’) referred to in paragraphs (g)-(j).
- (g) The amount to be paid by the *Connection Applicant* to the *Transmission Network Service Provider* in relation to the costs reasonably incurred by the provider in providing *transmission network user access*.

- (h) Where the *Connection Applicant* is a *Generator*:
  - (1) the compensation to be provided by the *Transmission Network Service Provider* to the *Generator* in the event that the *generating units* or group of *generating units* of the *Generator* are *constrained off* or *constrained on* during a *trading interval*; and
  - (2) the compensation to be provided by the *Generator* to the *Transmission Network Service Provider* in the event that *dispatch* of the *Generator's generating units* or group of *generating units* causes another *Generator's generating units* or group of *generating units* to be *constrained off* or *constrained on* during a *trading interval*.
- (i) Where the *Connection Applicant* is a *Market Network Service Provider*:
  - (1) the compensation to be provided by the *Transmission Network Service Provider* to the *Market Network Service Provider* in the event that the *transmission network user access* is not provided; and
  - (2) the compensation to be provided by the *Market Network Service Provider* to the *Transmission Network Service Provider* in the event that *dispatch* of the relevant *market network service* causes a *Generator's generating units* or group of *generating units* to be *constrained off* or *constrained on* during a *trading interval* or causes the *dispatch* of another *market network service* to be *constrained*.
- (j) In the case of any other kind of *Connection Applicant*, the compensation to be provided by the *Transmission Network Service Provider* to the *Connection Applicant* in the event that the *transmission network user access* is not provided.
- (k) The maximum charge that can be applied by the *Transmission Network Service Provider* in respect of *negotiated use of system charges* for the *transmission network* is a charge that is determined in accordance with Part J of Chapter 6A.

## 5.5 Access arrangements relating to Distribution Networks

- (a) In this rule 5.5:
  - (1) the *Distribution Network Service Provider* is the *Distribution Network Service Provider* required under clause 5.3.3 to process and respond to a *connection* enquiry or required under clause 5.3.5 to prepare an offer to *connect* for the establishment or modification of a *connection* to the *distribution network* owned, controlled or operated by that *Distribution Network Service Provider* or for the provision of *network service*; and

- 
- (2) the references to a *Connection Applicant* are to an *Embedded Generator* or *Market Network Service Provider* who makes a *connection* enquiry under clause 5.3.2 or an application to *connect* under clause 5.3.4 in relation to any *generating units* or group of *generating units*, or any *network elements* used in the provision of *network service*, as the case may be.
- (b) If requested by a *Connection Applicant*, whether as part of a *connection* enquiry, application to *connect* or the subsequent negotiation of a *connection agreement*, the *Distribution Network Service Provider* must negotiate in good faith with the *Connection Applicant* to reach agreement in respect of the *distribution network user access* arrangements sought by the *Connection Applicant*.
- (c) As a basis for negotiations under paragraph (b):
- (1) the *Connection Applicant* must provide to the *Distribution Network Service Provider* such information as is reasonably requested relating to the expected operation of:
- (i) its *generating units* (in the case of an *Embedded Generator*); or
- (ii) its *network elements* used in the provision of *network service* (in the case of a *Market Network Service Provider*); and
- (2) the *Distribution Network Service Provider* must provide to the *Connection Applicant* such information as is reasonably requested to allow the *Connection Applicant* to fully assess the commercial significance of the *distribution network user access* arrangements sought by the *Connection Applicant* and offered by the *Distribution Network Service Provider*.
- (d) A *Connection Applicant* may seek *distribution network user access* arrangements at any level of *power transfer capability* between zero and:
- (1) in the case of an *Embedded Generator*, the *maximum power input* of the relevant *generating units* or group of *generating units*; and
- (2) in the case of a *Market Network Service Provider*, the *power transfer capability* of the relevant *network elements*.
- (e) The *Distribution Network Service Provider* must use reasonable endeavours to provide the *distribution network user access* arrangements being sought by the *Connection Applicant* subject to those arrangements being consistent with *good electricity industry practice* considering:
- (1) the *connection assets* to be provided by the *Distribution Network Service Provider* or otherwise at the *connection point*; and

- (2) the potential *augmentations* or *extensions* required to be undertaken on all affected *transmission networks* or *distribution networks* to provide that level of *power transfer capability* over the period of the *connection agreement* taking into account the amount of *power transfer capability* provided to other *Registered Participants* under *transmission network user access* or *distribution network user access* arrangements in respect of all affected *transmission networks* and *distribution networks*.
- (f) The *Distribution Network Service Provider* and the *Connection Applicant* must negotiate in good faith to reach agreement as appropriate on:
- (1) the *connection service charge* to be paid by the *Connection Applicant* in relation to *connection assets* to be provided by the *Distribution Network Service Provider*;
  - (2) in the case of a *Market Network Service Provider*, the service level standards to which the *Market Network Service Provider* requires the *Distribution Network Service Provider* to adhere in providing its services;
  - (3) the *use of system services* charge to be paid:
    - (i) by the *Connection Applicant* in relation to any *augmentations* or *extensions* required to be undertaken on all affected *transmission networks* and *distribution networks*; and
    - (ii) where the *Connection Applicant* is a *Market Network Service Provider*, to the *Market Network Service Provider* in respect of any reduction in the long run marginal cost of *augmenting* the *distribution network* as a result of it being *connected* to the *distribution network*,

(‘*negotiated use of system charges*’); and
  - (4) the following amounts:
    - (i) the amount to be paid by the *Connection Applicant* to the *Distribution Network Service Provider* in relation to the costs reasonably incurred by the *Distribution Network Service Provider* in providing *distribution network user access*;
    - (ii) where the *Connection Applicant* is an *Embedded Generator*:
      - (A) the compensation to be provided by the *Distribution Network Service Provider* to the *Embedded Generator* in the event that the *generating units* or group of *generating units* of the *Embedded Generator* are *constrained off* or *constrained on* during a *trading interval*; and

- (B) the compensation to be provided by the *Embedded Generator* to the *Distribution Network Service Provider* in the event that dispatch of the *Embedded Generator's generating units* or group of *generating units* causes another *Generator's generating units* or group of *generating units* to be *constrained off* or *constrained on* during a *trading interval*; and
  - (iii) where the *Connection Applicant* is a *Market Network Service Provider*:
    - (A) the compensation to be provided by the *Distribution Network Service Provider* to the *Market Network Service Provider* in the event that the *distribution network user access* is not provided; and
    - (B) the compensation to be provided by the *Market Network Service Provider* to the *Distribution Network Service Provider* in the event that *dispatch* of the relevant *market network service* causes a *Generator's generating units* or group of *generating units* to be *constrained off* or *constrained on* during a *trading interval* or causes the *dispatch* of another *market network service* to be *constrained*.
- (g) The maximum negotiated *use of system* charges applied by a *Distribution Network Service Provider* must be in accordance with the applicable requirements of Chapter 6 and the *Negotiated Distribution Service Criteria* applicable to the *Distribution Network Service Provider*.
- (h) A *Distribution Network Service Provider* must pass through to a *Connection Applicant* the amount calculated in accordance with paragraph (i) for the locational component of *prescribed TUOS services* that would have been payable by the *Distribution Network Service Provider* to a *Transmission Network Service Provider* had the *Connection Applicant* not been *connected* to its *distribution network* ('avoided charges for the locational component of *prescribed TUOS services*').
- (i) To calculate the amount to be passed through to a *Connection Applicant* in accordance with paragraph (h), a *Distribution Network Service Provider* must, if prices for the locational component of *prescribed TUOS services* were in force at the relevant *transmission network connection point* throughout the relevant *financial year*:
  - (1) determine the charges for the locational component of *prescribed TUOS services* that would have been payable by the *Distribution Network Service Provider* for the relevant *financial year*:

- (i) where the *Connection Applicant* is an *Embedded Generator*, if that *Embedded Generator* had not injected any *energy* at its *connection point* during that *financial year*;
  - (ii) where the *Connection Applicant* is a *Market Network Service Provider*, if the *Market Network Service Provider* had not been *connected* to the *Distribution Network Service Provider's distribution network* during that *financial year*; and
- (2) determine the amount by which the charges calculated in subparagraph (1) exceed the amount for the locational component of *prescribed TUOS services* actually payable by the *Distribution Network Service Provider*, which amount will be the relevant amount for the purposes of paragraph (h).
- (j) Where prices for the locational component of *prescribed TUOS services* were not in force at the relevant *distribution network connection point* throughout the relevant *financial year*, as referred to in paragraph (i), the *Distribution Network Service Provider* must apply an equivalent procedure to that referred to in paragraph (i) in relation to that component of its *transmission use of system service charges* which is deemed by the relevant *Transmission Network Service Provider* to represent the marginal cost of *transmission*, less an allowance for locational signals present in the *spot market*, to determine the relevant amount for the purposes of paragraph (h).

## 5.6 Planning and Development of Network

### 5.6.1 Forecasts for connection points to transmission network

- (a) The relevant *Network Service Provider* must give at least 40 *business days* written notice to each relevant *Registered Participant* of the annual date by which the *Registered Participant* must provide the relevant *Network Service Provider* with the short and long term electricity *generation, market network service* and *load* forecast information listed in schedule 5.7 in relation to each *connection point* which *connects* the *Registered Participant* to a *transmission network* of that *Network Service Provider* and any other relevant information as reasonably required by the *Network Service Provider*.
- (b) Details of planned future *generating units, market network services* and *loads*, being details regarding the proposed commencing date, *active power capability* and *reactive power capability, power transfer capability, operating times/seasons* and special operating requirements, must be given by each relevant *Registered Participant* to the relevant *Network Service Provider* on reasonable request.
- (c) Each relevant *Registered Participant* must use reasonable endeavours to provide accurate information under clause 5.6.1(a) which must include

details of any factors which may impact on *load* forecasts or proposed *facilities* for *generation* or *market network services*.

- (d) If the *Network Service Provider* reasonably believes any forecast information to be inaccurate, the *Network Service Provider* may modify that forecast information and must advise the relevant *Registered Participant* and *NEMMCO* in writing of this action and the reason for the modification. The *Network Service Provider* is not responsible for any adverse consequences of this action or for failing to modify forecast information under this clause 5.6.1(d).

## 5.6.2 Network Development

- (a1) The terms *Network Service Provider*, *Transmission Network Service Provider* and *Distribution Network Service Provider* when used in this clause 5.6.2 are not intended to refer to, and are not to be read or construed as referring to, any *Network Service Provider* in its capacity as a *Market Network Service Provider*.
- (a) Each *Transmission Network Service Provider* and *Distribution Network Service Provider* must analyse the expected future operation of its *transmission networks* or *distribution networks* over an appropriate planning period, taking into account the relevant forecast *loads*, any future *generation*, *market network service*, demand side and *transmission* developments and any other relevant data.
- (b) Each *Transmission Network Service Provider* must conduct an annual planning review with each *Distribution Network Service Provider* connected to its *transmission network* within each *region*. The annual planning review must incorporate the forecast *loads* submitted by the *Distribution Network Service Provider* in accordance with clause 5.6.1 or as modified in accordance with clause 5.6.1(d) and must include a review of the adequacy of existing *connection points* and relevant parts of the *transmission system* and planning proposals for future *connection points*.
- (c) Where the necessity for *augmentation* or a non-network alternative is identified by the annual planning review conducted under clause 5.6.2(b), the relevant *Network Service Providers* must undertake joint planning in order to determine plans that can be considered by relevant *Registered Participants*, *NEMMCO* and *interested parties*.
- (d) The minimum planning period for the purposes of the annual planning review is 5 years for *distribution networks* and 10 years for *transmission networks*.

(e) Each *Network Service Provider* must:

- (1) extrapolate the forecasts provided to it by *Registered Participants* for the purpose of planning;
- (2) if the analysis required by subparagraph (1) indicates that any relevant technical limits of the *transmission or distribution systems* will be exceeded, either in normal conditions or following the contingencies specified in schedule 5.1, notify any affected *Registered Participants* and *AEMO* of these limitations; and
- (3) notify any affected *Registered Participants* and *AEMO* of the expected time required to allow the planning and investment in:
  - (i) *dual function assets* or *transmission* investment designed to ensure that a *distribution network* meets the level required by the minimum *power system security* and *reliability standards*; and
  - (ii) corrective *network augmentations* or non *network* alternatives, or modifications to *connection facilities* designed to address the limitations notified under subparagraph (2),

(each of which is referred to in this clause as a “corrective action”).

- (e1) In relation to the corrective action referred to in paragraph (e)(3)(i), the processes detailed in paragraphs (f) and (g1) – (m) must be conducted jointly by the relevant *Distribution Network Service Provider* and *Transmission Network Service Provider*.
- (e2) In relation to the corrective action referred to in paragraph (e)(3)(ii), the processes detailed in paragraphs (f), (g) and (h)-(m) must be conducted by the relevant *Distribution Network Service Provider*.
- (f) Within the time for corrective action notified in paragraph (e)(3) the relevant *Distribution Network Service Provider* or *Network Service Providers* must consult with affected *Registered Participants*, *AEMO* and *interested parties* on the possible options, including but not limited to demand side options, generation options and market network service options to address the projected limitations of the relevant *distribution system* except that a *Distribution Network Service Provider* does not need to consult on a *network* option which would be a *new small distribution network asset*.
- ~~(e) Each *Network Service Provider* must extrapolate the forecasts provided to it by *Registered Participants* for the purpose of planning and, where this analysis indicates that any relevant technical limits of the *transmission or distribution systems* will be exceeded, either in normal conditions or following the contingencies specified in schedule 5.1, the *Network Service Provider* must notify any affected *Registered Participants* and *NEMMCO* of~~

~~these limitations and advise those *Registered Participants* and *NEMMCO* of the expected time required to allow the appropriate corrective network augmentation or non-network alternatives, or modifications to connection facilities to be undertaken.~~

~~(f) Within the time for corrective action notified in clause 5.6.2(e) the relevant *Distribution Network Service Provider* must consult with affected *Registered Participants*, *NEMMCO* and *interested parties* on the possible options, including but not limited to demand side options, generation options and market network service options to address the projected limitations of the relevant *distribution system* except that a *Distribution Network Service Provider* does not need to consult on a network option which would be a new small distribution network asset.~~

(g) Each *Distribution Network Service Provider* must carry out an economic cost effectiveness analysis of possible options to identify options that satisfy the *regulatory test*, while meeting the technical requirements of schedule 5.1, and where the *Network Service Provider* is required by clause 5.6.2(f) to consult on the option this analysis and allocation must form part of the consultation on that option.

(g1) In relation to investments referred to in paragraph (e)(3)(i), the relevant *Transmission Network Service Provider* and *Distribution Network Service Provider* must carry out an economic cost effectiveness analysis of possible options to identify options that satisfy the *regulatory test*, while meeting the technical requirements of schedule 5.1 and that analysis and allocation must form part of any consultation required by paragraph (f).

(h) Following conclusion of the process outlined in paragraphs (f) and (g) or (g1), the relevant *Distribution Network Service Provider* or *Network Service Providers* must prepare a report that is to be made available to affected *Registered Participants*, *AEMO* and *interested parties* which:

(1) includes an assessment of all identified options referred to in paragraph (g) or (g1);

(2) includes details of the preferred proposal including:

(i) its economic cost effectiveness analysis in accordance with paragraph (g) or (g1); and

(ii) the consultations conducted for the purposes of paragraph (g) or (g1);

(3) summarises the submissions from the consultations; and

(4) recommends the action to be taken.

~~(h) Following conclusion of the process outlined in clauses 5.6.2(f) and (g), the Distribution Network Service Provider must prepare a report that is to be made available to affected Registered Participants, NEMMCO and interested parties which:~~

~~(1) includes assessment of all identified options;~~

~~(2) includes details of the Distribution Network Service Provider's preferred proposal and details of:~~

~~(A) its economic cost effectiveness analysis in accordance with clause 5.6.2(g); and~~

~~(B) its consultations conducted for the purposes of clause 5.6.2(g);~~

~~(3) summarises the submissions from the consultations; and~~

~~(4) recommends the action to be taken.~~

(i) *Registered Participants* may dispute the recommendation of the report prepared under clause 5.6.2(h) within 40 *business days* after the report is made available in respect of any proposal that is a *new large distribution network asset* or is reasonably likely to change the *distribution use of system service charges* applicable to that *Registered Participant* by more than 2% at the date of the next price review, based on the assumption that the same approach to *distribution network pricing* is taken for the next review period as that taken for the current review period.

(j) If any *Registered Participant* disputes a recommendation under paragraph (i), the relevant *Distribution Network Service Provider* or *Network Service Providers* and the affected *Registered Participants* must negotiate in good faith to reach agreement on the action to be taken.

~~(j) Where any *Registered Participant* disputes a recommendation under clause 5.6.2(i), the *Distribution Network Service Provider* and the affected *Registered Participants* must negotiate in good faith with a view to reaching agreement on the action to be taken.~~

(k) Following:

(1) completion of the 40 *business day* period referred to in clause 5.6.2(i) or on resolution of any dispute in accordance with rule 8.2, in relation to proposals to which clause 5.6.2(j) applies; or

(2) completion of the report referred to in clause 5.6.2(h), in relation to any other *network option* recommended by the report,

the relevant *Distribution Network Service Provider* or *Transmission Network Service Provider* must arrange for the *network* options (if any) recommended by its report made in accordance with clause 5.6.2(h) to be available for service by the agreed time.

(k1) The relevant *Distribution Network Service Provider* or *Transmission Network Service Provider* must, as appropriate, include the cost of the relevant *network* options referred to in paragraph (k) in either:

(1) the calculation of *distribution service prices* determined in accordance with Chapter 6; or

(2) the calculation of *transmission use of system charges*.

~~(k1) The *Distribution Network Service Provider* must include the cost of the relevant assets of the *network options* referred to in clause 5.6.2(k) in the calculation of *distribution service prices* determined in accordance with Chapter 6.~~

- (l) If a *use of system service* or the provision of a service at a *connection point* is directly affected by a *transmission network* or *distribution network augmentation*, appropriate amendments to relevant *connection agreements* must be negotiated in good faith between the parties to them.
- (m) Where the relevant *Transmission Network Service Provider* or *Distribution Network Service Provider* decides to implement a *generation* option as an alternative to *network augmentation*, the *Network Service Provider* must:
- (1) register the *generating unit* with *NEMMCO* and specify that the *generating unit* may be periodically used to provide a *network support function* and will not be eligible to set *spot prices* when *constrained on* in accordance with clause 3.9.7; and
  - (2) include the cost of this *network support service* in the calculation of *transmission service* and *distribution service* prices determined in accordance with Chapter 6 or Chapter 6A, as the case may be.
- (n) *NEMMCO* must provide to the *Inter-Regional Planning Committee*, and to other *Network Service Providers* on request, a copy of any report provided to *NEMMCO* by a *Network Service Provider* under clause 5.2.3(d)(12). If a *Registered Participant* reasonably considers that it is or may be adversely affected by a development or change in another *region*, the *Registered Participant* may request the preparation of a report by the relevant *Network Service Provider* as to the technical impacts of the development or change. If so requested, the *Network Service Provider* must prepare such a report and provide a copy of it to *NEMMCO*, the *Registered Participant* requesting the report and, on request, any other *Registered Participant*.

## 5.6.2A Annual Planning Report

- (a) By 30 June each year all *Transmission Network Service Providers* must *publish an Annual Planning Report* setting out the results of the annual planning review conducted in accordance with clause 5.6.2(a) and (b).
- (b) The *Annual Planning Report* must set out:
  - (1) the forecast *loads* submitted by a *Distribution Network Service Provider* in accordance with clause 5.6.1 or as modified in accordance with clause 5.6.1(d);
  - (2) planning proposals for future *connection points*;
  - (3) a forecast of *constraints* and inability to meet the *network* performance requirements set out in schedule 5.1 or relevant legislation or regulations of a *participating jurisdiction* over 1, 3 and 5 years;
  - (4) for all proposed *augmentations* to the *network* the following information, in sufficient detail relative to the size or significance of the project and the proposed operational date of the project:
    - (i) project/asset name and the month and year in which it is proposed that the asset will become operational;
    - (ii) the reason for the actual or potential *constraint*, if any, or inability, if any, to meet the *network* performance requirements set out in schedule 5.1 or relevant legislation or regulations of a *participating jurisdiction*, including *load* forecasts and all assumptions used;
    - (iii) the proposed solution to the *constraint* or inability to meet the *network* performance requirements identified in clause 5.6.2A(b)(4)(ii), if any;
    - (iv) total cost of the proposed solution;
    - (v) whether the proposed solution will have a *material inter-network impact*. In assessing whether an *augmentation* to the *network* will have a *material inter-network impact* a *Transmission Network Service Provider* must have regard to the objective set of criteria *published* by the *Inter-regional Planning Committee* in accordance with clause 5.6.3(i) (if any such criteria have been *published* by the *Inter-regional Planning Committee*); and
    - (vi) other reasonable *network* and non-*network* options considered to address the actual or potential *constraint* or inability to meet the

*network* performance requirements identified in clause 5.6.2A(b)(4)(ii), if any. Other reasonable *network* and *non-network* options include, but are not limited to, *interconnectors*, *generation* options, *demand side* options, *market network service* options and options involving other *transmission* and *distribution networks*;

- (5) ~~**[Deleted]** for all proposed *new small transmission network assets*:~~
- ~~(i) an explanation of the ranking of reasonable alternatives to the project including *non-network* alternatives. This ranking must be undertaken by the *Transmission Network Service Provider* in accordance with the principles contained in the *regulatory test*;~~
  - ~~(ii) an *augmentation technical report* prepared by the *Inter-regional Planning Committee* in accordance with clause 5.6.3(j) if, and only if, the asset is reasonably likely to have a *material inter-network impact* and the *Transmission Network Service Provider* has not received the consent to proceed with the proposed solution from all *Transmission Network Service Providers* whose *transmission networks* are materially affected by the *new small transmission network asset*. In assessing whether a *new small transmission network asset* is reasonably likely to have a *material inter-network impact*, a *Transmission Network Service Provider* must have regard to the objective set of criteria published by the *Inter-regional Planning Committee* in accordance with clause 5.6.3(i) (if any such criteria have been published by the *Inter-regional Planning Committee*);~~
  - ~~(iii) analysis of why the *Transmission Network Service Provider* considers that the *new small transmission network asset* satisfies the *regulatory test* and, where the *Transmission Network Service Provider* considers that the *new small transmission network asset* satisfies the *regulatory test* as the *new small transmission network asset* is a *reliability augmentation*, analysis of why the *Transmission Network Service Provider* considers that the *new small transmission network asset* is a *reliability augmentation*. In assessing whether a *new small transmission network asset* is a *reliability augmentation*, a *Transmission Network Service Provider* must consider whether the *new small transmission network asset* satisfies the criteria for a *reliability augmentation* published by the *Inter-regional Planning Committee* in accordance with clause 5.6.3(l) (if any such criteria have been published by the *Inter-regional Planning Committee*); and~~
- (6) for all proposed *replacement transmission network assets*:

- (i) a brief description of the new *replacement transmission network asset* project, including location;
- (ii) the date from which the *Transmission Network Service Provider* proposes that the proposed new *replacement transmission network asset* will become operational;
- (iii) the purpose of the proposed new *replacement transmission network asset*;
- (iv) a list of any reasonable *network* or *non-network* alternatives to the proposed new *replacement transmission network asset* which are being, or have been, considered by the *Transmission Network Service Provider* (if any). Those alternatives include, but are not limited to, *interconnectors*, *generation* options, *demand side* options, *market network service* options and options involving other *transmission* or *distribution networks*; and
- (v) the *Transmission Network Service Provider's* estimated total capitalised expenditure on the proposed new *replacement transmission network asset*; and

(7) any information required to be included in an *Annual Planning Report* under clause 5.6.5C(c) in relation to a *transmission* investment which is determined to be required to address an urgent and unforeseen *network issue*.

### 5.6.3 Inter-regional planning committee

- (a) *NEMMCO* must establish an *Inter-regional Planning Committee*. The functions of the *Inter-regional Planning Committee* include to:
  - (1) provide such assistance as *NEMMCO* reasonably requests in connection with the preparation of the *statement of opportunities*;
  - (2) provide such assistance as *NEMMCO* reasonably requests in connection with the carrying out of the *ANTS review*;
  - (3) *publish* an objective set of criteria for assessing whether a proposed *transmission network augmentation* is reasonably likely to have a *material inter-network impact* in accordance with clause 5.6.3(i);
  - (4) *publish augmentation technical reports* in accordance with clause 5.6.3(j);
  - (5) *publish* an objective set of criteria for assessing whether a proposed *new small transmission network asset* or *new large transmission*

- network asset* is a *reliability augmentation*, in accordance with clause 5.6.3(l);
- (6) *publish* guidelines to assist *Registered Participants* to determine when an *inter-network test* may be required, in accordance with clause 5.7.7(k);
  - (7) make recommendations to *NEMMCO* in relation to draft *test programs* in accordance with clause 5.7.7(o) and (q);
  - (8) provide advice to the *AEMC* as requested in relation to the exercise of the *last resort planning power*; and
  - (9) provide such assistance as *NEMMCO* reasonably requests in connection with the preparation of the report that is required to be provided by *NEMMCO* to the *Reliability Panel* in accordance with clause 3.13.3(u).
- (b) The *Inter-regional Planning Committee* is to consist of:
- (1) a *NEMMCO representative* as *Convener* of the *Inter-regional Planning Committee*;
  - (2) a *representative* from any entity that has been nominated by the relevant *Minister* of a *participating jurisdiction* as having *transmission system* planning responsibility in that *participating jurisdiction*; and
  - (3) such other persons appointed by *NEMMCO* that *NEMMCO* considers have the appropriate expertise to be members of the *Inter-regional Planning Committee*,
  - (4) for the purpose only of providing advice to the *AEMC* in relation to the exercise of the *last resort planning power*, persons appointed by *NEMMCO* at the request of the *AEMC* under clause 5.6.4(f),

provided that:

- (5) a person appointed under clause 5.6.3(b)(2) must not take part in any decision or determination of the *Inter-regional Planning Committee* where the entity the person represents has a material financial interest in the matter to be decided or determined by the *Inter-regional Planning Committee*; and
- (6) a member of the *Inter-regional Planning Committee* must not take part in providing advice to the *AEMC* for the purposes of the exercise of the *last resort planning power* under clause 5.6.4 where that member has a material financial interest in the advice to be provided to the *AEMC*.

- (c) A person appointed under clause 5.6.3(b)(2) will serve on the *Inter-regional Planning Committee* until such time as the relevant entity nominates a different person or the *Minister* of the *participating jurisdiction* who nominated the relevant entity notifies *NEMMCO* that another entity is to replace the previous entity as having *transmission system* planning responsibility in that *participating jurisdiction*.
- (d) The term of office of members appointed under clause 5.6.3(b)(3) may be terminated at any time by *NEMMCO*.
- (e) The *Inter-regional Planning Committee* must meet during the year at a frequency to be determined by the *Inter-regional Planning Committee*.
- (f) The *Convener* of the *Inter-regional Planning Committee* must convene a meeting of the *Inter-regional Planning Committee* within a reasonable time after a reasonable request from a member of the *Inter-regional Planning Committee* is received setting out the business to be considered.
- (g) *NEMMCO* and each entity from which a member of the *Inter-regional Planning Committee* has been appointed under clause 5.6.3(b)(2) must procure the availability of reasonable resources to enable the *Inter-regional Planning Committee* to carry out its responsibilities.
- (h) *NEMMCO* and each entity from which a member of the *Inter-regional Planning Committee* has been appointed under clause 5.6.3(b)(2) must share the costs involved in conducting studies and analysis required to be undertaken by the *Inter-regional Planning Committee* under the *Rules* on a basis to be agreed between them.
- (i) The *Inter-regional Planning Committee* must develop and *publish*, and may vary from time to time, an objective set of criteria for assessing whether or not a proposed *transmission network augmentation* is reasonably likely to have a *material inter-network impact*, in accordance with the *Rules consultation procedures*. In developing the objective set of criteria referred to in this clause, the *Inter-regional Planning Committee* must have regard to the relevant guiding objectives and principles provided by the *AEMC* in accordance with clause 5.6.3(n).
- (j) Immediately upon receipt of a written request for an *augmentation technical report*, which must include sufficient information to enable the *Inter-regional Planning Committee* to carry out a review pursuant to this clause 5.6.3(j), together with payment of any reasonable fees to recover the *Inter-regional Planning Committee's* direct costs and expenses of the preparation of the *augmentation technical report*, the *Inter-regional Planning Committee* must:

- (1) undertake a review of all matters referred to it by the *Transmission Network Service Provider* in order to assess the *augmentation* proposal and determine:
  - (i) the performance requirements for the equipment to be *connected*;
  - (ii) the extent and cost of *augmentations* and changes to all affected *transmission networks*; and
  - (iii) the possible material effect of the *new connection* on the *network power transfer capability* including that of other *transmission networks*;
- (2) within 90 *business days*, or such other period as may be agreed by the *Transmission Network Service Provider* and the *Inter-Regional Planning Committee*, of receipt of such written request *publish* an *augmentation technical report*. The *Inter-Regional Planning Committee* must use reasonable endeavours to *publish* an *augmentation technical report* in as short a period as is reasonably practicable. The *augmentation technical report* must set out:
  - (i) the determinations of the *Inter-Regional Planning Committee* referred to in clause 5.6.3 (j)(1);
  - (ii) the information considered; and
  - (iii) the assumptions used.
- (k) For the purposes of clause 5.6.3(j), the period in which the *Inter-regional Planning Committee* must *publish* an *augmentation technical report* will be automatically extended by the period of time taken by the *Transmission Network Service Provider* to provide additional information requested by the *Inter-regional Planning Committee*.
- (l) The *Inter-regional Planning Committee* must develop and *publish*, and may vary from time to time, an objective set of criteria for assessing whether a proposed *new small transmission network asset* or *new large transmission network asset* is a *reliability augmentation*, in accordance with the *Rules consultation procedures*. In developing the objective set of criteria referred to in this clause, the *Inter-regional Planning Committee* must have regard to the relevant guiding objectives and principles provided by the *AEMC* in accordance with clause 5.6.3(n).
- (m) Should the objective set of criteria referred to in clauses 5.6.3(i) or (l) be changed after an application notice (referred to in clause 5.6.6(c)) has been made available to *Registered Participants* and *NEMMCO*, in the case of a *new large transmission network asset*, or after the *publication* of the *Annual*

*Planning Report*, in the case of a *new small transmission network asset*, then the relevant *Network Service Provider* is entitled to choose whether the new criteria, or the criteria that existed at the time the application notice was made available to *Registered Participants* and *NEMMCO* or the *Annual Planning Report* was *published*, is to be applied.

- (n) The *AEMC* must, in consultation with *NEMMCO*, provide the *Inter-regional Planning Committee* with guiding objectives and principles for the development by the *Inter-regional Planning Committee* of the criteria for assessing whether a proposed *transmission network augmentation* is reasonably likely to have a *material inter-network impact* and/or whether a proposed *new small transmission network asset* or *new large transmission network asset* is a *reliability augmentation* under clauses 5.6.3(i) and 5.6.3(l), respectively.

#### 5.6.4 Last Resort Planning Power

- (a) In this clause 5.6.4:

**directed party** means one or more *Registered Participants* directed by the *AEMC* in accordance with this clause 5.6.4 and may include:

- (1) a single *Registered Participant*;
- (2) two or more *Registered Participants* who are directed by the *AEMC* to jointly and co-operatively comply with a direction under paragraph (c).

**direction notice** is a notice issued under paragraph (i).

#### Purpose

- (b) The purpose of a *last resort planning power* is to ensure timely and efficient *inter-regional transmission* investment for the long term interests of consumers of electricity.

#### AEMC last resort planning power

- (c) The *AEMC* may, in accordance with this clause 5.6.4, direct one or more *Registered Participants*:
  - (1) to identify a *potential transmission project* and apply the [regulatory investment test for transmission](#) ~~regulatory test~~ to that project; or
  - (2) to apply the [regulatory investment test for transmission](#) ~~regulatory test~~ to a *potential transmission project* identified by the *AEMC*.
- (d) The *AEMC* must exercise a *last resort planning power*:

- (1) consistently with the purpose referred to in paragraph (b); and
- (2) in accordance with the *last resort planning power guidelines*.

#### **Advice from the Inter-regional Planning Committee**

- (e) The *AEMC* may request advice from the *Inter-regional Planning Committee* in relation to the exercise of the *last resort planning power*, in accordance with the *last resort planning power guidelines*.
- (f) For the purpose only of providing advice to the *AEMC* in relation to the exercise of the *last resort planning power*, the *AEMC* may, in accordance with the *last resort planning power guidelines*, request *NEMMCO* to appoint up to 4 additional persons to the *Inter-regional Planning Committee* to:
  - (1) provide expertise and advice in relation to *generation* and *distribution* issues; and
  - (2) present the views of *Market Customers* and end user consumers of electricity.

#### **Relevant considerations**

- (g) In deciding whether or not to exercise a *last resort planning power* the *AEMC* must take into account:
  - (1) advice provided by the *Inter-regional Planning Committee*;
  - (2) the two most recent *Annual National Transmission Statements*;
  - (3) *Annual Planning Reports* published by *Transmission Network Service Providers* under clause 5.6.2A; and
  - (4) other matters that are relevant in all the circumstances.
- (h) In deciding whether or not to exercise the *last resort planning power* the *AEMC* must:
  - (1) identify a problem relating to *constraints* in respect of *national transmission flow paths* between *regional reference nodes* or a *potential transmission project* (**the problem or the project**);
  - (2) make reasonable inquiries to satisfy itself that there are no current processes underway for the application of the [regulatory investment test for transmission](#) ~~regulatory test~~ in relation to the problem or the project;

- (3) consider whether there are other options, strategies or solutions to address the problem or the project, and must be satisfied that all such other options are unlikely to address the problem or the project in a timely manner;
- (4) be satisfied that the problem or the project may have a significant impact on the efficient operation of the *market*; and
- (5) be satisfied that but for the *AEMC* exercising the *last resort planning power*, the problem or the project is unlikely to be addressed.

#### **Direction notice**

- (i) The *AEMC* must exercise a *last resort planning power* by giving a direction notice in writing to a directed party that states:
  - (1) the relevant action under paragraph (c) that the directed party is required to undertake; and
  - (2) the *AEMC*'s reasons for exercising the *last resort planning power*.
- (j) A direction notice given by the *AEMC* under paragraph (i) may specify one or more of the following:
  - (1) one or more alternative projects which a directed party must consider when applying the [regulatory investment test for transmission](#) ~~*regulatory test*~~ to potential transmission projects;
  - (2) the time period within which the application of the [regulatory investment test for transmission](#) ~~*regulatory test*~~ must be carried out by a directed party; or
  - (3) consultation and publication requirements that are in addition to those required by the [regulatory investment test for transmission](#) ~~*regulatory test*~~.
- (k) The *AEMC* must *publish* the direction notice referred to in paragraph (i) on its website.
- (l) A directed party must comply with:
  - (1) a direction notice;
  - (2) the requirements of the *last resort planning power guidelines*; and
  - (3) the requirements for the application of the [regulatory investment test for transmission](#) ~~*regulatory test*~~.

- (m) If a directed party (an **earlier directed party**) fails to comply with a direction notice, the *AEMC* may:
  - (1) in accordance with this clause 5.6.4, give a direction notice to a *Registered Participant* other than the earlier directed party; and
  - (2) inform the *AER* of the earlier directed party's failure to comply with the direction notice.

#### **Annual reporting for last resort planning power**

- (n) The *AEMC* must report annually on the matters which the *AEMC* has considered during that year in deciding whether or not to exercise the *last resort planning power*, and may include the information in its Annual Report published under s.27 of the Australian Energy Market Commission Establishment Act 2004 (South Australia).

#### **Last resort planning power guidelines**

- (o) The *AEMC* must develop and *publish* guidelines ('the *last resort planning power guidelines*') for or with respect to:
  - (1) the processes to be followed by the *AEMC* in exercising the *last resort planning power*;
  - (2) a request to *NEMMCO* to appoint a person as an additional member of the *Inter-regional Planning Committee* as referred to in paragraph (f);
  - (3) the advice to be provided to the *AEMC* by the *Inter-regional Planning Committee*, including the terms of reference for any such advice;
  - (4) the matters that the *Inter-regional Planning Committee* and the *AEMC* may consider in recommending or nominating a person as an appropriate directed party; and
  - (5) the provision of information to the *AEMC* in relation to the exercise of the *last resort planning power*.
- (p) The *AEMC* must develop and *publish* the *last resort planning power guidelines* in accordance with the *transmission consultation procedures*.
- (q) The *AEMC* must develop and *publish* the first *last resort planning power guidelines* by 1 January 2008 and there must be such guidelines available at all times after that date.
- (r) The *AEMC* may from time to time and in accordance with the *transmission consultation procedures*, amend or replace the *last resort planning power guidelines*.

### 5.6.5 Annual National Transmission Statement

- (a) *NEMMCO* must each year conduct a review of:
- (1) *national transmission flow paths*;
  - (2) forecast *constraints* in respect of *national transmission flow paths*;
  - (3) those options which, in *NEMMCO's* reasonable opinion, have the technical capability of relieving forecast *constraints* in respect of *national transmission flow paths*,
- and prepare and *publish* an *Annual National Transmission Statement* by 31 October each year setting out the results of that review.
- (b) *NEMMCO* must, in the course of conducting the *ANTS review*, consult with *Registered Participants* and *interested parties* in relation to:
- (1) the data and assumptions to be used as part of the *ANTS review*; and
  - (2) the content of the *Annual National Transmission Statement*.
- (c) In carrying out the *ANTS review*, *NEMMCO* must consider the following:
- (1) the location of the current *national transmission flow paths* and the current capacities, *constraints* and congestion points on those flow paths;
  - (2) the location of the potential *national transmission flow paths* over the next 10 years, and the likely capacities, *constraints* and congestion points on those flow paths;
  - (3) the quantity of electricity which flowed, the periods in which the electricity flowed, and *constraints*, on the *national transmission flow paths* over the previous *financial year* or such other period as determined by *NEMMCO* having regard to data which is available to *NEMMCO*;
  - (4) the forecast quantity of electricity which is expected to flow, and the periods in which the electricity is expected to flow, the magnitude and significance of future *network losses* and *constraints* on the current and potential *national transmission flow paths* over the current *financial year* or such other period as determined by *NEMMCO* having regard to data which is available to *NEMMCO*;
  - (5) the projected capabilities of the existing *transmission network* and the *network control ancillary services* required to support existing and future *transmission network* capabilities;
  - (6) demand forecasts for the next 10 *financial years*;

- 
- (7) possible scenarios for additional *generation* and demand side options to meet demand forecasts;
  - (8) relevant intra-jurisdictional developments and any incremental works which may be needed to co-ordinate *national transmission flow path* planning with intra-jurisdictional planning;
  - (9) those *transmission network* options for relieving forecast *constraints* on the *national transmission flow paths*, which in *NEMMCO's* opinion, deliver technically feasible solutions that meet the projected capabilities, demands, congestion and capacity for the *generation* expansion scenarios, taking into account committed projects; and
  - (10) such other matters as *NEMMCO*, in consultation with the *participating jurisdictions*, considers are appropriate.
- (d) In considering the matters described in clause 5.6.5(c), *NEMMCO* must have regard to:
- (1) the *Annual Planning Reports* published in the year in which the *ANTS review* is being conducted; and
  - (2) information obtained for the purposes of preparing the *statement of opportunities* to be published in the year in which the *ANTS review* is being conducted,
- and may include information from the *Annual Planning Reports* and the *statement of opportunities* in the *Annual National Transmission Statement*.
- (e) In carrying out the *ANTS review*, *NEMMCO* may seek the assistance of the *Inter-regional Planning Committee*.
- (f) *NEMMCO* may by written notice request an entity nominated under clause 5.6.3(b)(2) to provide *NEMMCO* with any additional information or documents reasonably available to it that *NEMMCO* reasonably requires for the purpose of the *ANTS review*.
- (g) An entity nominated under clause 5.6.3(b)(2) must comply with a written notice from *NEMMCO* issued pursuant to clause 5.6.5(f).
- (h) *NEMMCO* may only use information or documents provided in accordance with clauses 5.6.5(f) and 5.6.5(g) for the purpose of preparing the *Annual National Transmission Statement* or, where relevant, the *statement of opportunities*.

**5.6.5A Regulatory test for distribution network investments and distribution related transmission investments ~~Regulatory Test~~**

- (a) The *AER* must develop and *publish* the *regulatory test* in accordance with this clause 5.6.5A.
- (b) The purpose of the *regulatory test* is to identify *new distribution network investments or transmission investments designed to ensure that a distribution network meets the level required by the minimum power system security and reliability standards*~~*new network investments*~~ or non-*network* alternative options that:
- (1) maximise the net economic benefit to all those who produce, consume and transport electricity in the *market*; or
  - (2) in the event the option is necessitated to meet the service standards linked to the technical requirements of schedule 5.1 or in *applicable regulatory instruments*, minimise the present value of the costs of meeting those requirements.
- (c) In so far as it relates to paragraph (b)(1), the *regulatory test* must:
- (1) be based on a cost-benefit analysis of the future (which includes assessment of reasonable scenarios of future supply and demand conditions):
    - (i) were the *new distribution network investment or transmission investment designed to ensure that a distribution network meets the level required by the minimum power system security and reliability standards*~~*new network investment*~~ to take place, compared to the likely alternative option or options,
    - (ii) were the *new distribution network investment or transmission investment designed to ensure that a distribution network meets the level required by the minimum power system security and reliability standard*~~*new network investment*~~ not to take place;
  - (2) as a minimum, list or provide for:
    - (i) the classes of possible benefits that may be included as benefits, and classes of possible benefits that may not be included as benefits;
    - (ii) the method or methods permitted for estimating the magnitude of the different classes of benefits;
    - (iii) the classes of possible costs that may be counted as costs, and classes of possible costs that may not be included as costs;

- (iv) the method or methods permitted for estimating the magnitude of the different classes of costs; and
  - (v) the appropriate method and value for specific inputs, where relevant, for determining the discount rate to be applied;
- (3) ensure that the identification of the likely alternative option referred to in subparagraph (1) is informed by a consideration of all genuine and practicable alternative options to the proposed *new network investment* without bias regarding:
- (i) energy source;
  - (ii) technology;
  - (iii) ownership;
  - (iv) the extent to which the *new network investment* or the non-*network* alternative enables *intra-regional* or *inter-regional* trading of electricity;
  - (v) whether it is a *network* or non-*network* alternative;
  - (vi) whether the *new network investment* or non-*network* alternative is intended to be regulated; or
  - (vii) any other factor;
- (4) ~~[Deleted] require, for a potential *new large transmission network asset*, that the *Network Service Provider* publish:~~
- ~~(i) a request for information as to the identity and detail of alternative options to the potential *new large transmission network asset*; and~~
  - ~~(ii) details of the proposed *new large transmission network asset*;~~
- (5) contain a requirement that where there is more than one likely alternative option to the *new network investment*, and no single alternative option is significantly more likely to occur than the other, then the cost-benefit analysis referred to in subparagraph (1) must be undertaken in relation to each such likely alternative option;
- (6) not require the level of analysis to be disproportionate to the scale and size of the *new network investment*;
- (7) be capable of predictable, transparent and consistent application; and

- (8) provide that alternative options may include (without limitation) *generation*, demand side management, other *network* options, or the substitution of demand for electricity by the provision of alternative forms of energy.

### **Preparation, publication and amendment of regulatory test and regulatory test application guidelines**

- (d) At the same time as the *AER* publishes a proposed *regulatory test* under the *distribution consultation procedures* ~~*transmission consultation procedure*~~, the *AER* must also *publish* guidelines for the operation and application of the *regulatory test* ('the ***regulatory test application guidelines***') in accordance with the requirements of this clause 5.6.5A.
- (e) The *regulatory test* application guidelines must give effect to and be consistent with this clause 5.6.5A and provide guidance on the operation and application of the *regulatory test*.
- (f) The *AER* must develop and *publish* the first *regulatory test* and *regulatory test* application guidelines under this clause 5.6.5A by 31 December 2007 and there must be a *regulatory test* and *regulatory test* application guidelines in force at all times after that date.
- (g) The *AER* may, from time to time and in accordance with the *distribution consultation procedures* ~~*transmission consultation procedure*~~, amend or replace the *regulatory test* and *regulatory test* application guidelines developed and *published* under this clause, provided that such amendments must be *published* at the same time.
- (h) An amendment as referred to in paragraph (g) does not apply to a current application of the *regulatory test* and the *regulatory test* application guidelines under the *Rules* (however described) by a *Network Service Provider*.

### **5.6.5B Regulatory investment test for transmission**

#### **Principles**

- (a) The *AER* must develop and *publish* the *regulatory investment test for transmission* in accordance with the *transmission consultation procedure* and this clause 5.6.5B.
- (b) The purpose of the *regulatory investment test for transmission* is to identify the *credible option* that:
- (i) maximises the present value of net economic benefits; or

- (ii) if the relevant *credible option* is a *reliability augmentation*, minimises the net economic costs

to all those who produce, consume and transport electricity in the market (the "*preferred option*"). For the avoidance of doubt, the *regulatory investment test for transmission* may identify a *preferred option* that may, in the relevant circumstances, have a negative value where the *network investment* is a *reliability augmentation*.

- (c) The *regulatory investment test for transmission* must:

- (1) be based on a cost-benefit analysis that is to include an assessment of reasonable scenarios of future supply and demand if each *credible option* were implemented compared to the situation where no option is implemented;
- (2) not require a level of analysis that is disproportionate to the scale and likely impact of each of the *credible options* being considered;
- (3) be capable of being applied in a predictable, transparent and consistent manner;
- (4) in assessing the present value of net economic benefits to all those who produce, consume and transport electricity in the relevant market, require the *Transmission Network Service Provider* to consider the following classes of market benefits that could be delivered by the *credible option*:
  - (i) changes in fuel consumption arising through different patterns of *generation dispatch*;
  - (ii) changes in voluntary *load curtailment*;
  - (iii) changes in involuntary *load shedding*, with the market benefit to be considered using a reasonable forecast of the value of electricity to consumers;
  - (iv) changes in the parties (other than *Transmission Network Service Provider's*) costs due to:
    - (A) differences in the timing of new *plant*;
    - (B) differences in capital costs;
    - (C) differences in the operational and maintenance costs; and
    - (D) differences in the timing of *transmission* investment;
  - (v) changes in *transmission* losses;

- (vi) changes in ancillary services costs;
- (vii) competition benefits;
- (viii) any additional option value (where this value has not already been included in the other classes of market benefits) gained or foregone from implementing that credible option with respect to the likely future investment needs of the market; and
- (ix) other classes of market benefits that are:
  - (A) determined to be relevant by the Transmission Network Service Provider and agreed to by the AER; or
  - (B) specified as a class of market benefit in the regulatory investment test for transmission;
- (5) include a quantification of all classes of market benefits which are determined to be material in the Transmission Network Service Provider's reasonable opinion;
- (6) require a Transmission Network Service Provider to consider all classes of market benefits as material unless it can show otherwise:
  - (i) in the project assessment draft report; or
  - (ii) in respect of a proposed preferred option which is subject to the exemption contained in clause 5.6.6(x), in the project assessment consultation report

that:

  - (iii) a particular class of market benefit will not affect the outcome of the assessment of each credible option; or
  - (iv) the cost of undertaking the analysis to quantify the market benefit is disproportionate to the scale, size and potential benefits of each credible option being considered in the report;
- (7) with respect to the classes of market benefits set out in subparagraphs (4)(ii) and (iii), ensure that, if the credible option is a reliability augmentation, the quantification assessment required by paragraph (5) will only apply insofar as the market benefit delivered by the credible option is above the minimum standard required by a reliability augmentation;
- (8) require the Transmission Network Service Provider to quantify the following classes of costs:

- (i) costs incurred in constructing or providing the *credible option*;
  - (ii) operating and maintenance costs in respect of the *credible option*;
  - (iii) the cost of complying with laws, regulations and applicable administrative requirements in relation to the construction and operation of the *credible option*; and
  - (iv) any other class of costs determined to be appropriate for inclusion in the *regulatory investment test for transmission* by the *AER*;
- (9) provide that any cost or market benefit which cannot be measured as a cost or market benefit to *Generators, Distribution Network Service Providers, Transmission Network Service Providers* or consumers of electricity may not be included in any analysis under the *regulatory investment test for transmission*;
- (10) specify:
  - (i) the method or methods permitted for estimating the magnitude of the different classes of market benefits;
  - (ii) the method or methods permitted for estimating the magnitude of the different classes of costs;
  - (iii) the method or methods permitted for estimating market benefits which may occur outside the *region* in which the *Transmission Network Service Provider's network* is located; and
  - (iv) the appropriate method and value for specific inputs, where relevant, for determining the discount rate or rates to be applied; and
- (11) specify that sensitivity analysis is required of any modelling relating to the cost-benefit analysis.

#### **Regulatory investment test for transmission guidelines**

- (d) At the same time as the *AER* develops and *publishes* a proposed *regulatory investment test for transmission* under the *transmission consultation procedure*, the *AER* must also develop and *publish* guidelines for the operation and application of the *regulatory investment test for transmission* (the “*regulatory investment test for transmission application guidelines*”) in accordance with the *transmission consultation procedure* and this clause 5.6.5B.
- (e) The *regulatory investment test for transmission application guidelines* must:

- (1) give effect to and be consistent with this clause 5.6.5B and clauses 5.6.5C, 5.6.5D, 5.6.6, 5.6.6A and 5.6.6AA; and
  - (2) provide guidance on:
    - (i) the operation and application of the *regulatory investment test for transmission*;
    - (ii) the process to be followed in applying the *regulatory investment test for transmission*; and
    - (iii) how disputes raised in relation to the *regulatory investment test for transmission* and its application will be addressed and resolved.
- (f) The *regulatory investment test for transmission application guidelines* must provide guidance and worked examples as to:
- (1) what constitutes a *credible option*;
  - (2) acceptable methodologies for valuing costs of a *credible option*;
  - (3) what constitutes an externality under the *regulatory investment test for transmission*;
  - (4) the classes of market benefits to be considered for the purposes of paragraph (c)(4);
  - (5) the suitable modelling periods and approaches to scenario development;
  - (6) the acceptable methodologies for valuing the market benefits of a *credible option* referred to in paragraph (c), including the option value, competition benefits and market benefits that accrue across jurisdictions;
  - (7) the appropriate sensitivity analysis;
  - (8) the appropriate approaches to assessing uncertainty and risks; and
  - (9) when a person is sufficiently committed to a *reliability augmentation* to be characterised as a proponent for the purposes of clause 5.6.5D(b)(7).
- (g) The AER must develop and *publish* the first *regulatory investment test for transmission* and *regulatory investment test for transmission application guidelines* by [insert date which is 12 months from commencement of this Rule], and there must be a *regulatory investment test for transmission* and

regulatory investment test for transmission application guidelines in force at all times after that date.

- (h) The AER may, from time to time, amend or replace the regulatory investment test for transmission and regulatory investment test for transmission application guidelines in accordance with the transmission consultation procedure, provided the AER publishes any amendments to, or replacements of, the regulatory investment test for transmission or regulatory investment test for transmission application guidelines at the same time.

### **5.6.5C Transmission assets subject to the regulatory investment test**

- (a) A Transmission Network Service Provider must apply the regulatory investment test for transmission to any transmission investment option proposed by the Transmission Network Service Provider (“proposed transmission investment”) to:
- (1) meet the minimum network performance requirements set out in schedule 5.1 or in relevant legislation, regulations or any statutory instrument of a participating jurisdiction; and/or
  - (2) the provision of market benefits in particular locations  
(the “identified need”), except in circumstances where:
    - (3) the proposed transmission investment is required to address an urgent and unforeseen network issue that would otherwise put at risk the reliability of the transmission network as described in paragraph (b);
    - (4) the estimated capital cost of the most expensive transmission investment option to address the relevant identified need which is technically and economically feasible is less than \$5 million (as varied in accordance with a cost threshold determination);
    - (5) the proposed transmission investment relates to maintenance or replacement and is not intended to augment the transmission network (including replacement transmission network assets);
    - (6) the proposed transmission investment is an investment undertaken by a Transmission Network Service Provider which:
      - (i) re-routes one or more paths of the network for the long term; and
      - (ii) is the substantial primary purpose other than the need to augment the network

(the “reconfiguration investment”) which the relevant Transmission Network Service Provider reasonably estimates to have a estimated capital cost of less than \$5 million (as varied in accordance with a cost threshold determination) or which has, or is reasonably considered to have, no material impact on network users;

(7) the maintenance, or replacement expenditure also results in an augmentation to the network, and the estimated capital cost for the augmentation component of the transmission investment is less than \$5 million (as varied in accordance with a cost threshold determination), as allocated by the Transmission Network Service Provider in accordance with recognised cost allocation methodologies and any applicable AER guidelines under rule 6A.19;

(8) the proposed transmission investment will be a dual function asset;

(9) the proposed transmission investment is designed to ensure that a distribution network meets the level required by the minimum power system security and reliability standards;

(10) the proposed transmission investment will be a connection asset; or

(11) the cost of the proposed transmission investment is to be recovered through charges in relation to negotiated transmission services.

(b) For the purposes of paragraph (a)(3), a proposed transmission investment will be required to address an urgent and unforeseen network issue that would otherwise put at risk the reliability of the transmission network if:

(1) it is necessary that the proposed transmission investment be operational within 6 months of the Transmission Network Service Provider identifying the identified need;

(2) the event or circumstances causing the identified need was not reasonably foreseeable by, and was beyond the reasonable control of, the Transmission Network Service Provider;

(3) a failure to address the identified need is likely to materially adversely affect the reliability and secure operating state of the transmission network; and

(4) it is not a contingent project.

(c) If a proposed transmission investment is determined to be required to address an urgent and unforeseen network issue as described in paragraph (b), the Transmission Network Service Provider must provide the following information in its Annual Planning Report:

- (1) the date when the proposed *transmission* investment becomes operational;
  - (2) the purpose of the proposed *transmission* investment; and
  - (3) the total cost of the proposed *transmission* investment.
- (d) With the exception of *funded augmentations*, for each *transmission* investment to which the *regulatory investment test for transmission* does not apply in accordance with paragraph (a)(3)-(11), the *Transmission Network Service Provider* must ensure, acting reasonably, that the *transmission* investment is planned and developed at least cost over the life of the investment.
- (e) A *Transmission Network Service Provider* must not treat different parts of an integrated solution to an *identified need* as distinct and separate options for the purposes of determining whether the *regulatory investment test for transmission* applies to each of those parts.

#### **5.6.5D Identification of a credible option**

- (a) A *credible option* is an option (or group of options) that:
- (1) addresses the *identified need*;
  - (2) is (or are) commercially and technically feasible; and
  - (3) can be implemented in sufficient time to meet the *identified need*,
- and is (or are) identified as a *credible option* in accordance with clause 5.6.5D(b).
- (b) In applying the *regulatory investment test for transmission*, a *Transmission Network Service Provider* must consider, in relation to all *identified needs* other than those described in clauses 5.6.5C(a)(3)-(11), all *transmission* investment options that could reasonably be classified as *credible options*, taking into account, without bias:
- (1) energy source;
  - (2) technology;
  - (3) ownership;
  - (4) the extent to which the *credible option* enables *intra-regional* or *inter-regional* trading of electricity;
  - (5) whether it is a *network* or *non-network* option;

- (6) whether the *credible option* is intended to be regulated;
  - (7) whether the *credible option* has a proponent; or
  - (8) any other factor which the *Transmission Network Service Provider* reasonably considers should be taken into account.
- (c) The absence of a proponent does not exclude a potential *transmission investment option* from being considered a *credible option*.

### **5.6.5E Review of Costs Thresholds**

- (a) Every 3 years the *AER* must undertake a review (the “*cost threshold review*”) of the changes in the input costs used to calculate the estimated capital costs in relation to *replacement transmission network assets* and referred to in clauses 5.6.2A(b)(6), 5.6.5C(a)(4), (6) and (7) and 5.6.6(x)(1) for the purposes of determining whether the amounts of:
- (1) in relation to *replacement transmission network assets*;
  - (2) less than \$5 million referred to in clause 5.6.5C(a)(4);
  - (3) less than \$5 million referred to in clause 5.6.5C(a)(6);
  - (4) less than \$5 million referred to in clause 5.6.5C(a)(7);
  - (5) less than \$35 million referred to in clause 5.6.6(x)(1),
- (each a “*cost threshold*”) need to be changed to maintain the value of the *cost thresholds* over time by adjusting those *cost thresholds* to reflect any increase or decrease in the input costs since:
- (6) [insert commencement date of Rule] in respect of the first *cost threshold review*; and
  - (7) the date of the previous review in respect of every subsequent *cost threshold review*.
- (b) Each *cost threshold review* is to be commenced by the *AER* on 31 July of the relevant year, with the first such review to be initiated in 2012.
- (c) Within 6 weeks following the commencement of a *cost threshold review*, the *AER* must *publish* a draft determination outlining:
- (1) whether the *AER* has formed the view that any of the *cost thresholds* need to be amended to reflect increases or decreases in the input costs to ensure that the value of the *cost thresholds* is maintained over time;

- (2) its reasons for determining whether the *cost thresholds* need to be varied to reflect increases or decreases in the input costs;
  - (3) if there is to be a variation in a *cost threshold*, the amount of the new *cost threshold* and the date the new *cost threshold* will take effect; and
  - (4) its reasons for determining the amount of the new *cost threshold*.
- (d) At the same time as it *publishes* the draft determination under paragraph (c), the *AER* must *publish* a notice seeking submissions on the draft determination and which specifies the period within which written submissions can be made (the “*cost threshold consultation period*”) which must be within 5 weeks from the date of the notice.
- (e) The *AER* must consider any written submissions received during the *cost threshold consultation period* in making its final determination in respect of the matters outlined in paragraph (c).
- (f) This final determination must be made and *published* by the *AER* within 5 weeks following the end of the *cost threshold consultation period* (the “*cost threshold determination*”).

### **5.6.6 Regulatory investment test for transmission procedures**

- (a) In addition to the procedures to make a *connection* to a *network* in clause 5.3, the *Transmission Network Service Provider* must comply with the access arrangements and procedures set out in this clause 5.6.6 and in clause 5.6.6A.
- (b) A *Transmission Network Service Provider* who proposes to make a *transmission* investment, other than a *transmission* investment of the type described in clauses 5.6.5C(a)(3)-(11), must consult all *Registered Participants*, *AEMO* and *interested parties* regarding the *transmission* investment in accordance with this clause 5.6.6.

#### **Project specification consultation report**

- (c) A *Transmission Network Service Provider* must prepare a report (the “*project specification consultation report*”), which must include:
- (1) a description of the *identified need*;
  - (2) the assumptions used in identifying the *identified need* (including, in the case of a *reliability augmentation*, why the *Transmission Network Service Provider* considers a *reliability augmentation* is necessary);
  - (3) the technical characteristics of the *identified need* that a non-*network* option would be required to deliver, such as:

- (i) the size of *load* reduction or additional supply;
  - (ii) location; and
  - (iii) operating profile;
- (4) if applicable, reference to any discussion on the description of the *identified need* or the possible *credible options* in respect of that *identified need* in the most recent *National Transmission Network Development Plan*;
- (5) a description of all possible *credible options* that address the *identified need*, which may include, without limitation, alternative *transmission options*, *interconnectors*, *generation*, *demand side management*, *market network services* or other *network options*;
- (6) for each possible *credible option*, information about:
  - (i) the technical characteristics of the *credible option*;
  - (ii) whether the possible *credible option* is reasonably likely to have a material *inter-regional impact*;
  - (iii) the classes of market benefits that the *Transmission Network Service Provider* considers could be material in accordance with clause 5.6.5B(c)(6), together with details (if any) of why the *Transmission Network Service Provider* considers that these classes of market benefits could be material;
  - (iv) the estimated construction timetable and commissioning date; and
  - (v) to the extent practicable, the total indicative capital and operational costs.
- (d) The *Transmission Network Service Provider* must make available to all *Registered Participants*, *AEMO* and other *interested parties* the *project specification consultation report* and any preliminary or supplementary information that is likely to assist *interested parties* to engage constructively in the consultation process outlined in this clause 5.6.6 within 5 *business days* of making the *project specification consultation report*.
- (e) The *Transmission Network Service Provider* must:
  - (1) provide a summary of the *project specification consultation report* to *AEMO* within 5 *business days* of making the *project specification consultation report*; and

- (2) upon request by an interested party, provide a copy of the project specification consultation report to that person within 3 business days of the request.
- (f) Within 3 business days of receipt of the summary, AEMO must publish the summary of the project specification consultation report on its website.
- (g) The Transmission Network Service Provider must seek submissions from Registered Participants, AEMO and interested parties on the credible options presented, and the issues addressed, in the project specification consultation report.
- (h) The consultation period referred to in paragraph (g) must be not less than 12 weeks from the date that AEMO publishes the summary of the project specification consultation report on its website.
- (i) A Transmission Network Service Provider may discharge its obligation under paragraph (d) to make the project specification consultation report available by including the project specification consultation report as part of its Annual Planning Report.

#### **Project assessment draft report**

- (j) If the Transmission Network Service Provider elects to proceed with the transmission investment, within 12 months of the end of the consultation period referred to in paragraph (h), or such longer time as is agreed by the AER, the Transmission Network Service Provider must prepare and make available to all Registered Participants, AEMO and interested parties a report (the “project assessment draft report”), having regard to the submissions received, if any, under paragraph (g) within 5 business days of the project assessment draft report.
- (k) The project assessment draft report must include:

  - (1) a description of each credible option assessed;
  - (2) a summary of, and commentary on, the submissions to the project specification consultation report;
  - (3) a quantification of the costs, including a breakdown of operating and capital expenditure, and material classes of market benefit for each credible option;
  - (4) a detailed description of the methodologies used in quantifying each class of market benefit and cost;
  - (5) reasons why the Transmission Network Service Provider has determined that a class or classes of market benefit are not material;

- (6) the identification of any class of market benefit estimated to arise outside the *Transmission Network Service Provider's region*, and quantification of the value of such market benefits (in aggregate across all *participating jurisdictions*)
- (7) the results of a net present value analysis of each *credible option* and accompanying explanatory statements regarding the results;
- (8) the identification of the proposed *preferred option*;
- (9) for the proposed *preferred option* identified under subparagraph (8), the *Transmission Network Service Provider* must provide:

  - (i) details of the technical characteristics;
  - (ii) the estimated construction timetable and commissioning date;
  - (iii) the indicative costs;
  - (iv) if the proposed *preferred option* is likely to have a *material inter-regional network impact*, and if the *Transmission Network Service Provider* has received an *augmentation technical report*, that report; and
  - (v) a statement and the accompanying detailed analysis that the *preferred option* satisfies the *regulatory investment test for transmission*.

- (l) If a *Transmission Network Service Provider* elects to proceed with an *transmission investment* which is a *reliability augmentation*, it can only do so where the proposed *preferred option* has a proponent. The identity of that proponent must be included in the *project assessment draft report*.
- (m) A *Transmission Network Service Provider* may discharge its obligation under paragraph (j) to make the *project assessment draft report* available by including the *project assessment draft report* as part of its *Annual Planning Report*.
- (n) The *Transmission Network Service Provider* must:

  - (1) provide a summary of the *project assessment draft report* to AEMO; and
  - (2) upon request by an *interested party*, provide a copy of the *project assessment draft report* to that person within 3 *business days* of the request.

- (o) Within 3 *business days* of receipt of the summary, AEMO must *publish* the summary of the *project assessment draft report* on its website.

- (p) The Transmission Network Service Provider must seek submissions from Registered Participants, AEMO and interested parties on the preferred option presented, and the issues addressed, in the project assessment draft report.
- (q) The consultation period referred to in paragraph (p) must be not less than 30 business days from the date that AEMO publishes the summary of the report on its website.
- (r) Within 4 weeks of the end of the consultation period required under paragraph (q), at the request of an interested party, the Transmission Network Service Provider must use its best endeavours to meet with the interested party if:
- (1) after having considered all submissions, the Transmission Network Service Provider, acting reasonably, considers that the meeting is necessary or desirable; or
  - (2) a meeting is requested by two or more interested parties.

#### **Project assessment conclusions report**

- (s) As soon as practicable after the end of the consultation period for the project assessment draft report referred to in paragraph (q), the Transmission Network Service Provider must prepare and make available to all Registered Participants, AEMO and interested parties a report (the “project assessment conclusions report”), having regard to the submissions received, if any, under paragraph (p) and the matters discussed at any meetings held, if any, under paragraph (r).
- (t) The project assessment conclusions report must set out:
- (1) the matters detailed in the project assessment draft report as required under paragraph (k); and
  - (2) a summary of, and the Transmission Network Service Provider's response to, submissions received, if any, from interested parties sought under paragraph (p).
- (u) The Transmission Network Service Provider must:
- (1) provide a summary of the project assessment conclusions report to AEMO within 5 business days of making the project assessment conclusions report; and
  - (2) upon request by an interested party, provide a copy of the project assessment conclusions report to that person within 3 business days of the request.

(v) Within 3 business days of receipt of the summary, AEMO must publish the summary of the project assessment conclusions report on its website.

(w) A Transmission Network Service Provider may discharge its obligation under paragraph (s) to make the project assessment conclusions report available by including the project assessment conclusions report as part of its Annual Planning Report.

**Exemption from project assessment draft report for transmission investments that do not provide material market benefits.**

(x) A Transmission Network Service Provider is exempt from paragraphs (j) to (r) if:

(1) the estimated capital cost of the proposed preferred option is less than \$35 million (as varied in accordance with a cost threshold determination);

(2) the Transmission Network Service Provider has identified in its project specification consultation report:

(i) its proposed preferred option;

(ii) its reasons for the proposed preferred option; and

(iii) that its transmission investment has the benefit of this exemption;

(3) the Transmission Network Service Provider considers, in accordance with clause 5.6.5B(c)(6), that the proposed preferred option and any other credible option in respect of the identified need will not have a material market benefit for any of the classes of market benefit specified in clause 5.6.5B(c)(4), and has stated this in its project specification consultation report; and

(4) the Transmission Network Service Provider forms the view that no submissions were received on the project specification consultation report which identified additional credible options that could deliver a material market benefit.

(y) The Transmission Network Service Provider must address in the project assessment conclusions report any issues that were raised in relation to a proposed preferred option to which paragraph (x) applies during the consultation on the project specification consultation report.

**~~5.6.6 Applications to establish new large transmission network assets~~**

~~(a) In addition to the procedures to establish a connection to a network in rule 5.3, applications to establish a new large transmission network asset must~~

~~comply with the access arrangements and procedures set out in this clause 5.6.6.~~

~~(b) A person who proposes to establish a *new large transmission network asset* (the **applicant**) must consult all *Registered Participants*, *NEMMCO* and *interested parties* about the proposed *new large transmission network asset* in accordance with this clause 5.6.6.~~

~~(c) The applicant must make available to all *Registered Participants* and *NEMMCO* a notice (the **application notice**) which sets out, in relation to a proposed *new large transmission network asset*:~~

~~(1) a detailed description of:~~

~~(i) the proposed asset;~~

~~(ii) the reasons for proposing to establish the asset (including, where applicable, the actual or potential *constraint* or inability to meet the *network* performance requirements set out in schedule 5.1 or relevant legislation or regulations of a *participating jurisdiction*, including *load* forecasts and all assumptions used); and~~

~~(iii) all other reasonable *network* and non-*network* alternatives to address the identified *constraint* or inability to meet the *network* performance requirements identified in clause 5.6.6(c)(1)(ii). These alternatives include, but are not limited to, *interconnectors*, *generation* options, *demand side* options, *market network service* options and options involving other *transmission* and *distribution networks*;~~

~~(2) all relevant technical details concerning the proposed asset;~~

~~(3) the construction timetable and commissioning date for the asset;~~

~~(4) an analysis of the ranking of the proposed asset and all reasonable alternatives as referred to in clause 5.6.6(c)(1)(iii). This ranking must be undertaken by the applicant in accordance with the principles contained in the *regulatory test*;~~

~~(5) an *augmentation technical report* prepared by the *Inter regional Planning Committee* in accordance with clause 5.6.3(j) but only if:~~

~~(i) the asset is reasonably likely to have a *material inter-network impact*; and~~

~~(ii) the applicant has not received consent to proceed with such construction from all *Transmission Network Service Providers* whose *transmission networks* are materially affected by the asset; and~~

- ~~(6) a detailed analysis of why the applicant considers that the asset satisfies the *regulatory test* and, where the applicant considers that the asset satisfies the *regulatory test* as a *reliability augmentation*, analysis of why the applicant considers that the asset is a *reliability augmentation*.~~
- ~~(d) In assessing whether a *new large transmission network asset*:~~
- ~~(1) is reasonably likely to have a *material inter-network impact* for the purposes of clause 5.6.6(c)(5); or~~
- ~~(2) is a *reliability augmentation* for the purposes of clause 5.6.6(c)(6),~~
- ~~an applicant must have regard to the objective set of criteria *published* by the *Inter-regional Planning Committee* in accordance with clause 5.6.3(i) or clause 5.6.3(l) (whichever is relevant), but only if any such criteria have been *published*.~~
- ~~(e) The applicant must provide a summary of the application notice to *NEMMCO*. Within 3 *business days* of receipt of the summary, *NEMMCO* must *publish* the summary on its website. The applicant must, upon request by an *interested party*, provide a copy of the application notice to that person within 3 *business days* of the request.~~
- ~~(f) Within 30 *business days* of *publication* of the summary of the application notice on *NEMMCO*'s website, *interested parties* may make written submissions to the applicant on any matter in the application notice, and may request a meeting.~~
- ~~(g) The applicant must consider all submissions received in accordance with the requirements of clause 5.6.6(f) within a further 30 *business days*. The applicant must use its best endeavours to hold a meeting with *interested parties* who have requested such meeting, within a further 21 *business days* if:~~
- ~~(1) after having considered all submissions received in accordance with the requirements of clause 5.6.6(f), the applicant considers that it is necessary or desirable to hold a meetings; or~~
- ~~(2) a meeting is requested by 2 or more *interested parties*.~~
- ~~(h) The applicant must prepare a final report (**final report**) to be made available to all *Registered Participants*, *NEMMCO* and *interested parties* who responded to the application notice. The final report must set out the matters detailed in clause 5.6.6(c) and summarise the submissions received from *interested parties* and the applicant's response to each such submission.~~

- ~~(i) — The applicant must provide to *NEMMCO* a summary of the final report, and *NEMMCO* must *publish* the summary on its website within 3 *business days* of its receipt.~~

~~**Disputes in relation to certain matters**~~

- ~~(j) — *Registered Participants, the AEMC, Connection Applicants, Intending Participants, NEMMCO* and *interested parties* may, by a referral to the *AER*, dispute the final report but only in relation to the contents, assumptions, findings or recommendations of the final report with respect to:~~

- ~~(1) — possible alternatives considered and their ranking under clause 5.6.6(e)(4);~~

- ~~(2) — whether the *new large transmission network asset*:~~

- ~~(i) — will have a *material inter-network impact*; and~~

- ~~(ii) — will satisfy any criteria for a *material inter-network impact published* by the *Inter regional Planning Committee* in accordance with clause 5.6.3(i) that are in force at the time of preparation of the final report;~~

- ~~(3) — the basis on which the applicant has assessed that the *new large transmission network asset* satisfies the *regulatory test* but only where that asset is not a *reliability augmentation*;~~

- ~~(4) — whether the *new large transmission network asset* is a *reliability augmentation* and whether the asset satisfies the criteria for a *reliability augmentation published* by the *Inter regional Planning Committee* in accordance with clause 5.6.3(l) provided any such criteria had been *published* by the *Inter regional Planning Committee* at the time of preparation of the final report; and~~

- ~~(5) — the finding in the final report that the *new large transmission network asset* satisfies the *regulatory test* provided the asset is not a *reliability augmentation*;~~

~~and a dispute under this clause 5.6.6(j) may not be in relation to any matters set out in the final report which are treated as externalities by the *regulatory test*, or relate to an individual's personal detriment or property rights.~~

- ~~(k) — A person disputing the final report under clause 5.6.6(j) (the **disputing party**) must:~~

- ~~(1) — lodge notice of the dispute in writing (the **dispute notice**) with the *AER*;~~

- ~~(2) give a copy of the dispute notice to the applicant within 30 *business days* after publication of the summary of the final report on NEMMCO's website;~~
- ~~(3) specify in the dispute notice the grounds for the dispute in accordance with clause 5.6.6(j).~~
- ~~(l) The AER must resolve disputes referred under clause 5.6.6(j) by making a determination.~~
- ~~(m) In making a determination referred to in clause 5.6.6(l), the AER:
  - ~~(1) must, subject to clauses 5.6.6(n) and (p), *publish* its determination in relation to disputes raised under clauses 5.6.6(j)(1)-(4) within 30 *business days* of receiving the dispute notice and in relation to a dispute raised in relation to clause 5.6.6(j)(5), within 120 *business days* of receiving notice of the dispute;~~
  - ~~(2) must *publish* its reasons for making a determination;~~
  - ~~(3) may disregard any matter raised by a party in the dispute that is misconceived or lacking in substance; and~~
  - ~~(4) may request further information from a party bringing a dispute, or from the applicant, if the AER is not able to make a determination based on the information provided to it under clause 5.6.6(m).~~~~
- ~~(n) The AER may, with the written consent of the disputing parties, extend the period of time in which the AER must make a determination under paragraph (m), if the AER considers there are issues of sufficient complexity or difficulty involved.~~

**Determination that new large transmission asset satisfies regulatory test**

- ~~(o) Where a *new large transmission network asset* is not a *reliability augmentation* and the finding in the final report is not in dispute, the applicant may request in writing the AER to make a determination whether the *new large transmission network asset* satisfies the *regulatory test* and the AER:
  - ~~(1) must, within 120 *business days* of receipt of the request from the applicant, subject to clause 5.6.6(p), make and *publish* a determination, including reasons;~~
  - ~~(2) must use the findings and recommendations in the final report;~~
  - ~~(3) may request further information from the applicant; and~~
  - ~~(4) may have regard to any other matter the AER considers relevant.~~~~

- ~~(p) The relevant period of time in which the AER must make a determination under paragraphs (l) and (o) is automatically extended by the period of time taken by an applicant or a disputing party to provide any additional information requested by the AER under this clause 5.6.6, provided:~~
- ~~(1) the AER makes the request for the additional information at least 7 *business days* prior to the expiry of the relevant period; and~~
  - ~~(2) the applicant or the disputing party provides the additional information within 14 *business days* of receipt of the request.~~

### ~~Costs determinations~~

- ~~(q) Where the AER engages a consultant to assist in making a determination under this clause 5.6.6, the AER may include a costs determination.~~
- ~~(r) Where a costs determination is made, the AER may:~~
- ~~(1) render the applicant an invoice for the costs; or~~
  - ~~(2) determine that the costs should:~~
    - ~~(i) be shared by all the parties to the dispute, whether in the same proportion or differing proportions; or~~
    - ~~(ii) borne by a party or parties to the dispute other than the applicant whether in the same proportion or differing proportions; and~~~~the AER may render invoices accordingly.~~
- ~~(s) If an invoice is rendered, the AER must specify a time period for the payment of the invoice that is no later than 30 *business days* from the date the AER makes a determination under clause 5.6.6.~~

### 5.6.6A Disputes in relation to application of regulation investment test

- (a) *Registered Participants, the AEMC, Connection Applicants, Intending Participants, AEMO and interested parties may, by notice to the AER, dispute conclusions made by the Transmission Network Service Provider in the project assessment conclusions report in relation to:*
- (1) *the application of the regulatory investment test for transmission;*
  - (2) *the basis on which the Transmission Network Service Provider has classified the preferred option as being a reliability augmentation; or*
  - (3) *the Transmission Network Service Provider's assessment regarding whether the preferred option will have a material inter-network*

impact, in accordance with any criteria for a material inter-network impact that are in force at the time of the preparation of the project assessment conclusions report.

(b) A dispute under this clause may not be raised in relation to any matters set out in the project assessment conclusions report which:

(1) are treated as externalities by the regulatory investment test for transmission; or

(2) relate to an individual's personal detriment or property rights.

(c) The party disputing a conclusion made in the project assessment conclusions report (a "disputing party") must within 30 days of the date of publication of the project assessment conclusions report:

(1) give notice of the dispute in writing setting out the grounds for the dispute (the "dispute notice") to the AER; and

(2) at the same time, give a copy of the dispute notice to the relevant Transmission Network Service Provider.

(d) Subject to paragraph (e)(3), within 40 days of receipt of the dispute notice (or within an additional period of up to 60 days where the AER notifies interested parties that the additional time is required to make a determination because of the complexity or difficulty of the issues involved), the AER must either:

(1) reject any dispute by written notice to the person who initiated the dispute if the AER considers that the grounds for the dispute are invalid, misconceived or lacking in substance; and

(2) notify the Transmission Network Service Provider that the dispute has been rejected; or

(3) subject to paragraph (f), make and publish a determination:

(i) directing the Transmission Network Service Provider to amend the matters set out in the project assessment conclusions report; or

(ii) stating that, based on the grounds of the dispute, the Transmission Network Service Provider will not be required to amend the project assessment conclusions report.

(e) In making a determination under paragraph (d)(3), the AER:

(1) must only take into account information and analysis that the Transmission Network Service Provider could reasonably be expected

- to have considered or undertaken at the time that it performed the regulatory investment test for transmission;
- (2) must publish its reasons for making a determination;
- (3) may request further information regarding the dispute from the disputing party or the Transmission Network Service Provider (in which case the period of time for rejecting a dispute or issuing a determination under paragraph (d) is extended by the time it takes the relevant party to provide the requested further information to the AER); and
- (4) may disregard any matter raised by the disputing party or the Transmission Network Service Provider that is misconceived or lacking in substance.
- (f) The AER may only make a determination under subparagraph (d)(3)(i) if it determines that:
- (1) the Transmission Network Service Provider has not correctly applied the regulatory investment test for transmission in accordance with the Rules;
- (2) the Transmission Network Service Provider has erroneously classified the preferred option as being a reliability augmentation;
- (3) the Transmission Network Service Provider has not correctly assessed whether the preferred option will have a material inter-network impact; or
- (4) there was a manifest error in the calculations performed by the Transmission Network Service Provider in applying the regulatory investment test for transmission.
- (g) A disputing party or the Transmission Network Service Provider (as the case may be) must as soon as reasonably practicable provide any information requested under paragraph (e)(3) to the AER.
- (h) The relevant period of time in which the AER must make a determination under paragraph (d)(3) is automatically extended by the period of time taken by the Transmission Network Service Provider or a disputing party to provide any additional information requested by the AER under this clause 5.6.6A, provided:
- (1) the AER makes the request for the additional information at least 7 business days prior to the expiry of the relevant period; and

- (2) the *Transmission Network Service Provider* or the *disputing party* provides the additional information within 14 *business days* of receipt of the request.

#### **5.6.6AA Determination that new large transmission asset satisfies regulatory investment test for transmission**

- (a) Where a *preferred option* is not a *reliability augmentation* and the conclusion in the *project assessment conclusions report* is not in dispute, the *Transmission Network Service Provider* may request, in writing to the *AER*, that the *AER* make a determination as to whether the *preferred option* satisfies the *regulatory investment test for transmission*.
- (b) The *AER*:
- (1) must, within 120 *business days* of receipt of the request from the applicant, subject to paragraph (c), make and *publish* a determination, including reasons for its determination;
  - (2) must use the findings and recommendations in the *project assessment conclusions report* in making its determination under subparagraph (1);
  - (3) may request further information from the *Transmission Network Service Provider*; and
  - (4) may have regard to any other matter the *AER* considers relevant.
- (c) The relevant period of time in which the *AER* must make a determination under paragraph (b) is automatically extended by the period of time taken by the *Transmission Network Service Provider* or a *disputing party* to provide any additional information requested by the *AER* under this clause 5.6.6AA, provided:
- (1) the *AER* makes the request for the additional information at least 7 *business days* prior to the expiry of the relevant period; and
  - (2) the *Transmission Network Service Provider* or the *disputing party* provides the additional information within 14 *business days* of receipt of the request.

#### **Costs determinations**

- (d) Where the *AER* engages a consultant to assist in making a determination under this clause 5.6.6AA, the *AER* may make a costs determination.
- (e) Where a costs determination is made, the *AER* may:

- (1) render the *Transmission Network Service Provider* an invoice for the costs; or
- (2) determine that the costs should:
  - (i) be shared by all the parties to the dispute, whether in the same proportion or differing proportions; or
  - (ii) be borne by a party or parties to the dispute other than the *Transmission Network Service Provider* whether in the same proportion or differing proportions; and
  - (iii) the *AER* may render invoices accordingly.
- (f) If an invoice is rendered, the *AER* must specify a time period for the payment of the invoice that is no later than 30 *business days* from the date the *AER* makes a determination under paragraph (d).

#### **5.6.6A — Construction of new small transmission network assets**

- ~~(a) Each *Transmission Network Service Provider* must consult with any interested parties on any matter relating to a proposed new small transmission network asset set out in the *Annual Planning Report*. Interested parties may make written submissions to the *Transmission Network Service Provider*. To be valid, a submission must be received within 20 *business days* of publication of the *Annual Planning Report*.~~
- ~~(b) At the conclusion of the consultation process in clause 5.6.6A(a):~~
  - ~~(1) if there is any material change in the matters referred to in clauses 5.6.2A(b)(4) and (5) with respect to the new small transmission network asset as a result of the consultation process, the *Transmission Network Service Provider* must publish again the matters set out in clauses 5.6.2A(b)(4) and (5) in relation to such new small transmission network asset, incorporating the agreed or amended matters; and~~
  - ~~(2) the *AER* must take into account the report published by the *Transmission Network Service Provider* in accordance with clause 5.6.6A(b)(1) and all material submitted to the *Transmission Network Service Provider* in the consultation process in the process of its determination of the total revenue cap for the *Transmission Network Service Provider* and whether the new small transmission network asset the subject of the consultation satisfies the regulatory test.~~
- ~~(c) In relation to a new small transmission network asset which was not identified in an *Annual Planning Report* or if a matter set out in the *Annual*~~

~~Planning Report pursuant to clause 5.6.2A(b) has materially changed since the publication of the Annual Planning Report the Transmission Network Service Provider must prepare a report that is to be published to all Registered Participants, NEMMCO and interested parties which sets out the matters referred to in clauses 5.6.2A(b)(4) and (5) in relation to that new small transmission network asset.~~

~~(d) Each Transmission Network Service Provider must consult with any interested parties on any matter relating to a proposed new small transmission network asset set out in a report prepared pursuant to clause 5.6.6A(c). Interested parties may make written submissions to the Transmission Network Service Provider. To be valid, a submission must be received within 20 business days of publication of the report prepared pursuant to clause 5.6.6A(c).~~

~~(e) At the conclusion of the consultation process in clause 5.6.6A(d):~~

~~(1) if there is any material change in the matters referred to in clauses 5.6.2A(b)(4) and (5) with respect to the new small transmission network asset as a result of the consultation process the Transmission Network Service Provider must publish again the matters set out in clauses 5.6.2A(b)(4) and (5) in relation to such new small transmission network asset, incorporating the agreed or amended matters; and~~

~~(2) the AER must take into account the matters raised in the consultation process in its determination of the total revenue cap for the Transmission Network Service Provider and its determination of whether the new small transmission network asset the subject of the consultation satisfies the regulatory test.~~

## **5.6.6B Construction of Funded Augmentations**

(a) The term *Transmission Network Service Provider* when used in this clause 5.6.6B is not intended to refer to, and is not to be read or construed as referring to, any *Transmission Network Service Provider* in its capacity as a *Market Network Service Provider*.

(b) A *Transmission Network Service Provider* who proposes to construct a *funded augmentation* must make available to all *Registered Participants* and *NEMMCO* a notice which must set out:

(1) a detailed description of the proposed *funded augmentation*;

(2) all relevant technical details concerning the proposed *funded augmentation*, the impact of the *funded augmentation* on the relevant *transmission network's Transmission Network Users* and the

- construction timetable and commissioning date for the *funded augmentation*;
- (3) an *augmentation technical report* prepared by the *Inter-regional Planning Committee* in accordance with clause 5.6.3(j) if, and only if, the *funded augmentation* is reasonably likely to have a *material inter-network impact* and the *Transmission Network Service Provider* has not received consent to proceed with construction from all *Transmission Network Service Providers* whose *transmission networks* are materially affected by the *funded augmentation*. In assessing whether a *funded augmentation* is reasonably likely to have a *material inter-network impact*, the *Transmission Network Service Provider* must have regard to the objective set of criteria *published* by the *Inter-regional Planning Committee* in accordance with clause 5.6.3(i) (if any such criteria have been *published* by the *Inter-regional Planning Committee*).
- (c) The *Transmission Network Service Provider* must provide a summary of the notice prepared in accordance with clause 5.6.6B(b) to *NEMMCO*. Within 3 *business days* of receipt of the summary, *NEMMCO* must *publish* the summary on its website.
- (d) The *Transmission Network Service Provider* must consult with any *interested parties*, in accordance with the *Rules consultation procedures*, on any matter set out in the notice prepared in accordance with clause 5.6.6B(b).

#### 5.6.6C ~~Review of total capitalised expenditure thresholds~~

- ~~(a) Every 3 years the AER must undertake a review (the ‘total capitalised expenditure threshold review’) of the changes in the input costs used to calculate the total capitalised expenditure thresholds. The purpose of the review is to determine whether those amounts need to be changed to maintain the value of the total capitalised expenditure thresholds over time by adjustment to reflect any increase or decrease in the input costs for new transmission network investment since:~~
- ~~(1) 1 July 2008 in respect of the first total capitalised expenditure threshold review; and~~
- ~~(2) the date of the previous review in respect of every subsequent total capitalised expenditure threshold review.~~
- ~~(b) Each total capitalised expenditure threshold review is to be commenced by the AER on 31 July of the relevant year, with the first such review to be initiated in 2011.~~

- ~~(c) Within 6 weeks following the commencement of a total capitalised expenditure threshold review the AER must publish a draft determination outlining:~~
- ~~(1) whether or not the AER has formed the view that any of the total capitalised expenditure thresholds need to be amended to reflect increases or decreases in the input costs to ensure that the value of the total capitalised expenditure thresholds is maintained over time; and~~
  - ~~(2) its reasons for determining whether or not the total capitalised expenditure thresholds need to be varied to reflect increases or decreases in the input costs; and~~
  - ~~(3) if there is to be a variation in a total capitalised expenditure threshold, the amount of the new total capitalised expenditure threshold and the date the new total capitalised expenditure threshold will take effect; and~~
  - ~~(4) the AER's reasons for determining the amount of the new total capitalised expenditure threshold.~~
- ~~(d) At the same time as the AER publishes the draft determination under clause 5.6.6C(e), the AER must publish a notice seeking submissions on the draft determination. The notice is to specify the period within which written submissions can be made (the 'total capitalised expenditure threshold consultation period'). The total capitalised expenditure threshold consultation period must be no longer than 5 weeks.~~
- ~~(e) The AER is to consider any written submissions received during the total capitalised expenditure threshold consultation period in making its final determination in respect of the matters outlined in clause 5.6.6C(e). The final determination must be made and published by the AER within 5 weeks following the end of the total capitalised expenditure threshold consultation period.~~
- ~~(f) The new total capitalised expenditure thresholds (if any) will take effect to vary the then current total capitalised expenditure thresholds with effect from the relevant date specified in the total capitalised expenditure threshold determination.~~

## 5.7 Inspection and Testing

### 5.7.1 Right of entry and inspection

- (a) If a *Registered Participant* who is party to a *connection agreement* reasonably believes that the other party to the *connection agreement* (being a party who is also a *Registered Participant*) is not complying with a technical provision of the *Rules* and that, as a consequence, the first

*Registered Participant* is suffering, or is likely to suffer, a material adverse effect, then the first *Registered Participant* may enter the relevant *facility* at the *connection point* of the other *Registered Participant* in order to assess compliance by the other *Registered Participant* with its technical obligations under the *Rules*.

- (b) A *Registered Participant* who wishes to inspect the *facilities* of another *Registered Participant* under clause 5.7.1(a) must give that other *Registered Participant* at least 2 *business days* notice of its intention to carry out an inspection.
- (c) A notice given under clause 5.7.1(b) must include the following information:
  - (1) the name of the *representative* who will be conducting the inspection on behalf of the *Registered Participant*;
  - (2) the time when the inspection will commence and the expected time when the inspection will conclude; and
  - (3) the nature of the suspected non-compliance with the *Rules*.
- (d) Neither a *Registered Participant* nor *NEMMCO* may carry out an inspection under this rule 5.7 within 6 *months* of any previous inspection except for the purpose of verifying the performance of corrective action claimed to have been carried out in respect of a non-conformance observed and documented on the previous inspection or (in the case of *NEMMCO*) for the purpose of reviewing an operating incident in accordance with clause 4.8.15.
- (e) At any time when the *representative* of a *Registered Participant* is in another *Registered Participant's facility*, that *representative* must:
  - (1) cause no damage to the *facility*;
  - (2) only interfere with the operation of the *facility* to the extent reasonably necessary and approved by the relevant *Registered Participant* (such approval not to be unreasonably withheld or delayed); and
  - (3) observe “permit to test” access to sites and clearance protocols of the operator of the *facility*, provided that these are not used by the operator of the *facility* solely to delay the granting of access to site and inspection.
- (f) Any *representative* of a *Registered Participant* conducting an inspection under this clause 5.7.1 must be appropriately qualified to perform the relevant inspection.
- (g) The costs of inspections under this clause 5.7.1 must be borne by the *Registered Participant* requesting the inspection.

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- (h) *NEMMCO* or any of its *representatives* may, in accordance with this rule 5.7, inspect a *facility* of a *Registered Participant* and the operation and maintenance of that *facility* in order to:
- (1) assess compliance by the relevant *Registered Participant* with its operational obligations under Chapter 3 or 4, or an *ancillary services agreement*;
  - (2) investigate any possible past or potential threat to *power system security*; or
  - (3) conduct any periodic familiarisation or training associated with the operational requirements of the *facility*.
- (i) Any inspection under clause 5.7.1(a) or (h) must only be for so long as is reasonably necessary.
- (j) Any equipment or goods installed or left on land or in premises of a *Registered Participant* after an inspection conducted under clause 5.7.1 do not become the property of the relevant *Registered Participant* (notwithstanding that they may be annexed or affixed to the relevant land or premises).
- (k) In respect of any equipment or goods left on land or premises of a *Registered Participant* during or after an inspection, a *Registered Participant*:
- (1) must not use any such equipment or goods for a purpose other than as contemplated in the *Rules* without the prior written approval of the owner of the equipment or goods;
  - (2) must allow the owner of any such equipment or goods to remove any such equipment or goods in whole or in part at a time agreed with the relevant *Registered Participant*, such agreement not to be unreasonably withheld or delayed; and
  - (3) must not create or cause to be created any mortgage, charge or lien over any such equipment or goods.
- (l) A *Registered Participant* (in the case of an inspection carried out under clause 5.7.1(a)) or *NEMMCO* (in the case of an inspection carried out under clause 5.7.1(h)) must provide the results of that inspection to the *Registered Participant* whose *facilities* have been inspected, any other *Registered Participant* which is likely to be materially affected by the results of the test or inspection and *NEMMCO* (in the case of an inspection carried out under clause 5.7.1(a)).

## 5.7.2 Right of testing

- (a) A *Registered Participant*, who has reasonable grounds to believe that equipment owned or operated by a *Registered Participant* with whom it has a *connection agreement* (which equipment is associated with the *connection agreement*) may not comply with the *Rules* or the *connection agreement*, may request testing of the relevant equipment by giving notice in writing to the other *Registered Participant*.
- (b) If a notice is given under clause 5.7.2(a) the relevant test is to be conducted at a time agreed by *NEMMCO*.
- (c) The *Registered Participant* who receives a notice under clause 5.7.2(a) must co-operate in relation to conducting tests requested under clause 5.7.2(a).
- (d) The cost of tests requested under clause 5.7.2(a) must be borne by the *Registered Participant* requesting the test, unless the equipment is determined by the tests not to comply with the relevant *connection agreement* and the *Rules*, in which case all reasonable costs of such tests must be borne by the owner of that equipment.
- (e) Tests conducted in respect of a *connection point* under clause 5.7.2 must be conducted using test procedures agreed between the relevant *Registered Participants*, which agreement is not to be unreasonably withheld or delayed.
- (f) Tests under clause 5.7.2 must be conducted only by persons with the relevant skills and experience.
- (g) A *Transmission Network Service Provider* must give *NEMMCO* adequate prior notice of intention to conduct a test in respect of a *connection point* to that *Network Service Provider's network*.
- (h) The *Registered Participant* who requests a test under this clause 5.7.2 may appoint a *representative* to witness a test and the relevant *Registered Participant* must permit a *representative* appointed under this clause 5.7.2(h) to be present while the test is being conducted.
- (i) A *Registered Participant* who conducts a test must submit a report to the *Registered Participant* who requested the relevant test, *NEMMCO* and to any other *Registered Participant* which is likely to be materially affected by the results of the test, within a reasonable period after the completion of the test and the report is to outline relevant details of the tests conducted, including but not limited to the results of those tests.
- (j) A *Network Service Provider* may attach test equipment or *monitoring equipment* to *plant* owned by a *Registered Participant* or require a *Registered Participant* to attach such test equipment or *monitoring*

*equipment*, subject to the provisions of clause 5.7.1 regarding entry and inspection.

- (k) In carrying out monitoring under clause 5.7.2(j) the *Network Service Provider* must not cause the performance of the monitored *plant* to be *constrained* in any way.

### 5.7.3 Tests to demonstrate compliance with connection requirements for generators

- (a) Each *Generator* must, in accordance with the time frames specified in rule 4.15, provide evidence to any relevant *Network Service Provider* with which that *Generator* has a *connection agreement* and to *NEMMCO*, that its *generating system* complies with:
  - (1) the applicable technical requirements of clause S5.2.5; and
  - (2) the relevant *connection agreement* including the *performance standards*.
- (b) **[Deleted]**
- (c) If a test required by clause 5.7.3(a) demonstrates that a *generating system* is not complying with one or more technical requirements of clause S5.2.5 or the relevant *connection agreement* or one or more of the *performance standards* then the *Generator* must:
  - (1) promptly notify the relevant *Network Service Provider* and *NEMMCO* of that fact; and
  - (2) promptly notify the *Network Service Provider* and *NEMMCO* of the remedial steps it proposes to take and the timetable for such remedial work; and
  - (3) diligently undertake such remedial work and report at monthly intervals to the *Network Service Provider* on progress in implementing the remedial action; and
  - (4) conduct further tests or monitoring on completion of the remedial work to confirm compliance with the relevant technical requirements or *performance standards* (as the case may be).
- (d) If *NEMMCO* reasonably believes that a *generating system* is not complying with one or more applicable *performance standards* or one or more applicable technical requirements of clause S5.2.5 or the relevant *connection agreement*, *NEMMCO* may instruct the *Generator* to conduct tests within 25 *business days* to demonstrate that the relevant *generating*

*system* complies with those *performance standards* or technical requirements.

- (e) If the tests undertaken in accordance with paragraph (d) provide evidence that the *generating system* continues to comply with those requirements *NEMMCO* must reimburse the *Generator* for the reasonable expenses incurred as a direct result of conducting the tests.
- (f) If *NEMMCO*:
  - (1) is satisfied that:
    - (i) a *generating system* is not complying with the relevant *performance standards* for that system in respect of one or more of the technical requirements contained in S5.2.5, S5.2.6, S5.2.7 or S5.2.8 and the relevant *connection agreement*; or
    - (ii) a *generating system's* performance is not adequately represented by the applicable analytical model provided under clause 5.7.6(h) or clause S5.2.4; and
  - (2) holds the reasonable opinion that the performance of the *generating system*, or inadequacy of the applicable analytical model of the *generating system* is or will impede *NEMMCO's* ability to carry out its role in relation to *power system security*,

*NEMMCO* may direct the relevant *Generator* to operate the *generating system* at a particular *generated* output or in a particular mode until the relevant *Generator* submits evidence reasonably satisfactory to *NEMMCO* that the *generating system* is complying with the relevant *performance standard* and performing substantially in accordance with the applicable analytical model.

- (g) Each *Generator* must maintain records for 7 years for each of its *generating systems* and *power stations* setting out details of the results of all technical performance and monitoring conducted under this clause 5.7.3 and make these records available to *NEMMCO* on request.

#### **5.7.4 Routine testing of protection equipment**

- (a) A *Registered Participant* must co-operate with any relevant *Network Service Provider* to test the operation of equipment forming part of a *protection system* relating to a *connection point* at which that *Registered Participant* is connected to a *network* and the *Registered Participant* must conduct these tests:
  - (1) prior to the *plant* at the relevant *connection point* being placed in service; and

- (2) at intervals specified in the *connection agreement* or in accordance with an asset management plan agreed between the *Network Service Provider* and the *Registered Participant*.
- (a1) A *Network Service Provider* must institute and maintain a compliance program to ensure that its *facilities* of the following types, to the extent that the proper operation of a *facility* listed in this clause may affect *power system security*, operate reliably and in accordance with their performance requirements under schedule 5.1:
  - (1) *protection systems*;
  - (2) *control systems* for maintaining or enhancing *power system* stability;
  - (3) *control systems* for controlling *voltage* or *reactive power*; and
  - (4) *control systems* for *load shedding*.
- (a2) A compliance program under clause 5.7.4(a1) must:
  - (1) include monitoring of the performance of the *facilities*;
  - (2) to the extent reasonably necessary, include provision for periodic testing of the performance of those *facilities* upon which *power system security* depends;
  - (3) provide reasonable assurance of ongoing compliance of the *facilities* with the relevant performance requirements of schedule 5.1; and
  - (4) be in accordance with *good electricity industry practice*.
- (a3) A *Network Service Provider* must immediately notify *NEMMCO* if it reasonably believes that a *facility* of a type listed in clause 5.7.4(a1) does not comply with, or is likely not to comply with, its performance requirements.
- (a4) A notice issued under clause 5.7.4(a3) must:
  - (1) identify the *facility* and the requirement with which the *facility* does not comply;
  - (2) give an explanation of the reason why the *facility* failed to comply with its performance requirement;
  - (3) give the date and time when the *facility* failed to comply with its performance requirement;
  - (4) give the date and time when the *facility* is expected to again comply with its performance requirement; and

- (5) describe the expected impact of the failure on the performance of the *Network Service Provider's transmission system or distribution system*.
- (b) Each *Registered Participant* must bear its own costs of conducting tests under this clause 5.7.4.

### **5.7.5 Testing by Registered Participants of their own plant requiring changes to normal operation**

- (a) A *Registered Participant* proposing to conduct a test on equipment related to a *connection point*, which requires a change to the normal operation of that equipment, must give notice in writing to the relevant *Network Service Provider* of at least 15 *business days* except in an emergency.
- (b) The notice to be provided under clause 5.7.5(a) must include:
  - (1) the nature of the proposed test;
  - (2) the estimated start and finish time for the proposed test;
  - (3) the identity of the equipment to be tested;
  - (4) the *power system* conditions required for the conduct of the proposed test;
  - (5) details of any potential adverse consequences of the proposed test on the equipment to be tested;
  - (6) details of any potential adverse consequences of the proposed test on the *power system*; and
  - (7) the name of the person responsible for the co-ordination of the proposed test on behalf of the *Registered Participant*.
- (c) The *Network Service Provider* must review the proposed test described in a notice provided under clause 5.7.5(a) to determine whether the test:
  - (1) could adversely affect the normal operation of the *power system*;
  - (2) could cause a threat to *power system security*;
  - (3) requires the *power system* to be operated in a particular way which differs from the way in which the *power system* is normally operated;  
or
  - (4) could affect the normal *metering of energy* at a *connection point*.

- (d) If the *Network Service Provider* determines that the proposed test does fulfil one of the conditions specified in clause 5.7.5(c), then the *Registered Participant* and *Network Service Provider* must seek *NEMMCO's* approval prior to undertaking the test, which approval must not be unreasonably withheld or delayed.
- (e) If, in *NEMMCO's* reasonable opinion, a test could threaten public safety, damage or threaten to damage equipment or adversely affect the operation of the *power system*, *NEMMCO* may direct that the proposed test procedure be modified or that the test not be conducted at the time proposed.
- (f) *NEMMCO* must advise *Network Service Providers* of any test which may have a possible effect on normal *metering of energy* at a *connection point*.
- (g) *NEMMCO* must advise any other *Registered Participants* who might be adversely affected by a proposed test and consider any reasonable requirements of those *Registered Participants* when approving the proposed test.
- (h) The *Registered Participant* who conducts a test under this clause 5.7.5 must ensure that the person responsible for the co-ordination of a test promptly advises *NEMMCO* when the test is complete.
- (i) If *NEMMCO* approves a proposed test, *NEMMCO* must use its reasonable endeavours to ensure that *power system* conditions reasonably required for that test are provided as close as is reasonably practicable to the proposed start time of the test and continue for the proposed duration of the test.
- (j) Within a reasonable period after any such test has been conducted, the *Registered Participant* who has conducted a test under this clause 5.7.5 must provide the *Network Service Provider* with a report in relation to that test including test results where appropriate.

#### **5.7.6 Tests of generating units requiring changes to normal operation**

- (a) A *Network Service Provider* may, at intervals of not less than 12 months per *generating system*, require the testing by a *Generator* of any *generating unit connected* to the *network* of that provider in order to determine analytic parameters for modelling purposes or to assess the performance of the relevant *generating unit* or *generating system* for the purposes of a *connection agreement*, and that provider is entitled to witness such tests.
- (b) If *NEMMCO* reasonably considers that:
  - (1) the analytic parameters for modelling of a *generating unit* or *generating system* are inadequate; or

- (2) available information, including results from a previous test of a *generating unit* or *generating system*, are inadequate to determine parameters for an applicable model developed in accordance with the *Generating System Model Guidelines*, or otherwise agreed with *NEMMCO* under clause S5.2.4(c)(2),

*NEMMCO* may direct a *Network Service Provider* to require a *Generator* to conduct a test under paragraph (a), and *NEMMCO* may witness such a test.

- (c) Adequate notice of not less than 15 *business days* must be given by the *Network Service Provider* to the *Generator* before the proposed date of a test under paragraph (a).
- (d) The *Network Service Provider* must use its best endeavours to ensure that tests permitted under this clause 5.7.6 are conducted at a time which will minimise the departure from the *commitment* and *dispatch* that are due to take place at that time.
- (e) If not possible beforehand, a *Generator* must conduct a test under this clause 5.7.6 at the next scheduled *outage* of the relevant *generating unit* and in any event within 9 months of the request.
- (f) A *Generator* must provide any reasonable assistance requested by the *Network Service Provider* in relation to the conduct of tests.
- (f1) If requested by a *Network Service Provider* who required the test under clause 5.7.6(a), a *Generator* must provide to the *Network Service Provider* any relevant information relating to the *plant* which is the subject of a test carried out under this clause 5.7.6, including model source code provided to *NEMMCO* under clause S5.2.4(b)(6).
- (g) Tests conducted under this clause 5.7.6 must be conducted in accordance with test procedures agreed between the *Network Service Provider* and the relevant *Generator* and a *Generator* must not unreasonably withhold its agreement to test procedures proposed for this purpose by the *Network Service Provider*.
- (h) A *Generator* must provide the test records obtained from a test under paragraph (a) to the *Network Service Provider*, who must derive the analytical parameters for the applicable model developed in accordance with the *Generating System Model Guidelines*, or otherwise agreed with *NEMMCO* under clause S5.2.4(c)(2) and provide them and any new or revised model source code to the relevant *Generator*.
- (i) The *Generator*, the *Network Service Provider* and *NEMMCO* must each bear its own costs associated with tests conducted under this clause 5.7.6 and no compensation is to be payable for financial losses incurred as a result of these tests or associated activities.

### 5.7.7 Inter-network power system tests

- (a) For each kind of development or activity described in the first column of chart 1 below, the *Proponent* is as set out in the second column and the *Relevant Transmission Network Service Provider* (“*Relevant TNSP*”) is as set out in the third column, respectively, opposite the description of the development or activity.

Chart 1

No.	Kind of development or activity	<i>Proponent</i>	<i>Relevant TNSP</i>
	column 1	column 2	column 3
1.	A new <i>transmission line</i> between two <i>networks</i> , or within a <i>transmission network</i> , that is anticipated to have a <i>material inter-network impact</i> is commissioned.	<i>Network Service Provider</i> in respect of the new <i>transmission line</i> .	<i>Proponent</i> and the <i>Transmission Network Service Provider</i> in respect of any <i>network</i> to which the <i>transmission line</i> is connected.
2.	An existing <i>transmission line</i> between two <i>networks</i> , or within a <i>transmission network</i> , that is anticipated to have a <i>material inter-network impact</i> is <i>augmented</i> or substantially modified.	<i>Network Service Provider</i> in respect of the <i>augmentation</i> or modification of the <i>transmission line</i> .	<i>Proponent</i> and the <i>Transmission Network Service Provider</i> in respect of any <i>network</i> to which the <i>transmission line</i> is connected.
3.	A new <i>generating unit</i> or <i>facility</i> of a <i>Customer</i> or a <i>network</i> development is commissioned that is anticipated to have a <i>material inter-network impact</i> .	<i>Generator</i> in respect of the <i>generating unit</i> and associated <i>connection assets</i> .  <i>Customer</i> in respect of the <i>facility</i> and associated <i>connection assets</i> .  <i>Network Service Provider</i> in respect of the relevant <i>network</i> .	<i>Transmission Network Service Provider</i> in respect of any <i>network</i> to which the <i>generating unit, facility</i> or <i>network</i> development is connected and, if a <i>network</i> development, then also the <i>Proponent</i> .
4.	Setting changes are made to any <i>power system</i>	<i>Generator</i> in respect of the <i>generating unit</i> .	<i>Transmission Network Service Provider</i> in respect

No.	Kind of development or activity	<i>Proponent</i>	<i>Relevant TNSP</i>
	column 1	column 2	column 3
	stabilisers as a result of a <i>generating unit, facility</i> of a <i>Customer</i> or <i>network</i> development being commissioned, modified or replaced.	<i>Customer</i> in respect of the <i>facility</i> .  <i>Network Service Provider</i> in respect of the relevant <i>network</i> .	of any <i>transmission network</i> to which the <i>generating unit, facility</i> or <i>network</i> development is <i>connected</i> .
5.	Setting changes are made to any <i>power system</i> stabilisers as a result of a decision by the <i>Inter-regional Planning Committee</i> or <i>NEMMCO</i> , which are not covered by item 4 in this chart.	<i>NEMMCO</i> .	None.
6.	<i>NEMMCO</i> determines that a test is required to verify the performance of the <i>power system</i> in light of the results of planning studies or simulations or one or more system incidents.	<i>NEMMCO</i> .	None.

- (b) A *Registered Participant*, not being a *Transmission Network Service Provider*, determined in accordance with clause 5.7.7(a) to be a *Proponent* for a development or activity detailed in chart 1, may require the *Relevant TNSP* corresponding to that development or activity to undertake on their behalf their obligations as the *Proponent* and, where the *Relevant TNSP* receives a written request to undertake those obligations, the *Relevant TNSP* must do so.
- (c) Where, in this clause 5.7.7, there is a reference to a *Proponent* that reference includes a *Relevant TNSP* required in accordance with clause 5.7.7(b) to undertake the obligations of another *Registered Participant*.
- (d) If a *Relevant TNSP* is required by a *Registered Participant* in respect of a *scheduled generating unit*, a *semi-scheduled generating unit*, a *scheduled load* or a *market network service*, any of which have a *nameplate rating* in excess of 30 MW, to act as a *Proponent* in accordance with clause 5.7.7(b),

that *Relevant TNSP* is entitled to recover all reasonable costs incurred from the *Registered Participant* that required the *Relevant TNSP* to act as the *Proponent*.

- (e) A *Registered Participant* wishing to undertake a development or conduct an activity listed in item 1, 2, 3 or 4 of chart 1 must notify *NEMMCO* not less than 80 *business days* before the *transmission line, generating unit, facility* or *network* development is planned to be commissioned, modified or replaced, giving details of the development or activity.
- (f) If *NEMMCO* receives a notice under clause 5.7.7(e), then it must provide a copy of the notice to each member of the *Inter-regional Planning Committee* and consult with the *Inter-regional Planning Committee* about the potential impact of the development or activity.
- (g) *NEMMCO* or the *Relevant TNSP* in respect of a development or activity may notify the *Proponent* of the development or activity that *NEMMCO* or the *Relevant-TNSP* believes that an *inter-network test* is required in relation to that development or activity.
- (h) *NEMMCO* or the *Relevant TNSP* may only give a notice under clause 5.7.7(g) if *NEMMCO* or the *Relevant TNSP* considers that:
  - (1) the development or activity may have a material impact on the magnitude of the *power transfer capability* of more than one *transmission network* and, in the circumstances, an *inter-network test* is required; or
  - (2) if the *Inter-regional Planning Committee* has *published* guidelines under clause 5.7.7(k), an *inter-network test* is required having regard to those guidelines and the surrounding circumstances.
- (i) If *NEMMCO* or the *Relevant TNSP* gives a notice under clause 5.7.7(g), then they must also promptly give a copy of the notice to each member of the *Inter-regional Planning Committee*.
- (j) A *Registered Participant* undertaking a development or activity listed in chart 1 must provide such information to *NEMMCO* or the *Relevant TNSP* in respect of the development or activity as *NEMMCO* or the *Relevant TNSP* reasonably requests in order to make an assessment under this clause 5.7.7.
- (k) The *Inter-regional Planning Committee* may develop, *publish* and amend from time to time, in accordance with the *Rules consultation procedures*, a set of guidelines to assist *Registered Participants* to determine when an *inter-network test* may be required.

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- (l) If the *Inter-regional Planning Committee* has *published* guidelines in accordance with clause 5.7.7(k), then *NEMMCO* and the *Relevant TNSP* must consider those guidelines in determining whether an *inter-network test* is required under clause 5.7.7(g) or 5.7.7(n).
  - (m) If *NEMMCO* or the *Relevant TNSP* gives notice under clause 5.7.7(g), then the *Proponent* must, in consultation with *NEMMCO*, prepare a draft *test program* for the *inter-network test* and submit it to each member of the *Inter-regional Planning Committee* and the *Relevant TNSP* (if the *Relevant TNSP* gave the notice given under clause 5.7.7(g)).
  - (n) If *NEMMCO* determines that an *inter-network test* is required for a reason contemplated in item 5 or 6 of chart 1, then it must prepare a draft *test program* for the *inter-network test* and submit it to each member of the *Inter-regional Planning Committee* at least 40 *business days* prior to the proposed test.
  - (o) The *Inter-regional Planning Committee* must:
    - (1) meet within 15 *business days* of the members receiving a draft *test program* under clauses 5.7.7(m) or (n); and
    - (2) within a period of not more than 10 *business days* make a recommendation to *NEMMCO* on the draft *test program* that identifies changes the *Inter-regional Planning Committee* proposes to the *test program*.
  - (p) *NEMMCO* must:
    - (1) *publish* a copy of the draft *test program* and any relevant changes recommended by the *Inter-regional Planning Committee* and invite interested *Registered Participants* to make written submissions;
    - (2) only accept as valid submissions received not later than the date specified in the notice *publishing* the copy of the draft *test program* (not to be less than 14 *days* after the date of *publication*); and
    - (3) provide the *Inter-regional Planning Committee* with copies of all valid submissions and seek its final recommendation.
  - (q) The *Inter-regional Planning Committee* must consider and take into account all valid submissions received and may amend its recommendation.
  - (r) *NEMMCO* must determine and *publish* in accordance with clause 3.13.13 the *test program* for an *inter-network test* after taking into account the draft *test program* submitted to the *Inter-regional Planning Committee*, the *Inter-regional Planning Committee's* recommendation and any valid submissions received from *Registered Participants*.
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- (s) In making a recommendation under clause 5.7.7(o) and in determining the *test program*, the *Inter-regional Planning Committee* and *NEMMCO* must so far as practicable have regard to the following principles:
- (1) *power system security* must be maintained in accordance with Chapter 4;
  - (2) the variation from the *central dispatch* outcomes that would otherwise occur if there was no *inter-network test* should be minimised;
  - (3) the duration of the tests should be as short as possible consistent with test requirements and *power system security*; and
  - (4) subject to clauses 5.7.7(s)(1), (2) and (3), the test facilitation costs borne or payable under clause 5.7.7 (aa) by the *Proponent* should be minimised.
- (t) An *inter-regional test* must not be conducted within 20 *business days* after *NEMMCO publishes* the *test program* for the *inter-network test* determined by *NEMMCO* under clause 5.7.7(r).
- (u) The *Proponent* in respect of an *inter-network test* must seek to enter into agreements with other *Registered Participants* to provide the test facilitation services identified in the *test program* in order to ensure that the *power system* conditions required by the *test program* are achieved.
- (v) If the *Proponent* approaches another *Registered Participant* seeking to enter into an agreement under clause 5.7.7(u) then the *Proponent* and the *Registered Participant* must negotiate in good faith concerning the provision of the relevant test facilitation service.
- (w) If:
- (1) a *Proponent* approaches another *Registered Participant* as described in clause 5.7.7(v); and
  - (2) the *Proponent* and the other *Registered Participant* have not agreed the terms and conditions to be included in the agreement under which the *Registered Participant* will provide the test facilitation service requested within 15 *business days* of the approach,
- then those terms and conditions must be determined in accordance with rule 8.2 and a dispute of this type is deemed to fall within clause 8.2.5(c)(2).
- (x) If the dispute concerns the price which the *Proponent* is to pay for a test facilitation service, then it must be resolved applying the following principles:

- (1) the other *Registered Participant* is entitled to recover the costs it incurs, and a reasonable rate of return on the capital it employs, in providing the test facilitation service, determined taking into account the additional costs associated with:
    - (i) maintaining the equipment necessary to provide the test facilitation service;
    - (ii) any labour required to operate and maintain the equipment used to provide the test facilitation service; and
    - (iii) any materials consumed when the test facilitation service is utilised; and
  - (2) the other *Registered Participant* is entitled to be compensated for any commercial opportunities foregone by providing the test facilitation service.
- (y) When the terms and conditions are determined in accordance with rule 8.2 under this clause 5.7.7, then the *Proponent* and the other *Registered Participant* must enter into an agreement setting out those terms and conditions.
- (z) If *NEMMCO* is not the *Proponent* in respect of an *inter-network test*, the *Proponent* must:
- (1) prior to the scheduled date of the *inter-network test*, confirm to *NEMMCO* that the test facilitation services identified in the *test program* will be available to be utilised, who will be providing them and the operational arrangements for utilising them;
  - (2) provide sufficient information to enable *NEMMCO* to utilise the test facilitation services in conducting the *inter-network test*; and
  - (3) respond promptly to any queries *NEMMCO* raises with the *Proponent* concerning the availability of the test facilitation services and *NEMMCO's* ability to utilise those services in conducting the *inter-network tests*.
- (aa) The *Proponent* in respect of an *inter-network test* must bear all of the following costs associated with that *inter-network test*:
- (1) any amounts payable under an agreement under which test facilitation services are provided;
  - (2) the *Proponent's* own costs associated with the *inter-network test* and in negotiating and administering the agreements referred to in clause 5.7.7(u); and

- (3) if the *Proponent* is not *NEMMCO* and the amount of *settlements residue* on any *directional interconnector* for a *trading interval* during which there is an impact on *central dispatch* outcomes as a result of the *inter-network test* is negative, then the *Proponent* must enter into an agreement with *NEMMCO* to pay that amount to *NEMMCO*.
- (ab) If the *Proponent* is *NEMMCO* and the amount of *settlements residue* on any *directional interconnector* for a *trading interval* during which there is an impact on *central dispatch* outcomes as a result of the *inter-network test* is negative, then *NEMMCO* must adjust that residue to be zero and must recover the amount as provided for in clause 2.11.3(b)(2A).
- (ac) *NEMMCO* must establish operational conditions to achieve the particular *power transfer* levels for each stage of the *inter-network test* as contemplated by the *test program*:
  - (1) utilizing where practicable and economic to do so the test facilitation services identified in the *test program*; and
  - (2) otherwise, by applying to the minimum extent necessary to fulfil the test requirements, *inter-network testing constraints*.
- (ad) An *inter-network test* must be coordinated by an officer nominated by the *Inter-regional Planning Committee* who has authority to stop the test or any part of it or vary the procedure within pre-approved guidelines determined by the *Inter-regional Planning Committee* if that officer considers any of these actions to be reasonably necessary.
- (ae) Each *Registered Participant* must:
  - (1) cooperate with *NEMMCO* in planning, preparing for and conducting *inter-regional tests*;
  - (2) act in good faith in respect of, and not unreasonably delay, an *inter-network test*; and
  - (3) comply with any instructions given to it by *NEMMCO* under clause 5.7.7(af).
- (af) *NEMMCO* may utilise test facilitation services under agreements entered into by the *Proponent* under this clause 5.7.7 during an *inter-network test* in order to achieve operational conditions on the *power system* which are reasonably required to achieve valid test results.

## 5.8 Commissioning

### 5.8.1 Requirement to inspect and test equipment

- (a) A *Registered Participant* must ensure that any of its new or replacement equipment is inspected and tested to demonstrate that it complies with relevant *Australian Standards*, the *Rules* and any relevant *connection agreement* prior to or within an agreed time after being *connected* to a *transmission network* or *distribution network*, and the relevant *Network Service Provider* is entitled to witness such inspections and tests.
- (b) The *Registered Participant* must produce test certificates on demand by the relevant *Network Service Provider* showing that the equipment has passed the tests and complies with the standards set out in clause 5.8.1(a) before *connection* to a *network*, or within an agreed time thereafter.

### 5.8.2 Co-ordination during commissioning

A *Registered Participant* seeking to *connect* to a *network* must co-operate with the relevant *Network Service Provider(s)* and *NEMMCO* to develop procedures to ensure that the commissioning of the *connection* and *connected facility* is carried out in a manner that:

- (a) does not adversely affect other *Registered Participants* or affect *power system security* or quality of *supply* of the *power system*; and
- (b) minimises the threat of damage to any other *Registered Participant's* equipment.

### 5.8.3 Control and protection settings for equipment

- (a) Not less than 3 months prior to the proposed commencement of commissioning by a *Registered Participant* of any new or replacement equipment that could reasonably be expected to alter performance of the *power system* (other than replacement by identical equipment), the *Registered Participant* must submit to the relevant *Network Service Provider* sufficient design information including proposed parameter settings to allow critical assessment including analytical modelling of the effect of the new or replacement equipment on the performance of the *power system*.
- (b) The *Network Service Provider* must:
  - (1) consult with other *Registered Participants* and *NEMMCO* as appropriate; and
  - (2) within 20 *business days* of receipt of the design information under clause 5.8.3(a), notify the *Registered Participant* and *NEMMCO* of

any comments on the proposed parameter settings for the new or replacement equipment.

- (c) If the *Network Service Provider's* comments include alternative parameter settings for the new or replacement equipment, then the *Registered Participant* must notify the *Network Service Provider* that it either accepts or disagrees with the alternative parameter settings suggested by the *Network Service Provider*.
- (d) The *Network Service Provider* and the *Registered Participant* must negotiate parameter settings that are acceptable to them both and if there is any unresolved disagreement between them, the matter must be referred to the *Inter-regional Planning Committee* whose majority decision must be given within 20 *business days* of referral of the dispute and, once a decision is given, it is to be final.
- (e) The *Registered Participant* and the *Network Service Provider* must co-operate with each other to ensure that adequate grading of protection is achieved so that faults within the *Registered Participant's facility* are cleared without adverse effects on the *power system*.

#### **5.8.4 Commissioning program**

- (a) Prior to the proposed commencement of commissioning by a *Registered Participant* of any new or replacement equipment that could reasonably be expected to alter performance of the *power system*, the *Registered Participant* must advise the relevant *Network Service Provider* and *NEMMCO* in writing of the commissioning program including test procedures and proposed test equipment to be used in the commissioning.
- (b) Notice under clause 5.8.4(a) must be given not less than 3 months prior to commencement of commissioning for a *connection* to a *transmission network* and not less than 1 month prior to commencement of commissioning for a *connection* to a *distribution network*.
- (c) The relevant *Network Service Provider* and *NEMMCO* must, within 15 *business days* of receipt of such advice under clause 5.8.4(a), notify the *Registered Participant* either that they:
  - (1) agree with the proposed commissioning program; or
  - (2) require changes to it in the interest of maintaining *power system security*, safety or quality of *supply*.
- (d) If the relevant *Network Service Provider* or *NEMMCO* require changes to the proposed commissioning program, then the parties must co-operate to reach agreement and finalise the commissioning program within a reasonable period.

- (e) A *Registered Participant* must not commence the commissioning until the commissioning program has been finalised and the relevant *Network Service Provider* and *NEMMCO* must not unreasonably delay finalising a commissioning program.

### **5.8.5 Commissioning tests**

- (a) The relevant *Network Service Provider* and/or *NEMMCO* has the right to witness commissioning tests relating to new or replacement equipment that could reasonably be expected to alter performance of the *power system* or the accurate *metering of energy*.
- (b) The relevant *Network Service Provider* must, within a reasonable period of receiving advice of commissioning tests, notify the *Registered Participant* whose new or replacement equipment is to be tested under this clause 5.8.5 whether or not it:
  - (1) wishes to witness the commissioning tests; and
  - (2) agrees with the proposed commissioning times.
- (c) A *Registered Participant* whose new or replacement equipment is tested under this clause 5.8.5 must submit to the relevant *Network Service Provider* the commissioning test results demonstrating that a new or replacement item of equipment complies with the *Rules* or the relevant *connection agreement* or both to the satisfaction of the relevant *Network Service Provider*.
- (d) If the commissioning tests conducted in relation to a new or replacement item of equipment demonstrates non-compliance with one or more requirements of the *Rules* or the relevant *connection agreement* then the *Registered Participant* whose new or replacement equipment was tested under this clause 5.8.5 must promptly meet with the *Network Service Provider* to agree on a process aimed at achievement of compliance of the relevant item with the *Rules*.
- (e) On request by a *Network Service Provider*, *NEMMCO* may direct that the commissioning and subsequent *connection* of the *Registered Participant's* equipment must not proceed if the relevant equipment does not comply with the requirements described in clause 5.8.1(a).

## **5.9 Disconnection and Reconnection**

### **5.9.1 Voluntary disconnection**

- (a) Unless agreed otherwise and specified in a *connection agreement*, a *Registered Participant* must give to the relevant *Network Service Provider*

notice in writing of its intention to permanently *disconnect a facility* from a *connection point*.

- (b) A *Registered Participant* is entitled, subject to the terms of the relevant *connection agreement*, to require voluntary permanent *disconnection* of its equipment from a *network* in which case appropriate operating procedures necessary to ensure that the *disconnection* will not threaten *power system security* must be implemented in accordance with clause 5.9.2.
- (c) The *Registered Participant* must pay all costs directly attributable to the voluntary *disconnection* and *decommissioning*.

### 5.9.2 Decommissioning procedures

- (a) In the event that a *Registered Participant's facility* is to be permanently *disconnected* from a *network*, whether in accordance with clause 5.9.1 or otherwise, the *Network Service Provider* and the *Registered Participant* must, prior to such *disconnection* occurring, follow agreed procedures for *disconnection*.
- (b) The *Network Service Provider* must notify *NEMMCO* and any *Registered Participants* with whom it has a *connection agreement* if it believes, in its reasonable opinion, the terms and conditions of such a *connection agreement* will be affected by procedures for *disconnection* or proposed procedures agreed with any other *Registered Participant*. The parties must negotiate any amendments to the procedures for *disconnection* or the *connection agreement* that may be required.
- (c) Any *disconnection* procedures agreed to or determined under clause 5.9.2(a) must be followed by all relevant *Network Service Providers* and *Registered Participants*.

### 5.9.3 Involuntary disconnection

- (a) *NEMMCO* may direct a *Network Service Provider* to, or a *Network Service Provider* may (either on its own initiative or in accordance with a direction from *NEMMCO*), *disconnect a Registered Participant's facilities* from a *network*, or a *Registered Participant's market loads*, in the following circumstances:
  - (1) pursuant to a direction for a *disconnection* made by a court under section 62 or 63 of the *National Electricity Law* or pursuant to regulations made under section 44AAG of the Trade Practices Act 1974 (Cth);
  - (2) during an emergency in accordance with clause 5.9.5;
  - (3) in accordance with the *National Electricity Law*; or

- (4) in accordance with the provisions of the *Registered Participant's connection agreement*.
- (b) In all cases of *disconnection* by a *Network Service Provider* at *NEMMCO's* direction during an emergency in accordance with clause 5.9.5, *NEMMCO* must undertake a review under clause 4.8.15 and *NEMMCO* must then provide a report to the *Registered Participant*, the *AEMC* and the *AER* advising of the circumstances requiring such action.
- (c) A *Network Service Provider* that has received a direction from *NEMMCO* under this clause 5.9.3 must comply with that direction promptly.

#### **5.9.4 Direction to disconnect**

- (a) Where a *disconnection* is made pursuant to clause 5.9.3(a)(1), neither *NEMMCO* nor the relevant *Network Service Provider* is liable in any way for any loss or damage suffered or incurred by the *Registered Participant* by reason of the *disconnection* and neither *NEMMCO* nor the relevant *Network Service Provider* is obliged for the duration of the *disconnection* to fulfil any agreement to convey electricity to or from the *Registered Participant's facility*.
- (b) A *Registered Participant* must not bring proceedings against *NEMMCO* or a *Network Service Provider* to seek to recover any amount for any loss or damage described in clause 5.9.4(a).
- (c) *Transmission service* charges and *distribution service* charges must be paid by a *Registered Participant* whose *facilities* have been *disconnected* under this clause 5.9.4 as if any *disconnection* had not occurred.
- (d) A *Network Service Provider* that has received a direction from *NEMMCO* to *disconnect* a *Registered Participant's facilities* in the circumstances described in clause 5.9.3(a)(1) must comply with that direction promptly.

#### **5.9.4A Notification of disconnection**

If the *AER* applies to a court for a direction, under section 62 or 63 of the *National Electricity Law* or pursuant to regulations made under section 44AAG of the *Trade Practices Act 1974 (Cth)*, that a *Registered Participant's market loads* be *disconnected*, the *AER* must promptly notify *NEMMCO* and the *participating jurisdictions* which the *AER* considers may be affected.

#### **5.9.5 Disconnection during an emergency**

- (a) Where *NEMMCO* may direct a *Network Service Provider* to *disconnect* a *Registered Participant's facilities* during an emergency under the *Rules* or otherwise, then *NEMMCO* may:

- (1) require the relevant *Registered Participant* to reduce the *power transfer* at the proposed point of *disconnection* to zero in an orderly manner and then direct a *Network Service Provider* to *disconnect* the *Registered Participant's facility* by automatic or manual means; or
  - (2) direct a *Network Service Provider* to immediately *disconnect* the *Registered Participant's facilities* by automatic or manual means where, in *NEMMCO's* reasonable opinion, it is not appropriate to follow the procedure set out in clause 5.9.5(a)(1) because action is urgently required as a result of a threat to safety of persons, hazard to equipment or a threat to *power system security*.
- (b) A *Network Service Provider* that has received a direction from *NEMMCO* under this clause 5.9.5 must comply with that direction promptly.

### 5.9.6 Obligation to reconnect

- (a) Either *NEMMCO* (by directing the *Network Service Provider*) or the relevant *Network Service Provider* (either on its own initiative or in accordance with a direction from *NEMMCO*) must reconnect a *Registered Participant's facilities* to a *transmission network* or *distribution network* at a reasonable cost to the *Registered Participant* as soon as practicable if:
- (1) *NEMMCO* is reasonably satisfied that there no longer exists an emergency due to which the *Registered Participant's facilities* were *disconnected* under clause 5.9.5;
  - (2) *NEMMCO* is reasonably satisfied that there no longer exists a reason for the *disconnection* under the *National Electricity Law* or the *Registered Participant's connection agreement*;
  - (3) one of the following occurs:
    - (i) a breach of the *Rules* giving rise to the *disconnection* has been remedied;
    - (ii) where the breach is not capable of remedy, compensation has been agreed and paid by the *Registered Participant* to the affected parties or, failing agreement, the amount of compensation payable has been determined in accordance with the dispute resolution procedure in rule 8.2 and that amount has been paid;
    - (iii) where the breach is not capable of remedy and the amount of compensation has not been agreed or determined, assurances for the payment of reasonable compensation have been given to the satisfaction of *NEMMCO*, the *Network Service Provider* and the parties affected; or

- (iv) the *Registered Participant* has taken all necessary steps to prevent the re-occurrence of the breach and has delivered binding undertakings to *NEMMCO* or the *Network Service Provider* that the breach will not re-occur.
- (b) In carrying out its obligations under clause 5.9.6(a), *NEMMCO* must, to the extent practicable, arrange for the implementation of an equitable sharing of the reconnection of *facilities* across *interconnected regions* up to the *power transfer capability* of the *network* and, in performing these obligations within a *region*, both *NEMMCO* and the relevant *Network Service Provider* must, to the extent practicable, give priority to reconnection of a *region's sensitive loads*.
- (c) A *Network Service Provider* that has received a direction from *NEMMCO* under this clause 5.9.6 must comply with that direction promptly.

## Schedule 5.1a - System standards

### S5.1a.1 Purpose

The purpose of this schedule is to establish *system standards* that:

- (a) are necessary or desirable for the safe and reliable operation of the *facilities of Registered Participants*;
- (b) are necessary or desirable for the safe and reliable operation of equipment;
- (c) could be reasonably considered *good electricity industry practice*; and
- (d) seek to avoid the imposition of undue costs on the industry or *Registered Participants*.

A *Registered Participant* should not, by virtue of this schedule, rely on *system standards* being fully complied with at a *connection point* under all circumstances. However, a *Registered Participant* should expect to be reasonably informed of circumstances where the standard of *supply* at its *connection points* will not conform to the *system standards*.

Except for standards of *frequency* and system stability, a *Registered Participant* should have the opportunity to negotiate or renegotiate relevant terms of a *connection agreement* (including relevant charges), to improve the standard of *supply* to the level of the *system standard*.

The *system standards* are set out below.

### S5.1a.2 Frequency

The *frequency operating standards* are *system standards* and are as determined by the *Reliability Panel* and *published* by the AEMC.

### S5.1a.3 System stability

The *power system* should remain in synchronism and be stable:

- (a) **Transient stability:** following any *credible contingency event*; and
- (b) **Oscillatory stability:** in the absence of any *contingency event*, for any level of *inter-regional* or *intra-regional* power transfer up to the applicable operational limit; and
- (c) **Voltage stability:** stable *voltage* control must be maintained following the most severe *credible contingency event*.

For the purposes of clause S5.1a.3 a *credible contingency event* includes the application of a fault (other than a three-phase fault) to any part of the *power system* and de-energisation of the faulted element within the allowable clearance time applicable to that element according to clause S5.1a.8.

The halving time of any *inter-regional* or *intra-regional* oscillation, being the time for the amplitude of an oscillation to reduce by half, should be less than 10 seconds. To allow for planning and operational uncertainties, the *power system* should be planned and operated to achieve a halving time of 5 seconds.

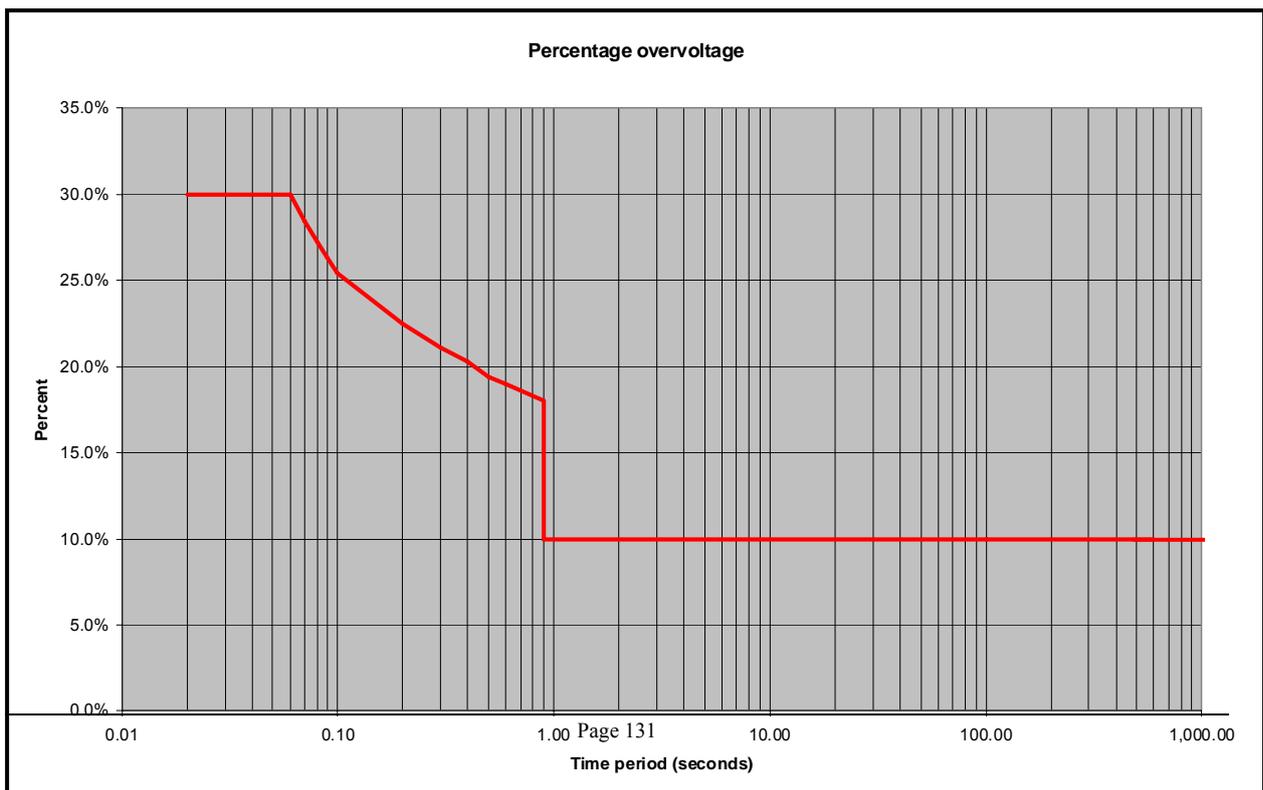
#### S5.1a.4 Power frequency voltage

Except as a consequence of a *contingency event*, the *voltage of supply* at a *connection point* should not vary by more than 10 percent above or below its *normal voltage*, provided that the *reactive power* flow and the *power factor* at the *connection point* is within the corresponding limits set out in the *connection agreement*.

As a consequence of a *credible contingency event*, the *voltage of supply* at a *connection point* should not rise above its *normal voltage* by more than a given percentage of *normal voltage* for longer than the corresponding period shown in Figure S5.1a.1 for that percentage.

As a consequence of a *contingency event*, the *voltage of supply* at a *connection point* could fall to zero for any period.

Figure S5.1a.1



#### **S5.1a.5 Voltage fluctuations**

The *voltage* fluctuation level of *supply* should be less than the "compatibility levels" set out in 1 of *Australian Standard AS/NZS 61000.3.7:2001*. To facilitate the application of this standard *Network Service Providers* must establish "planning levels" for their *networks* as provided for in the *Australian Standard*.

The following principles apply to the use of the shared network:

- (a) the sharing between *Network Users* of the capability of *connection assets* to withstand *voltage* fluctuations is to be managed by *Network Service Providers* in accordance with the provisions of clause S5.1.5 of schedule 5.1; and
- (b) to the extent practicable, the costs of managing or abating the impact of *voltage* fluctuations in excess of the costs which would result from the application of an *automatic access standard* are to be borne by those *Network Users* whose *facilities* cause the *voltage* fluctuations.

#### **S5.1a.6 Voltage waveform distortion**

Harmonic *voltage* distortion level of *supply* should be less than the "compatibility levels" defined in Table 1 of *Australian Standard AS/NZS 61000.3.6:2001*. To facilitate the application of this standard *Network Service Providers* must establish "planning levels" for their *networks* as provided for in the *Australian Standard*.

The following principles apply to the use of the shared network:

- (a) the sharing between *Network Users* of the capability of *connection assets* to absorb or mitigate harmonic *voltage* distortion is to be managed by *Network Service Providers* in accordance with the provisions of clause S5.1.6 of schedule 5.1; and
- (b) to the extent practicable, the costs of managing or abating the impact of harmonic distortion in excess of the costs which would result from the application of an *automatic access standard* are to be borne by those *Network Users* whose *facilities* cause the harmonic *voltage* distortion.

#### **S5.1a.7 Voltage unbalance**

Except as a consequence of a *contingency event*, the average *voltage* unbalance, measured at a *connection point*, should not vary by more than the amount set out

in column 2 of Table S5.1a.1, when determined over a 30-minute averaging period.

As a consequence of a *credible contingency event*, the average *voltage* unbalance, measured at a *connection point*, should not vary by more than the amount set out in column 3 of Table S5.1a.1, when determined over a 30-minute averaging period.

The average *voltage* unbalance, measured at a *connection point*, should not vary by more than the amount set out in column 4 of Table S5.1a.1 for the relevant nominal *supply voltage*, when determined over a 10-minute averaging period.

The average *voltage* unbalance, measured at a *connection point*, should not vary more often than once per hour by more than the amount set out in column 5 of Table S5.1a.1 for the relevant nominal *supply voltage*, when determined over a 1-minute averaging period.

For the purpose of this clause, *voltage* unbalance is measured as negative sequence voltage.

**Table S5.1a.1**

Nominal supply voltage (kV)	Maximum negative sequence voltage (% of nominal voltage)			
	Column 2	Column 3	Column 4	Column 5
Column 1	no contingency event	credible contingency event	general	once per hour
	30 minute average	30 minute average	10 minute average	1 minute average
	more than 100	0.5	0.7	1.0
more than 10 but not more than 100	1.3	1.3	2.0	2.5
10 or less	2.0	2.0	2.5	3.0

**S5.1a.8 Fault clearance times**

- (a) Faults anywhere within the *power system* should be cleared sufficiently rapidly that:

- (1) the *power system* does not become unstable as a result of faults that are *credible contingency events*;
  - (2) *inter-regional* or *intra-regional power transfers* are not unduly *constrained*; and
  - (3) consequential equipment damage is minimised.
- (b) The *fault clearance time* of a primary *protection system* for a *short circuit fault* of any *fault type* anywhere:
- (1) within a *substation*;
  - (2) within *connected plant*; or
  - (3) on at least the half of a power line nearer to the *protection system*,
- should not exceed the relevant time in column 2 of Table S5.1a.2 for the nominal *voltage* that applies at the fault location.
- (c) The *fault clearance time* of a primary *protection system* for a *short circuit fault* of any *fault type* anywhere on the remote portion of a power line for which the near portion is protected by a primary *protection system* under clause S5.1a8(b) should not exceed the relevant time in column 3 of Table S5.1a.2 for the nominal *voltage* that applies at the fault location.
- (d) The *fault clearance time* of a *breaker fail protection system* or similar back-up *protection system* for a *short circuit fault* of any *fault type* should not exceed the relevant time in column 4 of Table S5.1a.2 for the nominal *voltage* that applies at the fault location.
- (e) The owner of the faulted element may require shorter *fault clearance times* to minimise *plant* damage.
- (f) The allowable *fault clearance times* specified in Table S5.1a.2 apply in accordance with the provisions of clause S5.1.9 to *facilities* constructed or modified on or after the *performance standards commencement date*.
- (g) For *facilities* other than those referred to in clause S5.1a.8(f), the applicable allowable *fault clearance times* must be derived by the relevant *Network Service Provider* from the existing capability of each *facility* on the *performance standards commencement date*.

**Table S5.1a.2**

Nominal voltage at fault location(kV)	Time(milliseconds)		
	Column 2	Column 3	Column 4
Column 1	Column 2	Column 3	Column 4

<b>400kV and above</b>	80	100	175
<b>at least 250kV but less than 400kV</b>	100	120	250
<b>more than 100kV but less than 250kV</b>	120	220	430
<b>less than or equal 100 kV</b>	As necessary to prevent <i>plant</i> damage and meet stability requirements		

## Schedule 5.1 - Network Performance Requirements to be Provided or Co-ordinated by Network Service Providers

### S5.1.1 Introduction

This schedule describes the planning, design and operating criteria that must be applied by *Network Service Providers* to the *transmission networks* and *distribution networks* which they own, operate or control. It also describes the requirements on *Network Service Providers* to institute consistent processes to determine the appropriate technical requirements to apply for each *connection* enquiry or *application to connect* processed by the *Network Service Provider* with the objective that all *connections* satisfy the requirements of this schedule.

The criteria and the obligations of *Registered Participants* to implement them, fall into two categories, namely:

- (a) those required to achieve adequate levels of *network power transfer capability* or quality of *supply* for the common good of all, or a significant number of, *Registered Participants*; and
- (b) those required to achieve a specific level of *network service* at an individual *connection point*.

A *Network Service Provider* must:

- (1) fully describe the quantity and quality of *network services* which it agrees to provide to a person under a *connection agreement* in terms that apply to the *connection point* as well as to the *transmission or distribution system* as a whole;
- (2) ensure that the quantity and quality of those *network services* are not less than could be provided to the relevant person if the *national grid* were planned, designed and operated in accordance with the criteria set out in this clause S5.1.1 and recognising that levels of service will vary depending on location of the *connection point* in the *network*; and
- (3) observe and apply the relevant provisions of the *system standards* in accordance with this schedule 5.1.

To the extent that this schedule 5.1 does not contain criteria which are relevant to the description of a particular *network service*, the *Network Service Provider* must describe the *network service* in terms which are fair and reasonable.

This schedule includes provisions for *Network Service Providers* and *Registered Participants* to negotiate the criteria to apply to a *connection* within defined ranges between a lower bound (*minimum access standard*) and an upper bound (*automatic access standard*). All criteria which are intended to apply to a

*connection* must be recorded in a *connection agreement*. Where it is intended to apply a *negotiated access standard* in accordance with clause 5.3.4A of the *Rules*, the *Network Service Provider* must first be satisfied that the application of the *negotiated access standard* will not adversely affect other *Registered Participants*.

## **S5.1.2 Network reliability**

### **S5.1.2.1 Credible contingency events**

*Network Service Providers* must plan, design, maintain and operate their *transmission networks* and *distribution networks* to allow the transfer of power from *generating units* to *Customers* with all *facilities* or equipment associated with the *power system* in service and may be required by a *Registered Participant* under a *connection agreement* to continue to allow the transfer of power with certain *facilities* or *plant* associated with the *power system* out of service, whether or not accompanied by the occurrence of certain faults (called “*credible contingency events*”).

The following *credible contingency events* and practices must be used by *Network Service Providers* for planning and operation of *transmission networks* and *distribution networks* unless otherwise agreed by each *Registered Participant* who would be affected by the selection of *credible contingency events*:

- (a) The *credible contingency events* must include the *disconnection* of any single *generating unit* or *transmission line*, with or without the application of a single circuit two-phase-to-ground solid fault on lines operating at or above 220 kV, and a single circuit three-phase solid fault on lines operating below 220 kV. The *Network Service Provider* must assume that the fault will be cleared in primary protection time by the faster of the duplicate protections with installed intertrips available. For existing *transmission lines* operating below 220 kV but above 66 kV a two-phase to earth fault criterion may be used if the modes of operation are such as to minimise the probability of three-phase faults occurring and operational experience shows this to be adequate, and provided that the *Network Service Provider* upgrades performance when the opportunity arises.
- (b) For lines at any *voltage* above 66 kV which are not protected by an overhead earth wire and/or lines with tower footing resistances in excess of 10 ohms, the *Network Service Provider* may extend the criterion to include a single circuit three-phase solid fault to cover the increased risk of such a fault occurring. Such lines must be examined individually on their merits by the relevant *Network Service Provider*.
- (c) For lines at any *voltage* above 66 kV a *Network Service Provider* must adopt operational practices to minimise the risk of slow fault clearance in

case of inadvertent closing on to earths applied to equipment for maintenance purposes. These practices must include but not be limited to:

- (1) Not leaving lines equipped with intertrips alive from one end during maintenance; and
  - (2) *Off-loading* a three terminal (tee connected) line prior to restoration, to ensure switch on to fault *facilities* are operative.
- (d) The *Network Service Provider* must ensure that all *protection systems* for lines at a *voltage* above 66 kV, including associated intertripping, are well maintained so as to be available at all times other than for short periods (not greater than eight hours) while the maintenance of a *protection system* is being carried out.

#### **S5.1.2.2 Network service within a region**

The following paragraphs of this section set out minimum standards for certain *network services* to be provided to *Registered Participants* by *Network Service Providers* within a *region*. The amount of *network* redundancy provided must be determined by the process set out in clause 5.6.2 of the *Rules* and is expected to reflect the grouping of *generating units*, their expected capacity factors and availability and the size and importance of *Customer* groups.

The standard of service to be provided at each *connection point* must be included in the relevant *connection agreement*, and must include a *power transfer capability* such as that which follows:

- (a) In the *satisfactory operating state*, the *power system* must be capable of providing the highest reasonably expected requirement for *power transfer* (with appropriate recognition of diversity between individual peak requirements and the necessity to withstand *credible contingency events*) at any time.
- (b) During the most critical single element *outage* the *power transfer* available through the *power system* may be:
  - (1) zero (single element *supply*);
  - (2) the defined capacity of a backup *supply*, which, in some cases, may be provided by another *Network Service Provider*;
  - (3) a nominated proportion of the normal *power transfer capability* (eg 70 percent); or
  - (4) the normal *power transfer capability* of the *power system* (when required by a *Registered Participant*).

In the case of clauses S5.1.2.2(b)(2) and (3) the available capacity would be exceeded sufficiently infrequently to allow maintenance to be carried out on each *network* element by the *Network Service Provider*. A *connection agreement* may state the expected proportion of time that the normal capability will not be available, and the capability at those times, taking account of specific design, locational and seasonal influences which may affect performance, and the random nature of element *outages*.

A *connection agreement* may also state a conditional *power transfer capability* that allows for both circuits of a double circuit line or two closely parallel circuits to be out of service.

### **S5.1.2.3 Network service between regions**

The *power transfer capability* between *regions* must be determined by the process set out in clauses 5.6.5 and 5.6.6 of the *Rules*.

The following paragraphs of this section set out a framework within which *Network Service Providers* must describe to *NEMMCO* the levels of *network service* that apply for *power transfer* between *regions*. In cases where *power transfer capability* is determined by stability considerations on the *power system* (refer to clause S5.1.8 of this schedule) it is expected that line *outages* within *transmission networks* within a region will weaken the *network* so as to result in reduced *power transfer capability* even in the absence of *outages* of the lines between *regions*.

- (a) In the *satisfactory operating state* the *power transfer capability* between *regions* is defined by a multi-term equation for each *connection* between *regions* which takes account of all *power system* operating conditions which can significantly impact on performance. The majority of these operating conditions are the result of *market* operation and are outside the control of the *Network Service Provider*. In the *satisfactory operating state* the *network* must be planned by the *Network Service Provider* and operated by *NEMMCO* to withstand the impact of any *single contingency* with severity less than the *credible contingency events* stated in clause S5.1.2.1.
- (b) During critical single element *outages* reduced *power transfer capabilities* will apply. In those cases where *outage* of the remaining element will result in breaking of the *connection* between the *regions* *NEMMCO* must provide for the effect on *power system frequency* in the separate *transmission systems* following this event when determining the maximum *power transfer*.

### **S5.1.3 Frequency variations**

A *Network Service Provider* must ensure that within the *extreme frequency excursion tolerance limits* all of its *power system* equipment will remain in service unless that equipment is required to be switched to give effect to *load shedding* in

accordance with clause S5.1.10, or is required by *NEMMCO* to be switched for operational purposes.

Sustained operation outside the *extreme frequency excursion tolerance limits* need not be taken into account by *Network Service Providers* in the design of *plant* which may be *disconnected* if this is necessary for the protection of that *plant*.

#### **S5.1.4 Magnitude of power frequency voltage**

A *Transmission Network Service Provider* must plan and design its *transmission system* and equipment for control of *voltage* such that the minimum steady state *voltage* magnitude, the maximum steady state *voltage* magnitude and variations in *voltage* magnitude are consistent with the levels stipulated in clause S5.1a.4 of the *system standards*.

- (a) The *Network Service Provider* must determine the *automatic access standard* for the *voltage of supply* at the *connection point* such that the *voltage* may vary in accordance with clause S5.1a.4 of the *system standards*.
- (b) The *Network Service Provider* must determine the *minimum access standard* for the *voltage of supply* at the *connection point* such that the *voltage* may vary:
  - (1) as a consequence of a *credible contingency event* in accordance with clause S5.1a.4; and
  - (2) otherwise, between 95 percent and 105 percent of the target *voltage*.
- (c) For the purposes of clause S5.1.4(b) the target *voltage* must be determined as follows:
  - (1) if the *connection point* is connected to a *transmission line* (but not through a *transformer*), the *Network Service Provider* must determine the target *voltage* in consultation with *NEMMCO* taking into account the capability of existing *facilities* that are subject to that *supply voltage*; and
  - (2) otherwise, *Network Users* that share the same *supply voltage* must jointly determine the target *voltage* which may be specified to vary with aggregate *loading level*;provided that at all times the *supply voltage* remains between 90 percent and 110 percent of the normal voltage determined in accordance with clause S5.1a.4 except as a consequence of a *contingency event*.
- (d) For the purposes of this clause, the *voltage of supply* is measured as the *RMS phase voltage*.

Where the independent control of *voltage* at the *connection point* is possible without adverse impact on *voltage* control at another *connection point*, the *Network Service Provider* must make reasonable endeavors to meet the request. The target *voltage* and any agreement to a target range of *voltage* magnitude must be specified in the relevant *connection agreement*. The agreement may include a different target range in the *satisfactory operating state* and after a *credible contingency event* (and how these target ranges may be required to vary with *loading*).

A *Network Service Provider* must ensure that each *facility* that is part of its *transmission network* or *distribution network* is capable of continuous uninterrupted operation in the event that variations in *voltage* magnitude occur due to faults external to the *facility*. The design of a *facility* should anticipate the likely time duration and magnitude of variations in the power-frequency phase *voltages* which may arise dependent on the nature and location of the fault.

### **S5.1.5 Voltage fluctuations**

A *Network Service Provider* must use reasonable endeavours to design and operate its *transmission system* or *distribution system* and include conditions in *connection agreements* in relation to the permissible variation with time of the power *generated* or *load* taken by a *Network User* to ensure that other *Network Users* are supplied with a power-frequency *voltage* which fluctuates to an extent that is less than the levels stipulated in accordance with the provisions of clause S5.1a.5 of the *system standards* and this clause S5.1.5.

In accordance with AS/NZS 61000.3.7:2001 and guidelines published by *Standards Australia* and applying the assumption that *Customers* will comply with their obligations under schedule 5.3, a *Network Service Provider* must determine “Planning Levels” for *connection points* on their *network* in order to maintain *voltage* fluctuation levels for all supply points to customers supplied from their *network* below the “Compatibility Levels” defined in Table 1 of AS/NZS 61000.3.7:2001.

The *Network Service Provider* must allocate emission limits in response to a *connection* enquiry or an *application to connect* and evaluate the acceptability for *connection* of fluctuating sources as follows:

- (a) *Automatic access standard*: the *Network Service Provider* must allocate emission limits no more onerous than the lesser of the acceptance levels determined in accordance with either of the stage 1 or the stage 2 evaluation procedures defined in AS/NZS 61000.3.7:2001.
- (b) *Minimum access standard*: subject to clause S5.1.5(c), the determination by the *Network Service Provider* of acceptable emission limits must be undertaken in consultation with the party seeking *connection* using the stage 3 evaluation procedure defined in AS/NZS61000.3.7:2001.

- (c) In respect of each new *connection* at a level of performance below the *automatic access standard* the *Network Service Provider* must include provisions in the relevant *connection agreement* requiring the *Network User* if necessary to meet the *system standards* or allow connection of other *Network Users* to either upgrade to the *automatic access standard* or fund the reasonable cost of the works necessary to mitigate their effect of connecting at a standard below the *automatic access standard*.
- (d) If for existing customer *connections* the level of *voltage* fluctuation is, or may be, exceeded as a result of a proposed new *connection*, the *Network Service Provider* must, if the cause of that excessive level cannot be remedied by enforcing the provisions of existing *connection agreements*, undertake all reasonable works necessary to meet the technical standards in this schedule or to permit the proposed new *connection* within the requirements stated in this clause.

For other than a new *connection* in accordance with the preceding paragraph, the responsibility of a *Network Service Provider* for excursions in *voltage* fluctuations above the levels defined above is limited to *voltage* fluctuations caused by *network plant* and the pursuit of all reasonable measures available under the *Rules* and its *connection agreements*.

### **S5.1.6 Voltage harmonic or voltage notching distortion**

A *Network Service Provider* must use reasonable endeavours to design and operate its *network* and include conditions in *connection agreements* to ensure that the effective harmonic *voltage* distortion at any point in the *network* will be limited to less than the levels stipulated in accordance with the provisions of clause S5.1a.6 of the *system standards* and this clause S5.1.6.

In accordance with AS/NZS 61000.3.6:2001 and guidelines published by *Standards Australia* and applying the assumption that *Customers* will comply with their obligations under schedule 5.3 *Network Service Providers* must determine “Planning Levels” for *connection points* on their *network* in order to maintain harmonic *voltage* distortion for all supply points to customers supplied from their *network* below the “Compatibility Levels” defined in Table 1 of AS/NZS 61000.3.6:2001.

The *Network Service Provider* must allocate emission limits to a connection enquiry or an *application to connect* and must evaluate the acceptability for *connection* of distorting sources as follows:

- (a) *Automatic access standard*: the *Network Service Provider* must allocate emission limits no more onerous than the lesser of the acceptance levels determined in accordance with either of the stage 1 or the stage 2 evaluation procedures defined in AS/NZS 61000.3.6:2001.

- (b) *Minimum access standard*: subject to clause S5.1.6(c), the determination by the *Network Service Provider* of acceptable emission limits must be undertaken in consultation with the party seeking *connection* using the Stage 3 evaluation procedure defined in AS/NZS61000.3.6:2001.
- (c) In respect of each new *connection* at a level of performance below the *automatic access standard* the *Network Service Provider* must include provisions in the relevant *connection agreement* requiring the *Network User* if necessary to meet the *system standards* or allow connection of other *Network Users* to either upgrade to the *automatic access standard* or fund the reasonable cost of the works necessary to mitigate their effect of connecting at a standard below the *automatic access standard*.
- (d) If for existing customer *connections* the level of harmonic *voltage* distortion is, or may be, exceeded as a result of a proposed new *connection*, the *Network Service Provider* must, if the cause of that excessive level cannot be remedied by enforcing the provisions of existing *connection agreements*, undertake all works necessary to meet the technical standards in this schedule or to permit a proposed new *connection* within the *automatic access standard* defined in clause S5.3.8 and the requirements stated in this clause.

For other than a new *connection* in accordance with the preceding paragraph, the responsibility of a *Network Service Provider* for harmonic *voltage* distortion outside the range defined above is limited to harmonic *voltage* distortion caused by *network plant* and the pursuit of all measures available under the *Rules* and its *connection agreements*.

### **S5.1.7 Voltage unbalance**

- (a) A *Transmission Network Service Provider* must balance the effective impedance of the phases of its *network*, and a *Distribution Network Service Provider* must balance the current drawn in each phase at each of its *connection points*, so as to achieve average levels of negative sequence *voltage* at all *connection points* that are equal to or less than the values set out in Table S5.1a.1 as determined in accordance with the accompanying provisions of clause S5.1a.7 of the *system standards*.
- (b) A *Network Service Provider* must include conditions in *connection agreements* to ensure that a *Connection Applicant* will balance the current drawn in each phase at each of its *connection points* so as to achieve:
  - (1) for those *Network Users* listed in clause S5.3(a): the levels permitted in accordance with clause S5.3.6 of schedule 5.3;
  - (2) for *Market Network Service Providers*: the levels permitted in accordance with clause S5.3a.9 of schedule 5.3a;

- (3) otherwise: the average levels of negative sequence *voltage* at each of its *connection points* that are equal to or less than the values set out in Table S5.1a.1 and the accompanying provisions of clause S5.1a.7 of the *system standards*.

The responsibility of the *Network Service Provider* for *voltage* unbalance outside the ranges defined above is limited to *voltage* unbalance caused by the *network* and the pursuit of all measures available under the *Rules* and its *connection agreements*.

- (c) A *Network Service Provider* must include conditions in *connection agreements* to ensure that each *Generator* will balance:
  - (1) the *voltage generated* in each phase of its *generating system*; and
  - (2) when not generating, the current drawn in each phase,in order to achieve average levels of negative sequence *voltage* at each of the *generating system connection points* due to phase imbalances within the *generating plant* that are not more than the values determined by the *Network Service Provider* to achieve average levels of negative sequence *voltage* at the *connection points* of other *Network Users* in accordance with clause S5.1a.7.
- (d) When including conditions under paragraph (c), the *Network Service Provider* must have regard to the capabilities of the relevant *generating plant* technology.

### **S5.1.8 Stability**

In conforming with the requirements of the *system standards*, the following criteria must be used by *Network Service Providers* for both planning and operation:

For stable operation of the *national grid*, both in a *satisfactory operating state* and following any *credible contingency events* described in clause S5.1.2.1:

- (a) the *power system* will remain in synchronism;
- (b) damping of *power system* oscillations will be adequate; and
- (c) *voltage* stability criteria will be satisfied.

Damping of *power system* oscillations must be assessed for planning purposes according to the design criteria which states that *power system damping* is considered adequate if after the most critical *credible contingency event*, simulations calibrated against past performance indicate that the halving time of the least damped electromechanical mode of oscillation is not more than five seconds.

To assess the damping of *power system* oscillations during operation, or when analysing results of tests such as those carried out under clause 5.7.7 of the *Rules*, the *Network Service Provider* must take into account statistical effects. Therefore, the *power system damping* operational performance criterion is that at a given operating point, real-time monitoring or available test results show that there is less than a 10 percent probability that the halving time of the least damped mode of oscillation will exceed ten seconds, and that the average halving time of the least damped mode of oscillation is not more than five seconds.

The *voltage* control criterion is that stable *voltage* control must be maintained following the most severe *credible contingency event*. This requires that an adequate *reactive power* margin must be maintained at every *connection point* in a *network* with respect to the *voltage* stability limit as determined from the *voltage/reactive load* characteristic at that *connection point*. Selection of the appropriate margin at each *connection point* is at the discretion of the relevant *Network Service Provider*, subject only to the requirement that the margin (expressed as a capacitive *reactive power* (in MVar)) must not be less than one percent of the maximum fault level (in MVA) at the *connection point*.

In planning a *network* a *Network Service Provider* must consider *non-credible contingency events* such as *busbar* faults which result in tripping of several circuits, uncleared faults, double circuit faults and multiple contingencies which could potentially endanger the stability of the *power system*. In those cases where the consequences to any *network* or to any *Registered Participant* of such events are likely to be severe disruption a *Network Service Provider* and/or a *Registered Participant* must install emergency controls within the *Network Service Provider's* or *Registered Participant's* system or in both, as necessary, to minimise disruption to any *transmission* or *distribution network* and to significantly reduce the probability of cascading failure.

A *Registered Participant* must co-operate with a *Network Service Provider* to achieve stable operation of the *national grid* and must use all reasonable endeavours to negotiate with the *Network Service Provider* regarding the installation of emergency controls as described in the previous paragraph. The cost of installation, maintenance and operation of the emergency controls must be borne by the *Network Service Provider* who is entitled to include this cost when calculating the *Transmission Customer use of system price*.

### **S5.1.9 Protection systems and fault clearance times**

#### **Network Users**

- (a) A *Network Service Provider* must determine the *automatic access standard* and *minimum access standard* that applies to the protection zone of each *protection system* in relation to the *connection point* and the *plant* to be *connected*, as follows:

- (1) The *automatic access standard* for *fault clearance time* for any *fault type* is the lesser of the *system standard* set out in clause S5.1a.8 that applies to the highest nominal *voltage* within the *protection system's* protection zone and the corresponding *minimum access standard* determined under clause S5.1.9(a)(2) or clause S5.1.9(a)(3) as applicable.
  - (2) The *minimum access standard* for *fault clearance time* of a primary *protection system* is:
    - (i) for a *fault type* that constitutes a *credible contingency event* in the relevant protection zone, the longest time such that a *short circuit fault* of that *fault type* that is cleared in that time would not cause the *power system* to become unstable when operating at any level of *inter-regional* or *intra-regional power transfer* that would be permissible (taking into account all other limiting criteria) if the *fault clearance time* for such a *fault* at the *connection point* were the *system standard* set out in clause S5.1a.8 that applies to the nominal *voltage* at the *connection point*; and
    - (ii) for a *fault type* that does not constitute a *credible contingency event* in the relevant protection zone:
      - (A) if a two phase to ground fault in that protection zone constitutes a *credible contingency event*, the corresponding *fault clearance time* for a two phase to ground *short circuit fault* in that protection zone as determined under clause S5.1.9(a)(2)(i); and
      - (B) otherwise, the shortest of the *fault clearance times* for a two phase to ground *short circuit fault* in each adjoining protection zone (excluding *transformer* protection zones and dead zones) as determined under clause S5.1.9(a)(2)(i) or clause S5.1.9(e).
  - (3) The *minimum access standard* for *fault clearance time* of a *breaker fail protection system* or similar back-up *protection system* is the longest time such that a *short circuit fault* of any *fault type* that is cleared in that time—would not damage any part of the *power system* (other than the faulted element) while the fault current is flowing or being interrupted.
- (b) The negotiation of access standards in relation to paragraph (a) must involve *NEMMCO* under clause 5.3.4A(c) of the *Rules*.

### **Transmission systems and distribution systems**

- (c) Subject to clauses S5.1.9(k) and S5.1.9(l), a *Network Service Provider* must provide sufficient primary *protection systems* and back-up *protection systems* (including *breaker fail protection systems*) to ensure that a fault of any *fault type* anywhere on its *transmission system* or *distribution system* is automatically *disconnected* in accordance with clause S5.1.9(e) or clause S5.1.9(f).
- (d) If the *fault clearance time* determined under clause S5.1.9(e) of a primary *protection system* for a two phase to ground *short circuit fault* is less than 10 seconds, the primary *protection system* must have sufficient redundancy to ensure that it can clear *short circuit faults* of any *fault type* within the relevant *fault clearance time* with any single protection element (including any communications facility upon which the *protection system* depends) out of service.
- (e) The *fault clearance time* of a primary *protection system* of a *Network Service Provider* must not exceed:
  - (1) for any *fault type* that constitutes a *credible contingency event* in the relevant protection zone, the longest time such that a *short circuit fault* of that *fault type* that is cleared in that time would not cause the *power system* to become unstable when operating at any level of *inter-regional* or *intra-regional power transfer* that would be permissible (taking into account all other limiting criteria) if the *fault clearance time* for such a fault in that protection zone were the relevant *system standard* set out in clause S5.1a.8; and
  - (2) for any *fault type* that does not constitute a *credible contingency event* in the relevant protection zone:
    - (i) if a two phase to ground fault in that protection zone is a *credible contingency event*, the corresponding *fault clearance time* for a two phase to ground fault in that protection zone as determined under clause S5.1.9(e)(1); and
    - (ii) otherwise, the shortest of the *fault clearance times* for a two phase to ground fault in each adjoining protection zone (excluding *transformer* protection zones and dead zones) as determined under clauses S5.1.9(a)(2)(i), S5.1.9(e)(1) or S5.1.9(e)(2)(i).
- (f) The *fault clearance time* of each *breaker fail protection system* or similar back-up *protection system* of a *Network Service Provider* must be such that a *short circuit fault* of any *fault type* that is cleared in that time would not damage any part of the *power system* (other than the faulted element) while the fault current is flowing or being interrupted.

- (g) A *Network Service Provider* must demonstrate to *NEMMCO* that each *fault clearance time* for a primary *protection system* that is longer than the relevant *system standard* set out in clause S5.1a.8 and is less than 10 seconds would not cause or require an *inter-regional* or *intra-regional power transfer capability* to be reduced.
- (h) A *Network Service Provider* must include in each *connection agreement* entered into after the *performance standards commencement date*:
  - (1) the *fault clearance times* for each *fault type* of each of its *protection systems* that could reasonably be expected to interrupt *supply* to or from the relevant *connection point*; and
  - (2) an agreement to not increase those *fault clearance times* without the prior written agreement of the other party.
- (i) *Network Service Providers* must coordinate and cooperate with *Network Users* to implement *breaker fail* protection for circuit breakers provided to isolate the *Network User's facility* from the *Network Service Provider's facilities*.
- (j) Where practicable and economic to achieve, new network investment should meet the *system standard* for *fault clearance times* as specified in clause S5.1a.8 for two phase to ground *short circuit faults*.
- (k) A primary *protection system* may clear faults other than *short circuit faults* slower than the relevant *fault clearance time*, provided that such faults would be cleared sufficiently promptly to not adversely impact on *power system security* compared with its operation for the corresponding *short circuit fault*. In the case of a fault within equipment at a station, the corresponding *short circuit fault* is to be taken as a two phase to ground *short circuit fault* at the external connections of the equipment.
- (l) *Protection systems* may rely on *breaker fail protection systems* or other back-up *protection systems* to completely clear faults of any *fault type* that:
  - (1) occur within a *substation* between a protection zone and a circuit breaker adjacent to that protection zone that is required to open to clear the fault (a “dead zone”); and
  - (2) remain connected through a power line or *transformer* after operation of a primary *protection system*,provided that the relevant *Network Service Provider* assesses that the likelihood of a fault occurring within the dead zone is not greater than the likelihood of a fault occurring on *busbars*.

- (m) For the purposes of this clause S5.1.9, a *credible contingency event* includes any event that clause S5.1.2.1 requires a *Network Service Provider* to consider as a *credible contingency event*.
- (n) The provisions of clause S5.1.9(d) apply to *facilities* constructed or modified on or after the *performance standards commencement date*.
- (o) For *facilities* other than those referred to in clause S5.1.9(n), the requirement for primary *protection system* redundancy must be derived by the *Network Service Provider* from the existing capability of each *facility* on the *performance standards commencement date*.

### **S5.1.10 Load and network control facilities**

#### **S5.1.10.1 General**

Each *Network Service Provider* in consultation with *NEMMCO* must ensure that:

- (a) sufficient *load* is under the control of underfrequency relays where required to ensure that in the event of the sudden, unplanned simultaneous occurrence of multiple *contingency events*, the *power system frequency* does not move outside the *extreme frequency excursion tolerance limits*;
- (b) where determined to be necessary, sufficient *load* is under the control of undervoltage relays to minimize or reduce the risk of voltage collapse on the occurrence of multiple *contingency events*; and
- (c) there is sufficient *load* under manual or automatic control either locally or from remotely located *control centres* to allow the *load shedding procedures* to be implemented on instruction from *NEMMCO* to enable *NEMMCO* to maintain *power system security*.

A *Network Service Provider* may require *load shedding* arrangements to be installed to cater for abnormal operating conditions.

Arrangements for *load shedding* must be agreed between *Transmission Network Service Providers* and *connected Distribution Network Service Providers* and may include the opening of circuits in either a *transmission* or *distribution network*.

The *Transmission Network Service Provider* must specify, in the *connection agreement*, control and monitoring requirements to be provided by a *Distribution Network Service Provider* for *load shedding facilities*.

#### **S5.1.10.2 Distribution Network Service Providers**

A *Distribution Network Service Provider* must:

- (a) provide, install, operate and maintain *facilities* for *load shedding* in respect of any *connection point* at which the maximum *load* exceeds 10MW in accordance with clause 4.3.5 of the *Rules*;
- (b) in accordance with the provisions of the relevant *connection agreement*, co-operate with the *Transmission Network Service Providers* in conducting periodic functional testing of the *facilities*, which must not require *load* to be *disconnected*;
- (c) apply underfrequency settings to relays as determined by *NEMMCO* in consultation with the *Network Service Provider*; and
- (d) apply undervoltage settings to relays as notified by the *Transmission Network Service Provider* in accordance with clause S5.1.10.3(b).

### **S5.1.10.3 Transmission Network Service Providers**

*Transmission Network Service Providers* must:

- (a) conduct periodic functional tests of the *load shedding facilities*; and
- (b) notify *Distribution Network Service Providers* regarding the settings of undervoltage *load shed* relays as determined by *NEMMCO* in consultation with the *Transmission Network Service Provider*.

### **S5.1.11 Automatic reclosure of transmission or distribution lines**

Where *automatic reclose equipment* is provided on *transmission lines* or *distribution lines*, check or blocking *facilities* must be applied to the *automatic reclose equipment* in those circumstances where there is any possibility of the two ends of the *transmission line* or *distribution line* being *energised* from sources that are not in synchronism.

### **S5.1.12 Rating of transmission lines and equipment**

For operational purposes each *Network Service Provider* must, on reasonable request, advise *NEMMCO* of the maximum current that may be permitted to flow (under conditions nominated by *NEMMCO*) through each *transmission line*, *distribution line* or other item of equipment that forms part of its *transmission system* or *distribution system*.

This maximum current is called a “*current rating*” of the *transmission line*, *distribution line* or item of equipment notwithstanding that it may be determined by equipment associated with its *connection* to the *power system* (including switchgear, droppers, current *transformers* and *protection systems*).

*NEMMCO* may request for a *transmission line*, *distribution line* or other item of equipment:

- (a) a continuous *current rating*, being the level of current that is permitted to flow in that item of equipment for an indefinite period; and
- (b) one or more short term *current ratings* for a period of time nominated by *NEMMCO* after consultation with the *Network Service Provider*, being the level of current that is permitted to flow in that item of equipment for that period of time if the current had been less than the corresponding continuous *current rating* for a reasonable prior period taking into account the thermal properties of the item of equipment.

The *Network Service Provider* may be required by *NEMMCO* to advise different *current ratings* to be applied under nominated conditions including, without limitation:

- (a) ambient weather conditions;
- (b) seasons and/or times of *day*;
- (c) ratios of the current during an emergency to the current prior to the emergency (taking into account pre-contingent loading history where applicable); and
- (d) period of loading at the nominated level.

A *Transmission Network Service Provider* is entitled to advise *NEMMCO* of short term *current ratings* which may apply for nominated periods of time to the relevant *transmission line* or item of equipment provided that these ratings do not materially affect the safety of the *transmission line* or item of equipment, or the safety of persons. Short-term ratings for *transmission lines* or items of equipment may be implemented by a methodology or algorithm in a format agreed with *NEMMCO*.

### **S5.1.13 Information to be provided**

A *Network Service Provider* must, in response to a *connection* enquiry or an *application to connect* made in accordance with clause 5.3.2 of the *Rules*, provide the *connection applicant* electrical design information relevant to the nominal point of *connection* in accordance with a relevant requirement of schedules 5.2, 5.3 or 5.3a.

## Schedule 5.2 - Conditions for Connection of Generators

### S5.2.1 Outline of requirements

- (a) This schedule sets out details of additional requirements and conditions that *Generators* must satisfy as a condition of *connection* of a *generating system* to the *power system*.
- (b) This schedule does not apply to any *generating system* that is:
  - (1) subject to an exemption from registration under clause 2.2.1(c); or
  - (2) eligible for exemption under any guidelines issued under clause 2.2.1(c),and which is *connected* or intended for use in a manner the *Network Service Provider* considers is unlikely to cause a material degradation in the quality of *supply* to other *Network Users*.
- (c) This schedule also sets out the requirements and conditions which subject to clause 5.2.5 of the *Rules*, are obligations on *Generators*:
  - (1) to co-operate with the relevant *Network Service Provider* on technical matters when making a new *connection*; and
  - (2) to provide information to the *Network Service Provider* or *NEMMCO*.
- (d) The equipment associated with each *generating system* must be designed to withstand without damage the range of operating conditions which may arise consistent with the *system standards*.
- (e) *Generators* must comply with the *performance standards* and any attached terms or conditions of agreement agreed with the *Network Service Provider* or *NEMMCO* in accordance with a relevant provision of schedules 5.1a or 5.1.
- (f) This schedule does not set out arrangements by which a *Generator* may enter into an agreement or contract with *NEMMCO* to:
  - (1) provide additional services that are necessary to maintain *power system security*; or
  - (2) provide additional services to facilitate management of the *market*.
- (g) This schedule provides for *automatic access standards* and the determination of *negotiated access standards* derived from *minimum access standards* which once determined, must be recorded together with the

*automatic access standards in a connection agreement and registered with NEMMCO as performance standards.*

### **S5.2.2 Application of Settings**

A *Generator* must only apply settings to a *control system* or a *protection system* that are necessary to comply with performance requirements of this schedule 5.2 if the settings have been approved in writing by the relevant *Network Service Provider* and, if the requirement is one that would involve *NEMMCO* under clause 5.3.4A(c) of the *Rules*, also by *NEMMCO*. A *Generator* must not allow its *generating unit* to *supply* electricity to the *power system* without such prior approval.

If a *Generator* seeks approval from the *Network Service Provider* to apply or change a setting, approval must not be withheld unless the *Network Service Provider* or, if the requirement is one that would involve *NEMMCO* under clause 5.3.4A(c) of the *Rules*, *NEMMCO*, reasonably determines that the changed setting would cause the *generating unit* to not comply with the relevant *performance standard* or cause an *inter-regional* or *intra-regional power transfer capability* to be reduced.

If the *Network Service Provider* or, if the requirement is one that would involve *NEMMCO* under clause 5.3.4A(c) of the *Rules*, *NEMMCO*, reasonably determines that a setting of a *generating unit's control system* or *protection system* needs to change to comply with the relevant *performance standard* or to maintain or restore an *inter-regional* or *intra-regional power transfer capability*, the *Network Service Provider* or *NEMMCO* (as applicable) must consult with the relevant *Generator*, and the *Network Service Provider* may request in writing that a setting be applied in accordance with the determination.

The *Network Service Provider* may also request a test to verify the performance of the relevant *plant* with the new setting. The *Network Service Provider* must provide *NEMMCO* with a copy of its request to a *Generator* to apply a setting or to conduct a test.

A *Generator* who receives such a request must arrange for the notified setting to be applied as requested and for a test to be conducted as requested. After the test, the *Generator* must, on request, provide both *NEMMCO* and the *Network Service Provider* with a report of a requested test, including evidence of its success or failure. Such a report of a test is *confidential information*.

A *Generator* must not change a setting requested by the *Network Service Provider* without its prior written agreement. If the *Network Service Provider* requires a *Generator* to change a setting within 18 months of a previous request, the *Network Service Provider* must pay the *Generator* its reasonable costs of changing the setting and conducting the tests as requested.

### S5.2.3 Technical matters to be coordinated

- (a) A *Generator* and the relevant *Network Service Provider* must use all reasonable endeavours to agree upon relevant technical matters in respect of each new or altered *connection* of a *generating system* to a *network* including:
- (1) design at the *connection point*;
  - (2) physical layout adjacent to the *connection point*;
  - (3) primary protection and backup protection (clause S5.2.5);
  - (4) control characteristics (clause S5.2.5);
  - (5) communications *facilities* (clause S5.2.6);
  - (6) insulation co-ordination and lightning protection (paragraph (b));
  - (7) fault levels and fault clearance (clause S5.2.8);
  - (8) switching and *isolation* facilities (clause S5.2.8);
  - (9) interlocking and *synchronising* arrangements; and
  - (10) *metering installations*.
- (b) A *Generator* must ensure that in designing a *generating system's* electrical *plant*, including any *substation* for the *connection* of the *generating system* to the *network*, to operate at the same *nominal voltage* as at the *connection point*:
- (1) the *plant* complies with the relevant *Australian Standards* unless a provision of these *Rules* allows or requires otherwise;
  - (2) the earthing of the *plant* complies with the ENA EG1-2006: Substation Earthing Guide to reduce step and touch potentials to safe levels;
  - (3) the *plant* is capable of withstanding, without damage the *voltage* impulse levels specified in the *connection agreement*;
  - (4) the insulation levels of the *plant* are co-ordinated with the insulation levels of the *network* to which the *generating system* is *connected* as specified in the *connection agreement*; and
  - (5) safety provisions in respect of the *plant* comply with requirements applicable to the *participating jurisdiction* in which the *generating system* is located, as notified by the *Network Service Provider*.

- (c) If no relevant *Australian Standard* exists for the purposes of paragraph (b)(1), the *Generator* must agree with the *Network Service Provider* for the *Generator* to comply with another relevant standard.

#### **S5.2.4 Provision of information**

- (a) A *Generator* or person who is negotiating a *connection agreement* with a *Network Service Provider* must promptly on request by *NEMMCO* or the *Network Service Provider* provide all data in relation to that *generating system* specified in schedule 5.5.
- (b) A *Generator*, or person required under the *Rules* to register as the *Generator* in respect of a *generating system* comprised of *generating units* with a combined *nameplate rating* of 30 MW or more, by the earlier of:
- (1) the day on which an *application to connect* is made under clause 5.3.4(a);
  - (2) the day on which amendments to *performance standards* are submitted under rule 4.14(p) or clause 5.3.9(b);
  - (3) three months before commissioning of a *generating system* or planned alteration to a *generating system*; or
  - (4) 5 *business days* before commissioning of a *generating system* alteration that is repairing *plant* after a *plant* failure, if *plant* performance after the alteration will differ from performance prior to the *plant* failure,

must provide:

- (5) to *NEMMCO* and the relevant *Network Service Providers* (including the relevant *Transmission Network Service Provider* in respect of an *embedded generating unit*) the following information about the *control systems* of the *generating system*:
  - (i) a set of functional block diagrams, including all functions between feedback signals and *generating system* output;
  - (ii) the parameters of each functional block, including all settings, gains, time constants, delays, deadbands and limits; and
  - (iii) the characteristics of non-linear elements,

with sufficient detail for *NEMMCO* and *Network Service Providers* to perform load flow and dynamic simulation studies;

- (6) to *NEMMCO*, model source code associated with the model in subparagraph (5) in an unencrypted form suitable for at least one of

the software simulation products nominated by *NEMMCO* and in a form that would allow conversion for use with other software simulation products by *NEMMCO*;

- (7) **[Deleted]**
  - (8) to *NEMMCO* and the relevant *Network Service Providers* (including the relevant *Transmission Network Service Provider* in respect of an *embedded generating unit*) a *releasable user guide*.
- (c) The information provided under paragraph (b) must:
- (1) encompass all *control systems* that respond to *voltage* or *frequency* disturbances on the *power system*, and which are either integral to the *generating units* or otherwise part of the *generating system*, including those applying to *reactive power* equipment that forms part of the *generating system*; and
  - (2) conform with the applicable models developed in accordance with the *Generating System Model Guidelines*, or an alternative model agreed with *NEMMCO* to be necessary to adequately represent the *generating plant* to carry out load flow and dynamic simulations.
- (d) The *Generator* must provide to *NEMMCO* information that updates the information provided under clause S5.2.4(b) and must provide to the relevant *Network Service Providers* information that updates the information provided under clause S5.2.4(b)(5):
- (1) within 3 months after commissioning tests or other tests undertaken in accordance with clause 5.7.3 are completed;
  - (2) when the *Generator* becomes aware that the information is incomplete, inaccurate or out of date; or
  - (3) on request by *NEMMCO* or the relevant *Network Service Provider*, where *NEMMCO* or the relevant *Network Service Provider* considers that the information is incomplete, inaccurate or out of date.
- (d1) A *Generator* is only required to provide new information under clause S5.2.4(d) to the extent that it is different to the information previously provided under clause S5.2.4(b).
- (e) For the purposes of clause S5.2.4(e1), a *Connection Applicant* must be registered as an *Intending Participant* in accordance with rule 2.7.
- (e1) For the purposes of clause 5.3.2(f), the technical information that a *Network Service Provider* must, if requested, provide to a *Connection Applicant* in respect of a proposed *connection* for a *generating system* includes:

- (1) the highest expected single phase and three phase fault levels at the *connection point* with the *generating system* not connected;
- (2) the clearing times of the existing *protection systems* that would clear a fault at the location at which the new *connection* would be connected into the existing *transmission system* or *distribution system*;
- (3) the expected limits of *voltage* fluctuation, harmonic *voltage* distortion and *voltage* unbalance at the *connection point* with the *generating system* not connected;
- (4) technical information relevant to the *connection point* with the *generating system* not *synchronised* including equivalent source impedance information, sufficient to estimate fault levels, *voltage* fluctuations, harmonic *voltage* distortion (for harmonics relevant to the *generating system*) and *voltage* unbalance; and
- (5) information relating to the performance of the *national grid* that is reasonably necessary for the *Connection Applicant* to prepare an *application to connect*, including:
  - (i) a model of the *power system*, including relevant *considered projects* and the range of expected operating conditions, sufficient to carry out load flow and dynamic simulations; and
  - (ii) information on *inter-regional* and *intra-regional power transfer capabilities* and relevant *plant ratings*.
- (f) All information provided under this clause S5.2.4 must be treated as *confidential information*.

## **S5.2.5 Technical requirements**

### **S5.2.5.1 Reactive power capability**

#### **Automatic access standard**

- (a) The *automatic access standard* is a *generating system* operating at:
  - (1) any level of *active power* output; and
  - (2) any *voltage* at the *connection point* within the limits established under clause S5.1a.4 without a *contingency event*,

must be capable of supplying and absorbing continuously at its *connection point* an amount of *reactive power* of at least the amount equal to the product of the *rated active power* of the *generating system* and 0.395.

### Minimum access standard

- (b) The *minimum access standard* is no capability is required to supply or absorb *reactive power* at the *connection point*.

### Negotiated access standard

- (c) When negotiating a *negotiated access standard*, the *Generator* and the *Network Service Provider*:
  - (1) must subject to any agreement under paragraph (d)(4), ensure that the *reactive power capability* of the *generating system* is sufficient to ensure that all relevant *system standards* are met before and after *credible contingency events* under normal and planned *outage* operating conditions of the *power system*, taking into account at least existing projects and *considered projects*;
  - (2) may negotiate either a range of *reactive power* absorption and supply, or a range of *power factor*, at the *connection point*, within which the *plant* must be operated; and
  - (3) may negotiate a limit that describes how the *reactive power capability* varies as a function of *active power* output due to a design characteristic of the *plant*.
- (d) If the *generating system* is not capable of the level of performance established under paragraph (c)(1) the *Generator*, depending on what is reasonable in the circumstances, must:
  - (1) pay compensation to the *Network Service Provider* for the provision of the deficit of *reactive power* (supply and absorption) from within the *network*;
  - (2) install additional equipment *connecting* at the *generating system's connection point* or another location, to provide the deficit of *reactive power* (supply and absorption), and such equipment is deemed to be part of the *generating system*;
  - (3) reach a commercial arrangement with a *Registered Participant* to provide the deficit of *reactive power* (supply and absorption); or
  - (4) if the inability to meet the performance level only occurs for particular operating conditions, agree to and document as part of the proposed *negotiated access standard*, operational arrangements by which the *plant* can achieve an agreed level of performance for those operating conditions.
- (e) The *Generator* may select one or more options referred to in paragraph (d).

### **General requirements**

- (f) An *access standard* must record the agreed value for *rated active power* and where relevant the method of determining the value.
- (g) An *access standard* for consumption of *energy* by a *generating system* when not supplying or absorbing *reactive power* under an *ancillary services agreement* is to be established under clause S5.3.5 as if the *Generator* were a *Market Customer*.

### **S5.2.5.2 Quality of electricity generated**

- (a) For the purpose of this clause S5.2.5.2 in respect of a *synchronous generating unit*, AS 1359.101 and IEC 60034-1 are *plant standards* for harmonic *voltage* distortion.

#### **Automatic access standard**

- (b) The *automatic access standard* is a *generating system* when generating and when not generating must not produce at any of its *connection points* for *generation*:
  - (1) *voltage* fluctuation greater than the limits allocated by the *Network Service Provider* under clause S5.1.5(a);
  - (2) harmonic *voltage* distortion greater than the emission limits specified by a *plant standard* under paragraph (a) or allocated by the *Network Service Provider* under clause S5.1.6(a); and
  - (3) *voltage* unbalance greater than the limits allocated by the *Network Service Provider* in accordance with clause S5.1.7(c).

#### **Minimum access standard**

- (c) The *minimum access standard* is a *generating system* when generating and when not generating must not produce at any of its *connection points* for *generation*:
  - (1) *voltage* fluctuations greater than limits determined under clause S5.1.5(b);
  - (2) harmonic *voltage* distortion more than the lesser of the emission limits determined by the relevant *Network Service Provider* under clause S5.1.6(b) and specified by a *plant standard* under paragraph (a); and
  - (3) *voltage* unbalance more than limits determined under clause S5.1.7(c).

#### **Negotiated access standard**

- (d) A *negotiated access standard* negotiated under this clause S5.2.5.2 must not prevent the *Network Service Provider* meeting the *system standards* or contractual obligations to existing *Network Users*.

### S5.2.5.3 Generating unit response to frequency disturbances

- (a) For the purposes of this clause S5.2.5.3:

**normal operating frequency band, operational frequency tolerance band, or extreme frequency excursion tolerance limits** are references to the widest range specified for those terms for any condition (including an “island” condition) in the *frequency operating standards* that apply to the *region* in which the *generating unit* is located.

**stabilisation time and recovery time** mean the longest times allowable for *system frequency* to remain outside the operational frequency tolerance band and the normal operating frequency band, respectively, for any condition (including an “island” condition) in the *frequency operating standards* that apply to the region in which the *generating unit* is located.

**transient frequency limit and transient frequency time** mean the values of 47.5 Hz and 9 seconds respectively, or such other values determined by the *Reliability Panel*.

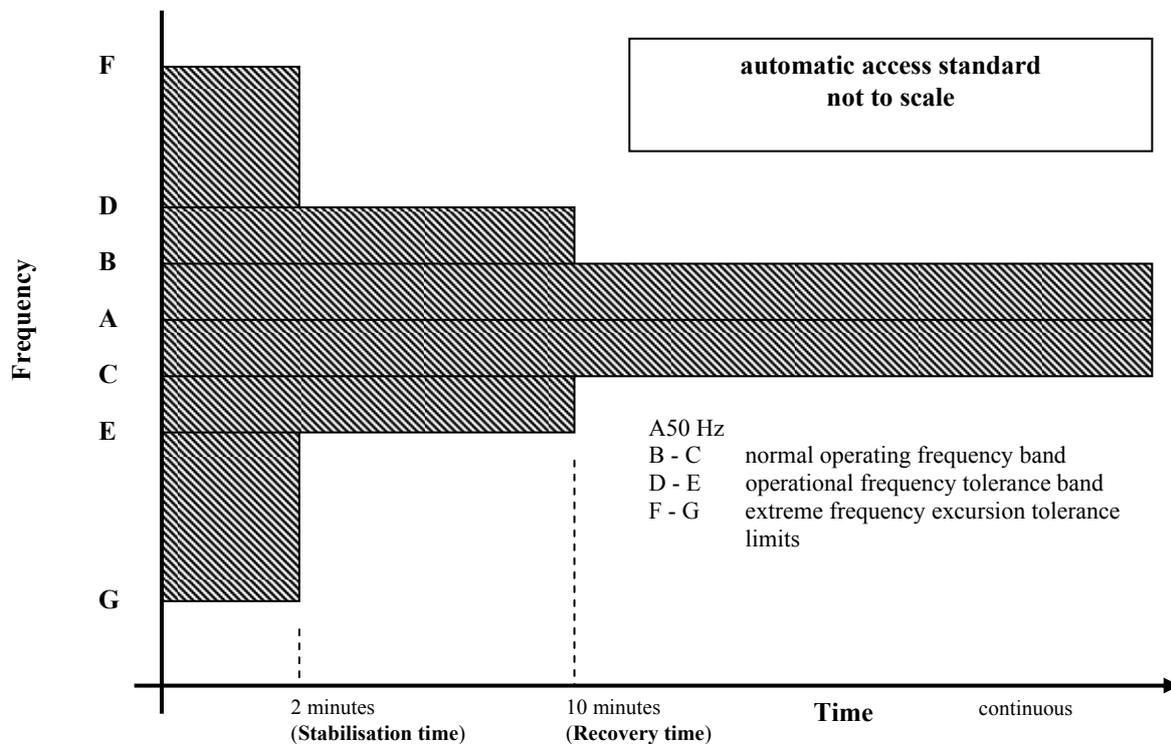
#### Automatic access standard

- (b) The *automatic access standard* is a *generating system* and each of its *generating units* must be capable of *continuous uninterrupted operation* for *frequencies* in the following ranges:
- (1) the lower bound of the extreme frequency excursion tolerance limits to the lower bound of the operational frequency tolerance band for at least the stabilisation time;
  - (2) the lower bound of the operational frequency tolerance band to the lower bound of the normal operating frequency band, for at least the recovery time including any time spent in the range under subparagraph (1);
  - (3) the normal operating frequency band for an indefinite period;
  - (4) the upper bound of the normal operating frequency band to the upper bound of the operational frequency tolerance band, for at least the recovery time including any time spent in the range under subparagraph (5); and

- (5) the upper bound of the operational frequency tolerance band to the upper bound of the extreme frequency excursion tolerance limits for at least the stabilisation time,

unless the rate of change of *frequency* is outside the range of  $-4$  Hz to  $4$  Hz per second for more than  $0.25$  seconds or such other range as determined by the *Reliability Panel* from time to time.

**Note:** The automatic access standard is illustrated in the following diagram. To the extent of any inconsistency between the diagram and paragraph (b), paragraph (b) prevails.



### Minimum access standard

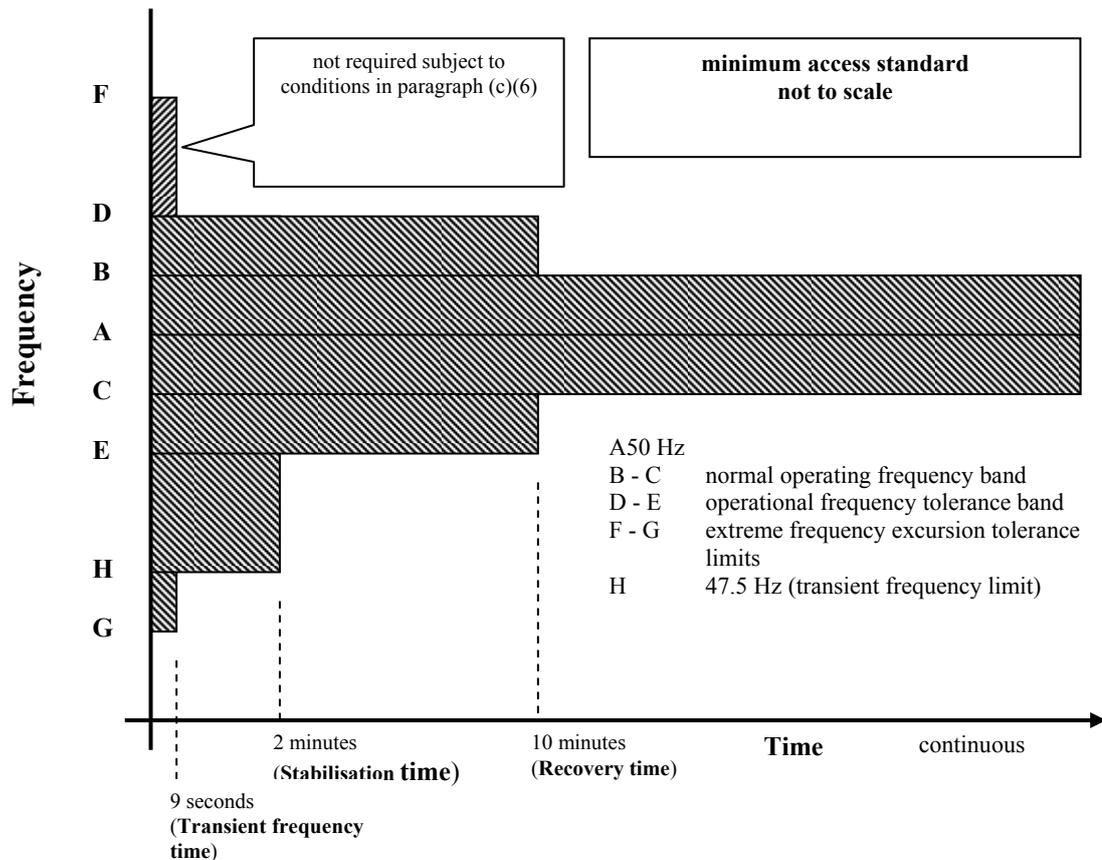
- (c) The *minimum access standard* is a *generating system* and each of its *generating units* must be capable of *continuous uninterrupted operation* for *frequencies* in the following ranges:
- (1) the lower bound of the extreme frequency excursion tolerance limits to the transient frequency limit for at least the transient frequency time;

- (2) the transient frequency limit to the lower bound of the operational frequency tolerance band for at least the stabilisation time;
- (3) the lower bound of the operational frequency tolerance band to the lower bound of the normal operating frequency band for at least the recovery time including any time spent in the ranges under subparagraphs (1) and (2);
- (4) the normal operating frequency band for an indefinite period;
- (5) the upper bound of the normal operating frequency band to the upper bound of the operational frequency tolerance band for at least the recovery time including any time spent in the ranges under subparagraph (6) unless the *generating system* has a *protection system* to trip a *generating unit* if the *frequency* exceeds a level agreed with *NEMMCO*; and
- (6) in respect of a *generating system*:
  - (i) of 30 MW or more; and
  - (ii) that does not have a *protection system* to trip the *generating unit* if the *frequency* exceeds a level agreed with *NEMMCO*,

the upper bound of the operational frequency tolerance band to the upper bound of the extreme frequency excursion tolerance limits (including an “island” condition) for at least the transient frequency time,

unless the rate of change of *frequency* is outside the range of -1 Hz to 1 Hz per second for more than one second or such other range as determined by the *Reliability Panel* from time to time.

**Note:** The minimum access standard is illustrated in the following diagram. To the extent of any inconsistency between the diagram and paragraph (c), paragraph (c) prevails.



### Negotiated access standard

- (d) A *negotiated access standard* can be accepted by the *Network Service Provider* provided that *NEMMCO* and the *Network Service Provider* agree that:
- (1) the *negotiated access standard* is as close as practicable to the *automatic access standard* while respecting the need to protect the *plant* from damage;
  - (2) the *frequency* would be unlikely to fall below the lower bound of the operational frequency tolerance band as a result of over-frequency tripping of *generating units*; and
  - (3) there would be no material adverse impact on quality of *supply* to other *Network Users* or *power system security*.
- (e) *NEMMCO* must advise on matters relating to *negotiated access standards* under this clause S5.2.5.3.

#### **S5.2.5.4 Generating system response to voltage disturbances**

##### **Automatic access standard**

- (a) The *automatic access standard* is a *generating system* and each of its *generating units* must be capable of *continuous uninterrupted operation* where a *power system* disturbance causes the *voltage* at the *connection point* to vary within the following ranges:
- (1) *voltages* over 110% for the durations permitted under clause S5.1a.4;
  - (2) 90% to 110% of *normal voltage* continuously;
  - (3) 80% to 90% of *normal voltage* for a period of at least 10 seconds; and
  - (4) 70% to 80% of *normal voltage* for a period of at least 2 seconds.

##### **Minimum access standard**

- (b) The *minimum access standard* is a *generating system* including all operating *generating units* must be capable of *continuous uninterrupted operation* where a *power system* disturbance causes the *voltage* at the *connection point* to vary in the range of 90% to 110% of *normal voltage*, provided that the ratio of *voltage* to *frequency* (as measured at the *connection point* and expressed as percentage of *normal voltage* and a percentage of 50 Hz) does not exceed:
- (1) a value of 1.15 for more than two minutes; or
  - (2) a value of 1.10 for more than 10 minutes.

##### **Negotiated access standard**

- (c) In negotiating a *negotiated access standard*, a *generating system* and each of its operating *generating units* must be capable of *continuous uninterrupted operation* for the range of *voltages* specified in the *automatic access standard* except where *NEMMCO* and the *Network Service Provider* agree that:
- (1) the *negotiated access standard* is as close as practicable to the *automatic access standard* while respecting the need to protect the *plant* from damage;
  - (2) the *generating plant* that would be tripped as a result of any *voltage* excursion within levels specified by the *automatic access standard*, is not more than 100 MW or a greater limit based on what *NEMMCO* and the *Network Service Provider* both consider to be reasonable in the circumstances; and

- (3) there would be no material adverse impact on the quality of *supply* to other *Network Users* or *power system security*.
- (d) In carrying out assessments of proposed *negotiated access standards* under this clause S5.2.5.4, *NEMMCO* and the *Network Service Provider* must at a minimum, take into account:
  - (1) the expected performance of existing *networks* and *considered projects*;
  - (2) the expected performance of existing *generating plant* and other relevant projects; and
  - (3) any corresponding *performance standard* (or where no *performance standard* has been registered, the *access standard*) that allows *generating plant* to trip for *voltage* excursions in ranges specified under the *automatic access standards*.
- (e) *NEMMCO* must advise on matters relating to *negotiated access standards* under this clause S5.2.5.4.

#### **General requirement**

- (f) The *access standard* must include any operational arrangements necessary to ensure the *generating system* and each of its *generating units* will meet its agreed performance levels under abnormal *network* or *generating system* conditions.

#### **S5.2.5.5 Generating system response to disturbances following contingency events**

- (a) In this clause S5.2.5.5 a fault includes:
  - (1) a fault of the relevant type having a metallic conducting path; and
  - (2) a fault of the relevant type resulting from reclosure onto a fault by the operation of *automatic reclose equipment*.

#### **Automatic access standard**

- (b) The *automatic access standard* is:
  - (1) a *generating system* and each of its *generating units* must remain in *continuous uninterrupted operation* for a disturbance caused by an event that is:
    - (i) a *credible contingency event* other than a fault referred to in subparagraph (iv);

- (ii) a three phase fault in a *transmission system* cleared by all relevant primary *protection systems*;
- (iii) a two phase to ground, phase to phase or phase to ground fault in a *transmission system* cleared in:
  - (A) the longest time expected to be taken for a relevant *breaker fail protection system* to clear the fault; or
  - (B) if a *protection system* referred to in subparagraph (A) is not installed, the greater of the time specified in column 4 of Table S5.1a.2 (or if none is specified, 430 milliseconds) and the longest time expected to be taken for all relevant primary *protection systems* to clear the fault; and
- (iv) a three phase, two phase to ground, phase to phase or phase to ground fault in a *distribution network* cleared in:
  - (A) the longest time expected to be taken for the *breaker fail protection system* to clear the fault; or
  - (B) if a *protection system* referred to in subparagraph (A) is not installed, the greater of 430 milliseconds and the longest time expected to be taken for all relevant primary *protection systems* to clear the fault,

provided that the event is not one that would *disconnect* the *generating unit* from the *power system* by removing *network elements* from service; and

- (2) subject to any changed *power system* conditions or energy source availability beyond the *Generator's* reasonable control, a *generating system* and each of its *generating units*, in respect of the types of fault described in subparagraphs (1)(ii) to (iv), must supply to or absorb from the *network*:
  - (i) to assist the maintenance of *power system voltages* during the application of the fault, capacitive reactive current of at least the greater of its pre-disturbance reactive current and 4% of the maximum continuous current of the *generating system* including all operating *generating units* (in the absence of a disturbance) for each 1% reduction (from its pre-fault level) of *connection point voltage* during the fault;
  - (ii) after *disconnection* of the faulted element, *reactive power* sufficient to ensure that the *connection point voltage* is within the range for *continuous uninterrupted operation* under clause S5.2.5.4; and

- (iii) from 100 milliseconds after *disconnection* of the faulted element, *active power* of at least 95% of the level existing just prior to the fault.

### **Minimum access standard**

(c) The *minimum access standard* is:

- (1) a *generating system* and each of its *generating units* must remain in *continuous uninterrupted operation* for the disturbance caused by an event that is:
  - (i) a *credible contingency event* other than a fault referred to in subparagraph (iii);
  - (ii) a single phase to ground, phase to phase or two phase to ground fault in a *transmission system* cleared in the longest time expected to be taken for all relevant primary *protection systems* to clear the fault unless *NEMMCO* and the *Network Service Provider* agree that:
    - (A) the total reduction of *generation* in the *power system* due to that fault would not exceed 100 MW;
    - (B) there is unlikely to be an adverse impact on quality of *supply* to other *Network Users*; and
    - (C) there is unlikely to be a material adverse impact on *power system security*; and
  - (iii) a single phase to ground, phase to phase or two phase to ground fault in a *distribution network*, cleared in the longest time expected to be taken for all relevant primary *protection systems* to clear the fault, unless *NEMMCO* and the *Network Service Provider* agree that:
    - (A) the total reduction of *generation* in the *power system* due to that fault would not exceed 100 MW;
    - (B) there is unlikely to be a material adverse impact on quality of *supply* to other *Network Users*; and
    - (C) there is unlikely to be a material adverse impact on *power system security*,

provided that the event is not one that would *disconnect* the *generating unit* from the *power system* by removing *network elements* from service; and

- (2) subject to any changed *power system* conditions or energy source availability beyond the *Generator's* reasonable control after *disconnection* of the faulted *element*, each *generating system* must, in respect of the types of fault described in subparagraphs (1)(ii) and (iii), deliver to the *network*, *active power* and supply or absorb leading or lagging *reactive power*, sufficient to ensure that the *connection point voltage* is within the range for *continuous uninterrupted operation* agreed under clause S5.2.5.4.

### **Negotiated access standard**

- (d) In carrying out assessments of proposed *negotiated access standards* under this clause S5.2.5.5, the *Network Service Provider* and *NEMMCO* must take into account, without limitation:
  - (1) the expected performance of:
    - (i) existing *networks* and *considered projects*;
    - (ii) existing *generating plant* and other relevant projects; and
    - (iii) *control systems* and *protection systems*, including auxiliary systems and *automatic reclose equipment*; and
  - (2) the expected range of *power system* operating conditions.
- (e) A proposed *negotiated access standard* may be accepted if the *connection* of the *plant* at the proposed access level would not cause other *generating plant* or *loads* to trip as a result of an event, when they would otherwise not have tripped for the same event.
- (f) *NEMMCO* must advise on matters relating to *negotiated access standards* under this clause S5.2.5.5.

### **General requirement**

- (g) The *access standard* must include any operational arrangements to ensure the *generating system* including all operating *generating units* will meet its agreed performance levels under abnormal *network* or *generating system* conditions.

## **S5.2.5.6 Quality of electricity generated and continuous uninterrupted operation**

### **Minimum access standard**

The *minimum access standard* is a *generating system* including each of its operating *generating units* and *reactive plant*, must not *disconnect* from the *power system* as a result of *voltage* fluctuation, harmonic *voltage* distortion and *voltage*

unbalance conditions at the *connection point* within the levels specified in clauses S5.1a.5, S5.1a.6 and S5.1a.7.

#### **S5.2.5.7 Partial load rejection**

- (a) For the purposes of this clause S5.2.5.7 **minimum load** means minimum *sent out generation* for continuous stable operation.
- (b) This clause S5.2.5.7 does not apply to an *asynchronous generating unit*.

##### **Automatic access standard**

- (c) The *automatic access standard* is a *generating unit* must be capable of *continuous uninterrupted operation* during and following a *power system load* reduction of 30% from its predisturbance level or equivalent impact from separation of part of the *power system* in less than 10 seconds, provided that the *loading level* remains above minimum load.

##### **Minimum access standard**

- (d) The *minimum access standard* is a *generating unit* must be capable of *continuous uninterrupted operation* during and following a *power system load* reduction of 5% or equivalent impact from separation of part of the *power system* in less than 10 seconds provided that the *loading level* remains above minimum load.

##### **Negotiated access standard**

- (e) If in accordance with clause 5.3.4A the *Generator* and the *Network Service Provider* determine a *negotiated access standard* is to apply, the *Network Service Provider* must consult *NEMMCO* to ensure that the *negotiated access standard* does not materially adversely affect *power system security*.
- (f) *NEMMCO* must advise on matters relating to *negotiated access standards* under this clause S5.2.5.7.

##### **General requirements**

- (g) The actual partial load rejection performance must be recorded in the *access standards*.

#### **S5.2.5.8 Protection of generating systems from power system disturbances**

##### **Minimum access standard**

- (a) The *minimum access standard* is:

- (1) subject to subparagraph (2) and paragraph (e), for a *generating system* or any of its *generating units* that is required by a *Generator* or *Network Service Provider* to be automatically *disconnected* from the *power system* in response to abnormal conditions arising from the *power system*, the relevant *protection system* or *control system* must not *disconnect* the *generating system* for:
  - (i) conditions for which it must remain in *continuous uninterrupted operation*; or
  - (ii) conditions it must withstand under the *Rules*; and
- (2) a *generating system* with a *nameplate rating* of 30MW or more, or *generating system* comprised of *generating units* with a combined *nameplate rating* of 30 MW or more, *connected* to a *transmission system* must have *facilities* to automatically and rapidly reduce its *generation*:
  - (i) by at least half, if the *frequency* at the *connection point* exceeds a level nominated by *NEMMCO* (not less than the upper limit of the *operational frequency tolerance band*) and the duration above this *frequency* exceeds a value nominated by *NEMMCO* where the reduction may be achieved:
    - (A) by reducing the output of the *generating system* within 3 seconds, and holding the output at the reduced level until the *frequency* returns to within the *normal operating frequency band*; or
    - (B) by disconnecting the *generating system* from the *power system* within 1 second; or
  - (ii) in proportion to the difference between the *frequency* at the *connection point* and a level nominated by *NEMMCO* (not less than the upper limit of the *operational frequency tolerance band*), such that the *generation* is reduced by at least half, within 3 seconds of the *frequency* reaching the upper limit of the *extreme frequency excursion tolerance limits*.

#### **Negotiated access standard**

- (b) *NEMMCO* must advise on matters relating to *negotiated access standards* under this clause S5.2.5.8.

#### **General requirements**

- (c) *NEMMCO* or the *Network Service Provider* may require that an *access standard* include a requirement for the *generating system* to be automatically *disconnected* by a local or remote control scheme whenever

the part of the *network* to which it is *connected* has been *disconnected* from the *national grid*, forming an island that *supplies* a *Customer*.

- (d) The *access standard* must include specification of conditions for which the *generating unit* or *generating system* must trip and must not trip.
- (e) Notwithstanding clauses S5.2.5.3, S5.2.5.4, S5.2.5.5, S5.2.5.6 and S5.2.5.7, a *generating system* may be automatically *disconnected* from the *power system* under any of the following conditions:
  - (1) in accordance with an *ancillary services agreement* between the *Generator* and *NEMMCO*;
  - (2) where a *load* that is not part of the *generating system* has the same *connection point* as the *generating system* and *NEMMCO* and the *Network Service Provider* agree that the *disconnection* would in effect be under-frequency *load shedding*;
  - (3) where the *generating system* is automatically *disconnected* under paragraph (a) or clause S5.2.5.9;
  - (4) where the *generating system* is automatically *disconnected* under clause S5.2.5.10 due to a failure of the *generating plant*; or
  - (5) in accordance with an agreement between the *Generator* and a *Network Service Provider* (including an agreement in relation to an emergency control scheme under clause S5.1.8) to provide a service that *NEMMCO* agrees is necessary to maintain or restore *power system security* in the event of a specified *contingency event*.
- (f) The *Network Service Provider* is not liable for any loss or damage incurred by the *Generator* or any other person as a consequence of a fault on either the *power system*, or within the *Generator's facility*.

### **S5.2.5.9 Protection systems that impact on power system security**

#### **Automatic access standard**

- (a) The *automatic access standard* is:
  - (1) subject to clauses S5.1.9(k) and S5.1.9(l), primary *protection systems* must be provided to *disconnect* from the *power system* any faulted element in a *generating system* and in protection zones that include the *connection point* within the applicable *fault clearance time* determined under clause S5.1.9(a)(1);
  - (2) each primary *protection system* must have sufficient redundancy to ensure that a faulted element within its protection zone is *disconnected*

from the *power system* within the applicable *fault clearance time* with any single protection element (including any communications *facility* upon which that *protection system* depends) out of service; and

- (3) *breaker fail protection systems* must be provided to clear faults that are not cleared by the circuit breakers controlled by the primary *protection system* within the applicable *fault clearance time* determined under clause S5.1.9(a)(1).
- (b) In relation to an *automatic access standard* under this clause S5.2.5.9, the *Generator* must provide redundancy in the primary *protection systems* under paragraph (a)(2) and provide *breaker fail protection systems* under paragraph (a)(3) if *NEMMCO* or the *Network Service Provider* consider that a lack of these *facilities* could result in:
- (1) a material adverse impact on *power system security* or quality of *supply* to other *Network Users*; or
  - (2) a reduction in *inter-regional* or *intra-regional power transfer capability*,

through any mechanism including:

- (3) consequential tripping of, or damage to, other *network* equipment or *facilities* of other *Network Users*, that would have a *power system security* impact; or
- (4) instability that would not be detected by other *protection systems* in the *network*.

#### **Minimum access standard**

- (c) The *minimum access standard* is:
- (1) subject to clauses S5.1.9(k) and S5.1.9(l), *protection systems* must be provided to *disconnect* from the *power system* any faulted element within a *generating system* and in protection zones that include the *connection point* within the applicable *fault clearance time* determined under clause S5.1.9(a)(2); and
  - (2) if a *fault clearance time* determined under clause S5.1.9(a)(2) for a protection zone is less than 10 seconds, a *breaker fail protection system* must be provided to clear from the *power system* any fault within that protection zone that is not cleared by the circuit breakers controlled by the primary *protection system* within the applicable *fault clearance time* determined under clause S5.1.9(a)(3).

#### **Negotiated access standard**

- (d) *NEMMCO* must advise on matters relating to *negotiated access standards* under this clause S5.2.5.9.

#### **General requirements**

- (e) The *Network Service Provider* and the *Generator* must cooperate in the design and implementation of *protection systems* to comply with this clause S5.2.5.9, including cooperation on:
  - (1) the use of *current transformer* and *voltage transformer* secondary circuits (or equivalent) of one party by the *protection system* of the other;
  - (2) tripping of one party's circuit breakers by a *protection system* of the other party; and
  - (3) co-ordination of *protection system* settings to ensure inter-operation.
- (f) The *protection system* design referred to in paragraphs (a) and (c) must:
  - (1) be coordinated with other *protection systems*;
  - (2) avoid consequential *disconnection* of other *Network Users' facilities*; and
  - (3) take into account existing obligations of the *Network Service Provider* under *connection agreements* with other *Network Users*.

#### **S5.2.5.10 Protection to trip plant for unstable operation**

##### **Automatic access standard**

- (a) The *automatic access standard* is:
  - (1) a *synchronous generating unit* must have a *protection system* to *disconnect* it promptly when a condition that would lead to pole slipping is detected in order to prevent pole slipping or other conditions where a *generating unit* causes *active power*, *reactive power* or *voltage* at the *connection point* to become unstable as assessed in accordance with the *power system* stability guidelines established under clause 4.3.4(h); and
  - (2) an *asynchronous generating unit* must have a *protection system* to *disconnect* it promptly for conditions where the *active power*, *reactive power* or *voltage* at the *connection point* becomes unstable as assessed in accordance with the guidelines for *power system* stability established under clause 4.3.4(h).

##### **Minimum access standard**

- (b) The *minimum access standard* is a *generating unit* must not cause a *voltage disturbance* at the *connection point* due to sustained unstable behaviour of more than the maximum level specified in Table 7 of *Australian Standard AS/NZS 61000.3.7:2001*.

**Negotiated access standard**

- (c) If the *Network Service Provider* and the *Generator* agree, a *protection system* may also trip any other part of the *generating system* in order to cease the instability.
- (d) Notwithstanding paragraph (c), a *protection system* must be provided in the *access standard* to trip the affected *generating unit* where:
- (1) the *Network Service Provider* considers it necessary to prevent consequential tripping of, or damage to, other *generating units*, *network equipment* or other *Network Users' facilities*, or
  - (2) *NEMMCO* considers it necessary to prevent unstable operation having an adverse impact on *power system security*.
- (e) *NEMMCO* must advise on matters relating to *negotiated access standards* under this clause S5.2.5.10

**S5.2.5.11 Frequency control**

- (a) For the purpose of this clause S5.2.5.11:

**maximum operating level** means in relation to:

- (1) a *non-scheduled generating unit*, the maximum *sent out generation* consistent with its *nameplate rating*;
- (2) a *scheduled generating unit* or *semi-scheduled generating unit*, the maximum *sent out generation* (but not emergency generation) consistent with its *registered bid and offer data*;
- (3) a *non-scheduled generating system*, the combined maximum *sent out generation* consistent with the *nameplate ratings* of its in-service *generating units*; and
- (4) a *scheduled generating system* or *semi-scheduled generating system*, the combined maximum *sent out generation* (but not emergency generation) of its in-service *generating units*, consistent with its *registered bid and offer data*.

**minimum operating level** means in relation to:

- (1) a *non-scheduled generating unit*, its minimum *sent out generation* for continuous stable operation;
- (2) a *scheduled generating unit* or *semi-scheduled generating unit*, its minimum *sent out generation* for continuous stable operation consistent with its *registered bid and offer data*;
- (3) a *non-scheduled generating system*, the combined *minimum operating level* of its in-service *generating units*; and
- (4) a *scheduled generating system* or *semi-scheduled generating system*, the combined minimum *sent out generation* of its in-service *generating units*, consistent with its *registered bid and offer data*.

**pre-disturbance level** means in relation to a *generating unit* and a *frequency disturbance*, the *generating unit's* level of output just before the *system frequency* first exceeds the upper or lower limit of the *normal operating frequency band* during the *frequency disturbance*.

**system frequency** means the *frequency* of the *transmission system* or *distribution system* to which the *generating unit* or *generating system* is *connected*.

#### **Automatic access standard**

- (b) The *automatic access standard* is:
  - (1) a *generating system's active power* transfer to the *power system* must not:
    - (i) increase in response to a rise in system frequency; or
    - (ii) decrease in response to a fall in system frequency;
  - (2) a *generating system* must be capable of automatically reducing its *active power* transfer to the *power system*:
    - (i) whenever the system frequency exceeds the upper limit of the *normal operating frequency band*;
    - (ii) by an amount that equals or exceeds the least of:
      - (A) 20% of its maximum operating level times the *frequency difference* between system frequency and the upper limit of the *normal operating frequency band*;
      - (B) 10% of its maximum operating level; and

- (C) the difference between the *generating unit's* pre-disturbance level and minimum operating level, but zero if the difference is negative; and
- (iii) sufficiently rapidly for the *Generator* to be in a position to offer measurable amounts of lower services to the *spot market* for *market ancillary services*; and
- (3) a *generating system* must be capable of automatically increasing its *active power* transfer to the *power system*:
  - (i) whenever the system frequency falls below the lower limit of the *normal operating frequency band*;
  - (ii) by the amount that equals or exceeds the least of:
    - (A) 20% of its maximum operating level times the percentage *frequency* difference between the lower limit of the *normal operating frequency band* and system frequency;
    - (B) 5% of its maximum operating level; and
    - (C) one third of the difference between the *generating unit's* maximum operating level and pre-disturbance level, but zero if the difference is negative; and
  - (iii) sufficiently rapidly for the *Generator* to be in a position to offer measurable amounts of raise services to the *spot market* for *market ancillary services*.

#### **Minimum access standard**

- (c) The *minimum access standard* is a *generating system* under relatively stable input energy, *active power* transfer to the *power system* must not:
  - (1) increase in response to a rise in system frequency; and
  - (2) decrease more than 2% per Hz in response to a fall in system frequency.

#### **Negotiated access standard**

- (d) A *Generator* proposing a *negotiated access standard* in respect of paragraph (c)(2) must demonstrate to *NEMMCO* that the proposed increase and decrease in *active power* transfer to the *power system* are as close as practicable to the *automatic access standard* for that *plant*.
- (e) The *negotiated access standard* must record the agreed values for maximum operating level and minimum operating level, and where relevant the

method of determining the values and the values for a *generating system* must take into account its in-service *generating units*.

- (f) *NEMMCO* must advise on matters relating to *negotiated access standards* under this clause S5.2.5.11.

#### **General requirements**

- (g) Each *control system* used to satisfy this clause S5.2.5.11 must be *adequately damped*.
- (h) The amount of a relevant *market ancillary service* for which the *plant* may be registered must not exceed the amount that would be consistent with the *performance standard* registered in respect of this requirement.

### **S5.2.5.12 Impact on network capability**

#### **Automatic access standard**

- (a) The *automatic access standard* is a *generating system* must have *plant capabilities* and *control systems* that are sufficient so that when *connected* it does not reduce any *inter-regional* or *intra-regional power transfer capability* below the level that would apply if the *generating system* were not *connected*.

#### **Minimum access standard**

- (b) The *minimum access standard* is a *generating system* must have *plant capabilities*, *control systems* and operational arrangements sufficient to ensure there is no reduction in:
  - (1) the ability to *supply Customer load* as a result of a reduction in *power transfer capability*; and
  - (2) *power transfer capabilities* into a region by more than the combined *sent out generation* of its *generating units*.

#### **Negotiated access standard**

- (c) In carrying out assessments of proposed *negotiated access standards* under this clause S5.2.5.12, the *Network Service Provider* and *NEMMCO* must take into account:
  - (1) the expected performance of:
    - (i) existing *networks* and *considered projects*;
    - (ii) existing *generating plant* and other relevant projects; and

- (iii) *control systems and protection systems, including automatic reclose equipment; and*
  - (2) the expected range of *power system* operating conditions.
- (d) The *negotiated access standard* must include:
  - (1) *control systems* to minimise any reduction in *power transfer capabilities; and*
  - (2) operational arrangements, including curtailment of the *generating system's* output if necessary to ensure that the *generating plant* is operated in a way that meets at least the *minimum access standard* under abnormal *network* and *generating system* conditions, so that *power system security* can be maintained.
- (e) A *negotiated access standard* under this clause S5.2.5.12 must detail the *plant capabilities, control systems* and operational arrangements that will be maintained by the *Generator*, notwithstanding that change to the *power system*, but not changes to the *generating system*, may reduce the efficacy of the *plant capabilities, control systems* and operational arrangements over time.
- (f) *NEMMCO* must advise on matters relating to *negotiated access standards* under this clause S5.2.5.12.

### **General requirement**

- (g) If a *Network Service Provider* considers that *power transfer capabilities* of its *network* would be increased through provision of additional *control system facilities* to a *generating system* (such as a *power system stabiliser*), the *Network Service Provider* and the *Generator* may negotiate for the provision of such additional *control system facilities* as a commercial arrangement.

### **S5.2.5.13 Voltage and reactive power control**

- (a) For the purpose of this clause S5.2.5.13:

**rise time** means in relation to a step response test or simulation of a *control system*, the time taken for an output quantity to rise from 10% to 90% of the maximum change induced in that quantity by a step change of an input quantity.

**settling time** means in relation to a step response test or simulation of a *control system*, the time measured from initiation of a step change in an input quantity to the time when the magnitude of error between the output quantity and its final settling value remains less than 10% of:

- (1) if the sustained change in the quantity is less than half of the maximum change in that output quantity, the maximum change induced in that output quantity; or
- (2) the sustained change induced in that output quantity.

**static excitation system** means in relation to a *synchronous generating unit*, an *excitation control system* that does not use rotating machinery to produce the field current.

### **Automatic access standard**

(b) The *automatic access standard* is:

- (1) a *generating system* must have *plant capabilities* and *control systems* sufficient to ensure that:
  - (i) *power system* oscillations, for the frequencies of oscillation of the *generating unit* against any other *generating unit*, are *adequately damped*;
  - (ii) operation of the *generating system* does not degrade the damping of any critical mode of oscillation of the *power system*; and
  - (iii) operation of the *generating system* does not cause instability (including hunting of *tap-changing transformer control systems*) that would adversely impact other *Registered Participants*;
- (2) a *control system* must have:
  - (i) for the purposes of disturbance monitoring and testing, permanently installed and operational, monitoring and recording *facilities* for key variables including each input and output; and
  - (ii) *facilities* for testing the *control system* sufficient to establish its dynamic operational characteristics;
- (3) a *synchronous generating system* must have an *excitation control system* that:
  - (i) regulates *voltage* at the *connection point* or another agreed location in the *power system* (including within the *generating system*) to within 0.5% of the setpoint;
  - (ii) is able to operate the stator continuously at 105% of *nominal voltage* with *rated active power* output;

- (iii) regulates *voltage* in a manner that helps to support *network voltages* during faults and does not prevent the *Network Service Provider* from achieving the requirements of clause S5.1a.3 and S5.1a.4;
- (iv) allows the *voltage* setpoint to be continuously controllable in the range of at least 95% to 105% of *normal voltage* at the *connection point* or the agreed location, without reliance on a *tap-changing transformer*;
- (v) has limiting devices to ensure that a *voltage* disturbance does not cause the *generating unit* to trip at the limits of its operating capability;
- (vi) has an excitation ceiling *voltage* of at least:
  - (A) for a static excitation system, 2.3 times; or
  - (B) for other *excitation control systems*, 1.5 times, the excitation required to achieve *generation* at the *nameplate rating* for rated *power factor*, rated speed and *nominal voltage*;
- (vii) has *settling times* for a step change of *voltage* setpoint or *voltage* at the location agreed under subparagraph (i) of:
  - (A) generated *voltage* less than 2.5 seconds for a 5% *voltage* disturbance with the *generating unit* not *synchronised*;
  - (B) *active power*, *reactive power* and *voltage* less than 5.0 seconds for a 5% *voltage* disturbance with the *generating unit* *synchronised*, from an operating point where the *voltage* disturbance would not cause any limiting device to operate; and
  - (C) in respect of each limiting device, *active power*, *reactive power* and *voltage* less than 7.5 seconds for a 5% *voltage* disturbance with the *generating unit* *synchronised*, when operating into a limiting device from an operating point where a *voltage* disturbance of 2.5% would just cause the limiting device to operate;
- (viii) is able to increase field *voltage* from rated field *voltage* to the excitation ceiling *voltage* in less than:
  - (A) 0.05 second for a static excitation system; or
  - (B) 0.5 second for other *excitation control systems*;

- (ix) has a *power system* stabiliser with sufficient flexibility to enable damping performance to be maximised, with characteristics as described in paragraph (c); and
  - (x) has reactive current compensation settable for boost or droop; and
- (4) a *generating system*, other than one comprised of *synchronous generating units*, must have a *voltage control system* that:
- (i) regulates *voltage* at the *connection point* or an agreed location in the *power system* (including within the *generating system*) to within 0.5% of its setpoint;
  - (ii) regulates *voltage* in a manner that helps to support *network voltages* during faults and does not prevent the *Network Service Provider* from achieving the requirements of clauses S5.1a.3 and S5.1a.4;
  - (iii) allows the *voltage* setpoint to be continuously controllable in the range of at least 95% to 105% of *normal voltage* at the *connection point* or agreed location in the *power system*, without reliance on a *tap changing transformer*;
  - (iv) has limiting devices to ensure that a *voltage* disturbance does not cause the *generating unit* to trip at the limits of its operating capability;
  - (v) with the *generating system connected* to the *power system*, has *settling times* for *active power*, *reactive power* and *voltage* due to a step change of *voltage* setpoint or *voltage* at the location agreed under clause subparagraph (i), of less than:
    - (A) 5.0 seconds for a 5% *voltage* disturbance with the *generating system connected* to the *power system*, from an operating point where the *voltage* disturbance would not cause any limiting device to operate; and
    - (B) 7.5 seconds for a 5% *voltage* disturbance with the *generating system connected* to the *power system*, when operating into any limiting device from an operating point where a *voltage* disturbance of 2.5% would just cause the limiting device to operate;
  - (vi) has *reactive power* rise time, for a 5% step change in the *voltage* setpoint, of less than 2 seconds;

- (vii) has a *power system* stabiliser with sufficient flexibility to enable damping performance to be maximised, with characteristics as described in paragraph (c); and
  - (viii) has reactive current compensation.
- (c) A *power system* stabiliser provided under paragraph (b) must have:
- (1) for a *synchronous generating unit*, measurements of rotor speed and *active power* output of the *generating unit* as inputs, and otherwise, measurements of *power system frequency* and *active power* output of the *generating unit* as inputs;
  - (2) two washout filters for each input, with ability to bypass one of them if necessary;
  - (3) sufficient (and not less than two) lead-lag transfer function blocks (or equivalent number of complex poles and zeros) with adjustable gain and time-constants, to compensate fully for the phase lags due to the *generating plant*;
  - (4) an output limiter, which for a *synchronous generating unit* is continually adjustable over the range of  $-10\%$  to  $+10\%$  of stator *voltage*;
  - (5) monitoring and recording *facilities* for key variables including inputs, output and the inputs to the lead-lag transfer function blocks; and
  - (6) *facilities* to permit testing of the *power system* stabiliser in isolation from the *power system* by injection of test signals, sufficient to establish the transfer function of the *power system* stabiliser.

#### **Minimum access standard**

- (d) The *minimum access standard* is:
- (1) a *generating system* must have *plant* capabilities and *control systems*, including, if appropriate, a *power system* stabiliser, sufficient to ensure that:
    - (i) *power system* oscillations, for the frequencies of oscillation of the *generating unit* against any other *generating unit*, are *adequately damped*;
    - (ii) operation of the *generating unit* does not degrade:
      - (A) any mode of oscillation that is within 0.3 nepers per second of being unstable, by more than 0.01 nepers per second; and

- (B) any other mode of oscillation to within 0.29 nepers per second of being unstable; and
- (iii) operation of the *generating unit* does not cause instability (including hunting of *tap-changing transformer control systems*) that would adversely impact other *Registered Participants*;
- (2) a *generating system* comprised of *generating units* with a combined *nameplate rating* of 30 MW or more must have *facilities* for testing its *control systems* sufficient to establish their dynamic operational characteristics;
- (3) a *generating unit* or *generating system* must have *facilities*:
  - (i) where the *connection point nominal voltage* is 100 kV or more, to regulate *voltage* in a manner that does not prevent the *Network Service Provider* from achieving the requirements of clauses S5.1a.3 and S5.1a.4; or
  - (ii) where the *connection point nominal voltage* is less than 100 kV, to regulate *voltage* or *reactive power* or *power factor* in a manner that does not prevent the *Network Service Provider* from achieving the requirements of clauses S5.1a.3 and S5.1a.4, and sufficient to achieve the performance agreed in respect of clauses S5.2.5.1, S5.2.5.2, S5.2.5.3, S5.2.5.4, S5.2.5.5, S5.2.5.6 and S5.2.5.12;
- (4) a *synchronous generating unit*, that is part of a *generating system* comprised of *generating units* with a combined *nameplate rating* of 30 MW or more, must have an *excitation control system* that:
  - (i) regulates *voltage*, *power factor* or *reactive power* as agreed with the *Network Service Provider* and *NEMMCO*;
  - (ii) has excitation ceiling *voltage* of at least 1.5 times the excitation required to achieve *generation* at the *nameplate rating* for rated *power factor*, rated speed and *nominal voltage*;
  - (iii) subject to co-ordination under paragraph (i), has a *settling time* of less than 5.0 seconds for a 5% *voltage* disturbance with the *generating unit* synchronised, from an operating point where such a *voltage* disturbance would not cause any limiting device to operate; and
  - (iv) has over and under excitation limiting devices sufficient to ensure that a *voltage* disturbance does not cause the *generating unit* to trip at the limits of its operating capability; and

- (5) a *generating system* comprised of *generating units* with a combined *nameplate rating* of 30 MW or more and which are *asynchronous generating units*, must have a *control system* that:
- (i) regulates *voltage, power factor* or *reactive power* as agreed with the *Network Service Provider* and *NEMMCO*;
  - (ii) subject to co-ordination under subparagraph (i), has a settling time less than 7.5 seconds for a 5% *voltage* disturbance with the *generating unit* electrically connected to the *power system* from an operating point where such a *voltage* disturbance would not cause any limiting device to operate; and
  - (iii) has limiting devices to ensure that a *voltage* disturbance would not cause the *generating unit* to trip at the limits of its operating capability.

#### **Negotiated access standard**

- (e) If a *generating system* cannot meet the *automatic access standard*, the *Generator* must demonstrate to the *Network Service Provider* why that standard could not be reasonably achieved and propose a *negotiated access standard*.
- (f) The *negotiated access standard* proposed by the *Generator* under paragraph (e) must be the highest level that the *generating system* can reasonably achieve, including by installation of additional dynamic *reactive power* equipment, and through optimising its *control systems*.
- (g) *NEMMCO* must advise on matters relating to *negotiated access standards* under this clause S5.2.5.13.

#### **General requirements**

- (h) A limiting device provided under paragraphs (b) and (c) must:
  - (1) not detract from the performance of any *power system* stabiliser; and
  - (2) be co-ordinated with all *protection systems*.
- (i) The *Network Service Provider* may require that the design and operation of the *control systems* of a *generating unit* or *generating system* be coordinated with the existing *voltage control systems* of the *Network Service Provider* and of other *Network Users*, in order to avoid or manage interactions that would adversely impact on the *Network Service Provider* and other *Network Users*.
- (j) Any requirements imposed by the *Network Service Provider* under paragraph (i) must be recorded in the *access standard*.

- (k) The assessment of impact of the *generating units* on *power system* stability and damping of *power system* oscillations shall be in accordance with the guidelines for *power system* stability established under clause 4.3.4(h).

#### **S5.2.5.14 Active power control**

- (a) The *automatic access standard* is a *generating system* comprised of *generating units* with a combined *nameplate rating* of 30 MW or more must have an *active power control system* capable of:
  - (1) for a *scheduled generating unit* or a *scheduled generating system*:
    - (i) maintaining and changing its *active power* output in accordance with its *dispatch instructions*; and
    - (ii) ramping its *active power* output linearly from one level of *dispatch* to another;
  - (2) subject to energy source availability, for a *non-scheduled generating unit* or *non-scheduled generating system*:
    - (i) automatically reducing or increasing its *active power* output within 5 minutes, at a constant rate, to or below the level specified in an instruction electronically issued by a *control centre*, subject to subparagraph (iii);
    - (ii) automatically limiting its *active power* output, to below the level specified in subparagraph (i); and
    - (iii) not changing its *active power* output within 5 minutes by more than the raise and lower amounts specified in an instruction electronically issued by a *control centre*; and
  - (3) subject to energy source availability, for a *semi-scheduled generating unit* or a *semi-scheduled generating system*:
    - (i) automatically reducing or increasing its *active power* output within 5 minutes at a constant rate, to or below the level specified in an instruction electronically issued by a *control centre*;
    - (ii) automatically limiting its *active power* output, to or below the level specified in subparagraph (i);
    - (iii) not changing its *active power* output within 5 minutes by more than the raise and lower amounts specified in an instruction electronically issued by a *control centre*; and

- (iv) ramping its *active power* output linearly from one level of *dispatch* to another.

#### **Minimum access standard**

- (b) The *minimum access standard* is a *generating system* comprised of *generating units* with a combined *nameplate rating* of 30 MW or more must have an *active power control system* capable of:
  - (1) for a *scheduled generating unit* or a *scheduled generating system*, maintaining and changing its *active power* output in accordance with its *dispatch instructions*;
  - (2) for a *non-scheduled generating system*:
    - (i) reducing its *active power* output, within 5 minutes, to or below the level required to manage *network* flows that is specified in a verbal instruction issued by the *control centre*;
    - (ii) limiting its *active power* output, to or below the level specified in subparagraph (i);
    - (iii) subject to energy source availability, ensuring that the change of *active power* output in a 5 minute period does not exceed a value specified in a verbal instruction issued by the *control centre*; and
    - (iv) being upgraded to receive electronic instructions from the *control centre* and fully implement them within 5 minutes; and
  - (3) for a *semi-scheduled generating unit* or a *semi-scheduled generating system*, maintaining and changing its *active power* output in accordance with its *dispatch instructions*.

#### **Negotiated access standard**

- (c) A *negotiated access standard* may provide that if the number or frequency of verbal instructions becomes difficult for a *control centre* to manage, *NEMMCO* may require the *Generator* to upgrade its *facilities* to receive electronic instructions and fully implement them within 5 minutes.
- (d) The *negotiated access standard* must document to *NEMMCO*'s satisfaction any operational arrangements necessary to manage *network* flows that may include a requirement for the *generating system* to be operated in a manner that prevents its output changing within 5 minutes by more than an amount specified by a *control centre*.
- (e) *NEMMCO* must advise on matters relating to *negotiated access standards* under this clause S5.2.5.14.

### General requirements

- (f) Each *control system* used to satisfy the requirements of paragraphs (a) and (b) must be *adequately damped*.

## S5.2.6 Monitoring and control requirements

### S5.2.6.1 Remote Monitoring

#### Automatic access standard

- (a) The *automatic access standard* is a:

- (1) *scheduled generating unit*;
- (2) *scheduled generating system*;
- (3) *non-scheduled generating unit* with a *nameplate rating* of 30 MW or more;
- (4) *non-scheduled generating system* with a combined *nameplate rating* of 30 MW or more;
- (5) *semi-scheduled generating unit*; or
- (6) *semi-scheduled generating system*,

must have *remote monitoring equipment* to transmit to *NEMMCO's control centres* in real time in accordance with rule 4.11 the quantities that *NEMMCO* reasonably requires to discharge its *market and power system security* functions set out in Chapters 3 and 4.

- (b) The quantities referred to under paragraph (a) that *NEMMCO* may request include:
  - (1) in respect of a *generating unit* with a *nameplate rating* of 30 MW or more:
    - (i) *current, voltage, active power and reactive power* in respect of *generating unit* stators or power conversion systems (as applicable);
    - (ii) the status of all switching devices that carry the *generation*; and
    - (iii) *tap-changing transformer* tap position;
  - (2) in respect of a *generating system* that includes a *generating unit* with a *nameplate rating* of less than 30 MW:

- (i) its connected status, *tap-changing transformer* tap position and *voltages*;
  - (ii) *active power* and *reactive power* aggregated for groups of identical *generating units*;
  - (iii) either the number of identical *generating units* operating or the operating status of each non-identical *generating unit*; and
  - (iv) *active power* and *reactive power* for the *generating system*;
- (3) in respect of an auxiliary supply system with a capacity of 30 MW or more associated with a *generating unit* or *generating system*, *active power* and *reactive power*;
  - (4) in respect of *reactive power* equipment that is part of a *generating system* but not part of a particular *generating unit*, its *reactive power*;
  - (5) in respect of a wind farm type of *generating system*:
    - (i) wind speed;
    - (ii) wind direction;
    - (iii) ambient temperature; and
  - (6) any other quantity that *NEMMCO* reasonably requires to discharge its *market* and *power system security* functions as set out in Chapters 3 and 4.

#### **Minimum access standard**

- (c) The *minimum access standard* is a:
  - (1) *scheduled generating unit*;
  - (2) *scheduled generating system*;
  - (3) *non-scheduled generating system* with a combined *nameplate rating* of 30 MW or more;
  - (4) *semi-scheduled generating unit*; or
  - (5) *semi-scheduled generating system*,must have *remote monitoring equipment* to transmit to *NEMMCO's control centres* in real time:
  - (6) the *active power* output of the *generating unit* or *generating system* (as applicable);

- (7) if *connected to a transmission system*, the *reactive power output of the generating unit or generating system* (as applicable); and
- (8) if a wind farm type of *generating system*:
  - (i) number of units operating;
  - (ii) wind speed; and
  - (iii) wind direction,

in accordance with rule 4.11.

#### **Negotiated access standard**

- (d) *NEMMCO* may advise on matters relating to *negotiated access standards* under this clause S5.2.6.1.

### **S5.2.6.2 Communications equipment**

#### **Automatic access standard**

- (a) The *automatic access standard* is a *Generator* must:
  - (1) provide and maintain two separate telephone *facilities* using independent telecommunications service providers, for the purposes of operational communications between the *Generator's* responsible operator under clause 4.11.3(a) and *NEMMCO's control centre*; and
  - (2) provide electricity supplies for *remote monitoring equipment* and *remote control equipment* installed in relation to its *generating system* capable of keeping such equipment available for at least 3 hours following total loss of *supply* at the *connection point* for the relevant *generating unit*.

#### **Minimum access standard**

- (b) The *minimum access standard* is a *Generator* must:
  - (1) provide and maintain a telephone facility for the purposes of operational communications between the *Generator's* responsible operator under clause 4.11.3(a) and *NEMMCO's control centre*; and
  - (2) provide electricity supplies for *remote monitoring equipment* and *remote control equipment* installed in relation to its *generating system* capable of keeping such equipment available for at least 1 hour following total loss of *supply* at the *connection point* for the relevant *generating unit*.

### **Negotiated access standard**

- (c) A *negotiated access standard* must include, where the *Network Service Provider* or *NEMMCO* reasonably require, a back-up telephone facility be independent of commercial telephone service providers, and the *Network Service Provider* must provide and maintain the separate facility on a cost-recovery basis only through the charge for *connection*.
- (d) A *negotiated access standard* must include that a *Generator* must provide communications paths (with appropriate redundancy) from the *remote monitoring equipment* or *remote control equipment* installed for each of its *generating systems* as appropriate, to a communications interface in a location reasonably acceptable to the *Network Service Provider* at the relevant *generation* facility.
- (e) Communications systems between the communications interface under paragraph (d) and the *control centre* must be the responsibility of the *Network Service Provider* unless otherwise agreed by the *Generator* and the *Network Service Provider*.
- (f) A *negotiated access standard* must include that the *Generator* provide accommodation and secure power supplies for communications *facilities* provided by the *Network Service Provider* under this clause S5.2.6.2.
- (g) *NEMMCO* may advise on matters relating to *negotiated access standards* under this clause S5.2.6.2.

### **S5.2.7 Power station auxiliary supplies**

In cases where a *generating system* takes its auxiliary supplies via a *connection point* through which its *generation* is not transferred to the *network*, the *access standards* must be established under clause S5.3.5 as if the *Generator* were a *Market Customer*.

### **S5.2.8 Fault current**

#### **Automatic access standard**

- (a) The *automatic access standard* is:
  - (1) the contribution of the *generating system* to the fault current on the *connecting network* through its *connection point* must not exceed the contribution level that will ensure that the total fault current can be safely interrupted by the circuit breakers of the *connecting network* and safely carried by the *connecting network* for the duration of the applicable *breaker fail protection system fault clearance times*, as specified for the relevant *connection point* by the *Network Service Provider*;

- (2) a *generating system's connected plant* must be capable of withstanding fault current through the *connection point* up to the higher of:
  - (i) the level specified in clause S5.2.4(e1)(1) ; and
  - (ii) the highest level of current at the *connection point* that can be safely interrupted by the circuit breakers of the *connecting network* and safely carried by the *connecting network* for the duration of the applicable *breaker fail protection system fault clearance times*, as specified by the *Network Service Provider*; and
- (3) a circuit breaker provided to isolate a *generating unit* or *generating system* from the *network* must be capable of breaking, without damage or restrike, the maximum fault currents that could reasonably be expected to flow through the circuit breaker for any fault in the *network* or in the *generating unit* or *generating system*, as specified in the *connection agreement*.

#### **Minimum access standard**

- (b) The *minimum access standard* is:
  - (1) the *generating system* does not need to limit fault current contribution;
  - (2) a *generating system's connected plant* must be capable of withstanding fault current through the *connection point* up to the level specified in clause S5.2.4(e1)(1) ; and
  - (3) a circuit breaker provided to isolate a *generating unit* or *generating system* from the *network* must be capable of breaking, without damage or restrike, the maximum fault currents that could reasonably be expected to flow through the circuit breaker for any fault in the *network* or in the *generating unit* or *generating system*, as specified in the *connection agreement*.

#### **Negotiated access standard**

- (c) In negotiating a *negotiated access standard*, the *Network Service Provider* must consider alternative *network* configurations in the determination of the applicable fault current level and must prefer those options that maintain an equivalent level of service to other *Network Users* and which, in the opinion of the *Generator*, impose the least obligation on the *Generator*.
- (d) In carrying out assessments of proposed *negotiated access standards* under this clause S5.2.8, the *Network Service Provider* must take into account, without limitation:

- (1) the expected performance of existing *networks* and *considered projects*;
- (2) the expected performance of existing *generating plant* and other relevant projects; and
- (3) the expected range of *power system* operating conditions.

## Schedule 5.3 - Conditions for Connection of Customers

### S5.3.1a Introduction to the schedule

- (a) This schedule applies to the following classes of *Network User*:
  - (1) a *First-Tier Customer* in respect of its *first-tier load*;
  - (2) a *Second-Tier Customer* in respect of its *second-tier load*;
  - (3) a *Market Customer* in respect of its *market load*;
  - (4) a *Non-Registered Customer* in respect of *supply* it takes from a *network*; and
  - (5) a *Distribution Network Service Provider* in respect of its *distribution network*.
- (b) For the purposes of this schedule 5.3 the term “*Network Service Provider*” must be interpreted to mean the *Network Service Provider* with whom the *Connection Applicant* has sought, or is seeking, a *connection* in accordance with clause 5.3.2 of the *Rules*.
- (c) All *Network Users* must comply with the requirements for the establishment of *performance standards* in accordance with provisions contained in schedule 5.1a for *system standards* or schedule 5.1 for *Network Service Providers* and this schedule 5.3 for *Customers*.
- (d) If the *Connection Applicant* is a *Registered Participant* in relation to the proposed *connection*, the *Network Service Provider* may include as terms and conditions of the *connection agreement* any provision of this schedule that is expressed as an obligation on a *Network User*. If the *Connection Applicant* is not a *Registered Participant* in relation to the proposed *connection*, the *Network Service Provider* must include as terms and conditions of the *connection agreement*:
  - (1) each provision of this schedule that is expressed as an obligation on a *Network User*; and
  - (2) each agreed *performance standard* and an obligation to comply with it.
- (e) The purpose of this schedule is to:
  - (1) describe the information that must be exchanged for the *connection enquiry* and *application to connect* processes described in rule 5.3 of the *Rules*;

- (2) establish the *automatic access standards* and *minimum access standards* that will apply to the process of negotiating access standards under clause 5.3.4A of the *Rules*; and
- (3) establish obligations to apply prudent design standards for the *plant* to be *connected*.

### **S5.3.1 Information**

- (a) Before a *Network User* connects any new or additional equipment to a *network*, the *Network User* must submit the following kinds of information to the *Network Service Provider*:
  - (1) a single line diagram with the protection details;
  - (2) *metering system* design details for any metering equipment being provided by the *Network User*;
  - (3) a general arrangement locating all the equipment on the site;
  - (4) a general arrangement for each new or altered *substation* showing all exits and the position of all electrical equipment;
  - (5) type test certificates for all new switchgear and *transformers*, including measurement *transformers* to be used for *metering* purposes in accordance with Chapter 7 of the *Rules*;
  - (6) earthing details;
  - (7) the proposed methods of earthing cables and other equipment to comply with the regulations of the relevant *participating jurisdiction*;
  - (8) *plant* and earth grid test certificates from approved test authorities;
  - (9) a secondary injection and trip test certificate on all circuit breakers;
  - (10) certification that all new equipment has been inspected before being *connected* to the *supply*; and
  - (11) operational arrangements.
- (b) For the purposes of clause 5.3.2(f) of the *Rules*, the technical information that a *Network Service Provider* must, if requested, provide to a *Connection Applicant* in respect of the proposed *connection* includes:
  - (1) the highest expected single phase and three phase fault levels at the *connection point* without the proposed *connection*;

- (2) the clearing times of the existing *protection systems* that would clear a fault at the location at which the new *connection* would be connected into the existing *transmission system* or *distribution system*;
- (3) the expected limits of *voltage* fluctuation, harmonic *voltage* distortion and *voltage* unbalance at the *connection point* without the proposed *connection*;
- (4) technical information relevant to the *connection point* without the proposed *connection* including equivalent source impedance information, sufficient to estimate fault levels, *voltage* fluctuations, harmonic *voltage* distortion and *voltage* unbalance; and
- (5) any other information or data not being *confidential information* relating to the performance of the *Network Service Provider's facilities* that is reasonably necessary for the *Connection Applicant* to prepare an *application to connect*;

except where the *Connection Applicant* agrees the *Network Service Provider* may provide alternative or less detailed technical information in satisfaction of this clause S5.3.1.(b).

### **S5.3.2 Design standards**

A *Network User* must ensure that:

- (a) the electrical *plant* in its *facility* complies with the relevant *Australian Standards* as applicable at the time of first installation of that electrical *plant* in the *facility*;
- (b) circuit breakers provided to isolate the *Network User's facilities* from the *Network Service Provider's facilities* are capable of breaking, without damage or restrike, fault currents nominated by the *Network Service Provider* in the relevant *connection agreement*; and
- (c) new equipment including circuit breakers provided to isolate the *Network User's facilities* from the *Network Service Provider's facilities* is capable of withstanding, without damage, power *frequency voltages* and impulse levels nominated by the *Network Service Provider* to apply at the *connection point* in accordance with the relevant provisions of the *system standards* and recorded in the relevant *connection agreement*.

### **S5.3.3 Protection systems and settings**

A *Network User* must ensure that all *connections* to the *network* are protected by protection devices which effectively and safely *disconnect* any faulty circuit automatically within a time period specified by the *Network Service Provider* in accordance with the following provisions:

- (a) The *automatic access standard* is:
- (1) Primary *protection systems* must be provided to *disconnect* any faulted element from the *power system* within the applicable *fault clearance time* determined under clause S5.1.9(a)(1), but subject to clauses S5.1.9(k) and S5.1.9(l).
  - (2) Each primary *protection system* must have sufficient redundancy to ensure that a faulted element within its protection zone is *disconnected* from the *power system* within the applicable *fault clearance time* with any single protection element (including any communications facility upon which that *protection system* depends) out of service.
  - (3) *Breaker fail protection systems* must be provided to clear faults that are not cleared by the circuit breakers controlled by the primary *protection system*, within the applicable *fault clearance time* determined under clause S5.1.9(a)(1).
- (b) The *minimum access standard* is:
- (1) Primary *protection systems* must be provided to *disconnect* from the *power system* any faulted element within their respective protection zones within the applicable *fault clearance time* determined under clause S5.1.9(a)(2), but subject to clauses S5.1.9(k) and S5.1.9(l).
  - (2) If a *fault clearance time* determined under clause S5.1.9(a)(2) for a protection zone is less than 10 seconds, a *breaker fail protection system* must be provided to clear from the *power system* any fault within that protection zone that is not cleared by the circuit breakers controlled by the primary *protection system*, within the applicable *fault clearance time* determined under clause S5.1.9(a)(3).
- (c) The *Network Service Provider* and the *Network User* must cooperate in the design and implementation of *protection systems* to comply with this clause, including cooperation with regard to:
- (1) the use of *current transformer* and *voltage transformer* secondary circuits (or equivalent) of one party by the *protection system* of the other;
  - (2) tripping of one party's circuit breakers by a *protection system* of the other party; and
  - (3) co-ordination of *protection system* settings to ensure inter-operation.

Before the *Network User's* installation is *connected* to the *Network Service Provider's* transmission or distribution system the *Network User's* protection system must be tested and the *Network User* must submit the appropriate test certificate to the *Network Service Provider*.

The application of settings of the protection scheme must be undertaken in accordance with clause S5.3.4.

#### **S5.3.4 Settings of protection and control systems**

A *Network User* must only apply settings to a *control system* or a *protection system* that are necessary to comply with performance requirements of this schedule 5.3 if the settings have been approved in writing by the *Network Service Provider* and, if the requirement is one that would involve *NEMMCO* under clause 5.3.4A(c) of the *Rules*, also by *NEMMCO*. A *Network User* must not allow its *plant* to take *supply* of electricity from the *power system* without such prior approval.

If a *Network User* seeks approval from the *Network Service Provider* to apply or change a setting, approval must not be withheld unless the *Network Service Provider* or, if the requirement is one that would involve *NEMMCO* under clause 5.3.4A(c) of the *Rules*, *NEMMCO*, reasonably determines that the changed setting would cause the *plant* to not comply with the relevant *performance standard* or cause an *inter-regional* or *intra-regional power transfer capability* to be reduced.

If the *Network Service Provider* or, if the requirement is one that would involve *NEMMCO* under clause 5.3.4A(c) of the *Rules*, *NEMMCO*, reasonably determines that a setting of a *control system* or *protection system* of the *plant* needs to change to comply with the relevant *performance standard* or to maintain or restore an *inter-regional* or *intra-regional power transfer capability*, the *Network Service Provider* or *NEMMCO* (as applicable) must consult with the *Network User*, and the *Network Service Provider* may request in writing that a setting be applied in accordance with the determination.

The *Network Service Provider* may also request a test to verify the performance of the relevant *plant* with the new setting.

A *Network User* who receives such a request must arrange for the notified setting to be applied as requested and for a test to be conducted as requested. After the test, the *Network User* must, on request, provide both *NEMMCO* and the *Network Service Provider* with a report of a requested test, including evidence of its success or failure. Such a report of a test is *confidential information*.

A *Network User* must not change a setting requested by the *Network Service Provider* without its prior written agreement. If the *Network Service Provider* requires a *Network User* to change a setting within 18 months of a previous request, the *Network Service Provider* must pay the *Network User* its reasonable costs of changing the setting and conducting the tests as requested.

### S5.3.5 Power factor requirements

*Automatic access standard:* For loads equal to or greater than 30 percent of the maximum demand at the connection point the power factors for Network Users and for distribution networks connected to another transmission network or distribution network are shown in Table S5.3.1:

**Table S5.3.1**

Permissible Range	
Supply Voltage (nominal)	Power Factor Range
> 400 kV	0.98 lagging to unity
250 kV - 400 kV	0.96 lagging to unity
50 kV - 250 kV	0.95 lagging to unity
1 kV < 50 kV	0.90 lagging to 0.90 leading

For load less than 30 percent of the maximum demand at the connection point a Network Service Provider may accept a power factor outside the range stipulated in Table S5.3.1 provided this does not cause the system standards to be violated.

*Minimum access standard:* A Network Service Provider may permit a lower lagging or leading power factor where the Network Service Provider is advised by NEMMCO that this will not detrimentally affect power system security or reduce intra-regional or inter-regional power transfer capability.

General:

If the power factor falls outside the relevant performance standard over any critical loading period nominated by the Network Service Provider, the Network User must, where required by the Network Service Provider in order to maintain satisfactory voltage levels at the connection point or to restore intra-regional or inter-regional power transfer capability, take action to ensure that the power factor falls within range as soon as reasonably practicable. This may be achieved by installing additional reactive plant or reaching a commercial agreement with the Network Service Provider to install, operate and maintain equivalent reactive plant as part of the connection assets or by alternative commercial arrangements with another party.

A Registered Participant who installs shunt capacitors to comply with power factor requirements must comply with the Network Service Provider's reasonable requirements to ensure that the design does not severely attenuate audio frequency signals used for load control or operations, or adversely impact on harmonic voltage levels at the connection point.

### **S5.3.6 Balancing of load currents**

A *Network Service Provider* may require a *connected Registered Participant's load* to be balanced across all phases in order to maintain the negative sequence *voltage* at each *connection point* at less than or equal to the limits set out in Table S5.1a.1 of the *system standards* for the applicable nominal *supply voltage* level.

*Automatic access standard:* A *Network User* must ensure that:

- (a) for *connections* at 30 kV or higher *voltage*, the current in any phase is not greater than 102 percent or less than 98 percent of the average of the currents in the three phases; and
- (b) for *connections* at *voltages* less than 30 kV, that the current in any phase is not greater than 105 percent or less than 95 percent of the average of the currents in the three phases.

*Minimum access standard:* Where agreed with the relevant *Network Service Provider* and subject to any specific conditions imposed, a *Network User* may cause current unbalance greater than that specified in the *automatic access standard* provided the *Network User* does not cause the limits specified in clause S5.1a.7 to be exceeded at any point in the *network*.

General:

The limit to *load* current unbalance must be included in the *connection agreement* and is subject to verification of compliance by the *Network Service Provider*.

Where these requirements cannot be met the *Registered Participant* may enter into a commercial arrangement with the *Network Service Provider* for the installation of equipment to correct the phase unbalance. Such equipment must be considered as part of the *connection assets* for the *Registered Participant*.

The limit to *load* current unbalance must be included in the *connection agreement* and is subject to verification of compliance by the *Network Service Provider*.

### **S5.3.7 Voltage fluctuations**

- (a) *Automatic access standard:* The *voltage* fluctuations caused by variations in *loading level* at the *connection point*, including those arising from *energisation*, de-energisation or other operation of *plant*, must not exceed the limits determined under clause S5.1.5(a).
- (b) *Minimum access standard:* The *voltage* fluctuations caused by variations in *loading level* at the *connection point*, including those arising from *energisation*, de-energisation or other operation of *plant*, must not exceed the limits determined under clause S5.1.5(b).

The *voltage* fluctuation emission limits and any specified conditions must be included in the *connection agreement*, and are subject to verification of compliance by the *Network Service Provider*.

### **S5.3.8 Harmonics and voltage notching**

- (a) *Automatic access standard*: The harmonic *voltage* distortion caused by non-linearity, commutation of power electronic equipment, harmonic resonance and other effects within the *plant*, must not exceed the limits determined under clause S5.1.6(a).
- (b) *Minimum access standard*: The harmonic *voltage* distortion caused by non-linearity, commutation of power electronic equipment, harmonic resonance and other effects within the *plant*, must not exceed the limits determined under clause S5.1.6(b).

The harmonic *voltage* distortion emission limits and any special conditions must be included in the *connection agreement*, and is subject to verification of compliance by the *Network Service Provider*.

### **S5.3.9 Design requirements for Network Users' substations**

A *Network User* must comply with the following requirements applicable to the design, station layout and choice of equipment for a *substation*:

- (a) safety provisions must comply with requirements applicable to the *participating jurisdiction* notified by the *Network Service Provider*;
- (b) where required by the *Network Service Provider*, appropriate interfaces and accommodation must be incorporated for communication *facilities*, remote monitoring and control and protection of *plant* which is to be installed in the *substation*;
- (c) a *substation* must be capable of continuous uninterrupted operation with the levels of *voltage*, harmonics, unbalance and *voltage* fluctuation specified in the *system standards* as modified in accordance with the relevant provisions of schedule 5.1;
- (d) earthing of primary *plant* in the *substation* must be in accordance with the Electricity Supply Association of Australia Safe Earthing Guide and must reduce step and touch potentials to safe levels;
- (e) *synchronisation facilities* or reclose blocking must be provided if a *generating unit* is connected through the *substation*;
- (f) secure electricity supplies of adequate capacity must be provided for *plant* performing communication, monitoring, control and protection functions;

- (g) *plant* must be tested to ensure that the *substation* complies with the approved design and specifications as included in a *connection agreement*;
- (h) the protection equipment required would normally include protection schemes for individual items of *plant*, back-up arrangements, auxiliary DC supplies and instrumentation *transformers*; and
- (i) insulation levels of *plant* in the *substation* must co-ordinate with the insulation levels of the *network* to which the *substation* is *connected* as nominated in the *connection agreement*.

#### **S5.3.10 Load shedding facilities**

*Network Users* who are *Market Customers* and who have expected peak demands in excess of 10MW must provide automatic *interruptible load* in accordance with clause 4.3.5 of the *Rules*.

*Load shedding procedures* may be applied by *NEMMCO* in accordance with the provisions of clause 4.3.2 of the *Rules* for the shedding of all *loads* including *sensitive loads*.

## Schedule 5.3a - Conditions for connection of Market Network Services

### S5.3a.1a Introduction to the schedule

This schedule sets out obligations of *Market Network Service Providers* who *connect* to either a *transmission network* or a *distribution network*. It represents the requirements to be met for access to a *network*. Particular provisions may be varied by the *Network Service Provider* under the provisions of the *Rules* for the application of *minimum access standards* and *automatic access standards*.

This schedule includes specific provisions for the determination of *automatic access standards* and *negotiated access standards* derived from *minimum access standards* which, once determined, must be recorded together with the *automatic access standards* in a *connection agreement* and registered with NEMMCO as *performance standards*.

In this schedule, the term "*Network Service Provider*" applies only to the *Network Service Provider* with whom the *Market Network Service Provider* has lodged, or is considering lodging, an *application to connect*.

- (a) The schedule includes, in respect of each *market network service*, provisions regarding the capability to:
  - (1) automatically control the transfer of real power at the *connection point* for any given set of *system* conditions within the limits permitted under the *Rules*;
  - (2) respond to control requirements under expected normal and abnormal conditions;
  - (3) comply with general requirements to meet quality of *supply* obligations in accordance with clauses S5.3a.9, S5.3a.10 and S5.3a.11 and to maintain security of *supply* to other *Registered Participants*; and
  - (4) automatically *disconnect* itself when necessary to prevent any damage to the *market network service facilities* or threat to *power system security*.
- (b) This schedule also sets out the requirements and conditions, which (subject to clause 5.2.3 of the *Rules*) are obligations of *Market Network Service Providers* to:
  - (1) co-operate with the relevant *Network Service Provider* on technical matters when making a new *connection*;
  - (2) provide information to the *Network Service Provider* or NEMMCO; and

- (3) observe and apply the relevant provisions of the *system standards* contained in schedule 5.1a in relation to the planning, design and operation of its *market network service facilities*.
- (c) This schedule does not set out arrangements by which a *Market Network Service Provider* may enter into an agreement or contract with *NEMMCO* to:
  - (1) provide additional services that are necessary to maintain *power system security*; or
  - (2) provide additional service to facilitate management of the *market*.

### **S5.3a.1 Provision of Information**

- (a) Before a *Market Network Service Provider* connects any new or additional equipment to a *network*, the *Market Network Service Provider* must submit the following kinds of information to the *Network Service Provider*:
  - (1) a single line diagram with the protection details;
  - (2) *metering system* design details for any metering equipment being provided by the *Market Network Service Provider*;
  - (3) a general arrangement locating all relevant equipment on the site;
  - (4) a general arrangement for each new or altered *substation* showing all exits and the position of all electrical equipment;
  - (5) type test certificates for all new switchgear and *transformers*, including measurement *transformers* to be used for *metering* purposes in accordance with Chapter 7 of the *Rules*;
  - (6) earthing details;
  - (7) the proposed methods of earthing cables and other equipment to comply with the regulations of the relevant *participating jurisdiction*;
  - (8) *plant* and earth grid test certificates from approved test authorities;
  - (9) a secondary injection and trip test certificate on all circuit breakers;
  - (10) certification that all new equipment has been inspected before being *connected* to the *supply*; and
  - (11) operational arrangements.
- (b) For the purposes of clause 5.3.2(f) of the *Rules*, the technical information that a *Network Service Provider* must, if requested, provide to a *Connection*

*Applicant* in respect of the proposed *connection* of a *market network service facility* includes:

- (1) the highest expected single phase and three phase fault levels at the *connection point* without the proposed *connection*;
- (2) the clearing times of the existing *protection systems* that would clear a fault at the location at which the new *connection* would be connected into the existing *transmission system* or *distribution system*;
- (3) the expected limits of *voltage* fluctuation, harmonic *voltage* distortion and *voltage* unbalance at the *connection point* without the proposed *connection*;
- (4) technical information relevant to the *connection point* without the proposed *connection* including equivalent source impedance information, sufficient to estimate fault levels, *voltage* fluctuations, harmonic *voltage* distortion and *voltage* unbalance; and
- (5) any other information or data not being *confidential information* relating to the performance of the *Network Service Provider's facilities* that is reasonably necessary for the *Connection Applicant* to prepare an *application to connect*;

except where the *Connection Applicant* agrees the *Network Service Provider* may provide alternative or less detailed technical information in satisfaction of this clause S5.3a.1(b).

### **S5.3a.2 Application of settings**

A *Market Network Service Provider* must only apply settings to a *control system* or a *protection system* that are necessary to comply with performance requirements of this schedule 5.3a if the settings have been approved in writing by the *Network Service Provider* and, if the requirement is one that would involve NEMMCO under clause 5.3.4A(c) of the *Rules*, also by NEMMCO. A *Market Network Service Provider* must not allow its *market network service facilities* to take electricity from the *power system* without such prior approval.

If a *Market Network Service Provider* seeks approval from the *Network Service Provider* to apply or change a setting, approval must not be withheld unless the *Network Service Provider* or, if the requirement is one that would involve NEMMCO under clause 5.3.4A(c) of the *Rules*, NEMMCO, reasonably determines that the changed setting would cause the *market network service facilities* to not comply with the relevant *performance standard* or cause an *inter-regional* or *intra-regional power transfer capability* to be reduced.

If the *Network Service Provider* or, if the requirement is one that would involve NEMMCO under clause 5.3.4A(c) of the *Rules*, NEMMCO, reasonably determines

that a setting of a *market network service facility's control system* or *protection system* needs to change to comply with the relevant *performance standard* or to maintain or restore an *inter-regional* or *intra-regional power transfer capability*, the *Network Service Provider* or *NEMMCO* (as applicable) must consult with the *Market Network Service Provider*, and may request in writing that a setting be applied in accordance with the determination.

The *Network Service Provider* may also request a test to verify the performance of the relevant *plant* with the new setting. The *Network Service Provider* must provide *NEMMCO* with a copy of its request to a *Market Network Service Provider* to apply a setting or to conduct a test.

A *Market Network Service Provider* who receives such a request must arrange for the notified setting to be applied as requested and for a test to be conducted as requested. After the test, the *Market Network Service Provider* must, on request, provide both *NEMMCO* and the *Network Service Provider* with a report of a requested test, including evidence of its success or failure. Such a report of a test is *confidential information*.

A *Market Network Service Provider* must not change a setting requested by the *Network Service Provider* without its prior written agreement. If the *Network Service Provider* requires a *Market Network Service Provider* to change a setting within 18 months of a previous request, the *Network Service Provider* must pay the *Market Network Service Provider* its reasonable costs of changing the setting and conducting the tests as requested.

### **S5.3a.3 Technical matters to be co-ordinated**

A *Market Network Service Provider* and the relevant *Network Service Provider* must use all reasonable endeavours to agree upon the following matters in respect of each new or altered *connection* of a *market network service facility* to a *network*:

- (a) design at the *connection point*;
- (b) physical layout adjacent to the *connection point*;
- (c) primary protection and backup protection (clause S5.3a.6);
- (d) control characteristics (clause S5.3a.4);
- (e) communications and alarms (clause S5.3a.4);
- (f) insulation co-ordination and lightning protection;
- (g) fault levels and *fault clearance times*;
- (h) switching and *isolation facilities*;

- (i) interlocking arrangements; and
- (j) *metering installations* as described in Chapter 7 of the *Rules*.

#### **S5.3a.4 Monitoring and control requirements**

##### **S5.3a.4.1 Remote Monitoring**

- (a) *Automatic access standard:*
  - (1) Each *market network service facility* must have *remote monitoring equipment* to transmit to *NEMMCO's control centres* in real time, the quantities that *NEMMCO* reasonably requires to discharge its *market* and *power system security* functions as set out in Chapters 3 and 4 of the *Rules* respectively.
  - (2) The quantities may include such data as current, *voltage*, *active power*, *reactive power*, operational limits and critical temperatures in respect of *connection points* and power conversion systems.
- (b) *Minimum access standard:*
  - (1) Each *market network service facility* must have *remote monitoring equipment* to transmit to *NEMMCO's control centres* in real time:
    - (A) *connection point active power* flow, *reactive power* flow and *voltage*;
    - (B) *active power*, *reactive power* and *voltage* for AC power lines, *transformers* and *busbars*, and power and *voltage* (or alternatively current) for DC power lines; and
    - (C) the status of circuit breakers.
- (c) The negotiation of access standards in relation to this clause S5.3a.4.1 must involve *NEMMCO* under clause 5.3.4A(c) of the *Rules*.

##### **S5.3a.4.2 [Deleted]**

##### **S5.3a.4.3 Communications equipment**

A *Market Network Service Provider* must provide electricity *supplies* for *remote monitoring equipment* and *remote control equipment* installed in relation to its *market network service facilities* capable of keeping such equipment available for at least three hours following total loss of *supply* at the *connection point* for the relevant *market network service facility*.

A *Market Network Service Provider* must provide communications paths (with appropriate redundancy) from the *remote monitoring equipment* or *remote control equipment* installed at any of its *market network service facilities* to a communications interface in a location reasonably acceptable to the *Network Service Provider* at the relevant *connection point*. Communications systems between this communications interface and the *control centre* are the responsibility of the *Network Service Provider* unless otherwise agreed by the *Market Network Service Provider* and the *Network Service Provider*.

Telecommunications between *Network Service Providers* and *Market Network Service Providers* for *operational communications* must be established in accordance with the requirements set down below.

(a) Primary Speech Facility

The relevant *Network Service Provider* must provide and maintain equipment by means of which routine and emergency control telephone calls may be established between the *Market Network Service Provider's* responsible Engineer/Operator and *NEMMCO*.

The *facilities* to be provided, including the interface requirement between the *Network Service Provider's* equipment and the *Market Network Service Provider's* equipment, must be specified by the *Network Service Provider*.

The costs of the equipment must be recovered by the *Network Service Provider* only through the charge for *connection*.

(b) Back-up Speech Facility

Where the *Network Service Provider* or *NEMMCO* reasonably determines that a back-up speech *facility* to the primary *facility* is required, the *Network Service Provider* must provide and maintain a separate telephone link or radio installation on a cost-recovery basis only through the charge for *connection*.

The *Network Service Provider* is responsible for radio system planning and for obtaining all necessary radio licences.

### **S5.3a.5 Design standards**

A *Market Network Service Provider* must ensure that:

- (a) the electrical *plant* in its *facility* complies with the relevant *Australian Standards* as applicable at the time of first installation of that electrical *plant* in the *facility*;

- (b) circuit breakers provided to isolate the *Market Network Service Provider's facilities* from the *Network Service Provider's facilities* are capable of breaking, without damage or restrike, fault currents nominated by the *Network Service Provider* in the relevant *connection agreement*; and
- (c) all new equipment including circuit breakers provided to isolate the *Market Network Service Provider's facilities* from the *Network Service Provider's facilities* is capable of withstanding, without damage, power *frequency voltages* and impulse levels nominated by the *Network Service Provider* in accordance with the relevant provisions of the *system standards* and recorded in the relevant *connection agreement*.

### **S5.3a.6 Protection systems and settings**

A *Market Network Service Provider* must ensure that all *connections* to the *network* are protected by protection devices which effectively and safely *disconnect* any faulty circuit automatically within a time period specified by the *Network Service Provider* in accordance with the following provisions:

- (a) The *automatic access standard* is:
  - (1) Primary *protection systems* must be provided to *disconnect* any faulted element from the *power system* within the applicable *fault clearance time* determined under clause S5.1.9(a)(1), but subject to clauses S5.1.9(k) and S5.1.9(l).
  - (2) Each primary *protection system* must have sufficient redundancy to ensure that a faulted element within its protection zone is *disconnected* from the *power system* within the applicable *fault clearance time* with any single protection element (including any communications facility upon which that *protection system* depends) out of service.
  - (3) *Breaker fail protection systems* must be provided to clear faults that are not cleared by the circuit breakers controlled by the primary *protection system*, within the applicable *fault clearance time* determined under clause S5.1.9(a)(1).
- (b) The *minimum access standard* is:
  - (1) Primary *protection systems* must be provided to *disconnect* from the *power system* any faulted element within their respective protection zones within the applicable *fault clearance time* determined under clause S5.1.9(a)(2), but subject to clauses S5.1.9(k) and S5.1.9(l).
  - (2) If a *fault clearance time* determined under clause S5.1.9(a)(2) for a protection zone is less than 10 seconds, a *breaker fail protection system* must be provided to clear from the *power system* any fault within that protection zone that is not cleared by the circuit breakers

controlled by the primary *protection system*, within the applicable *fault clearance time* determined under clause S5.1.9(a)(3).

- (c) The *Network Service Provider* and the *Market Network Service Provider* must cooperate in the design and implementation of *protection systems* to comply with this clause, including cooperation with regard to:
- (1) the use of *current transformer* and *voltage transformer* secondary circuits (or equivalent) of one party by the *protection system* of the other;
  - (2) tripping of one party's circuit breakers by a *protection system* of the other party; and
  - (3) co-ordination of *protection system* settings to ensure inter-operation.

The *Market Network Service Provider* must ensure that the protection settings of its protective equipment grade with the *Network Service Provider's transmission system* or *distribution system* protection settings. Similarly the grading requirements of fuses must be co-ordinated with the *Network Service Provider*. The *Market Network Service Provider* must provide details of the protection scheme implemented by the *Market Network Service Provider* to the *Network Service Provider* and must liaise with the *Network Service Provider* when determining gradings and settings.

The application of settings of the protection scheme must be undertaken in accordance with clause S5.3a.2.

Before the *Market Network Service Provider's* installation is *connected* to the *Network Service Provider's transmission or distribution system* the *Market Network Service Provider's protection system* must be tested and the *Market Network Service Provider* must submit the appropriate test certificate to the *Network Service Provider*.

### **S5.3a.7 [Deleted]**

### **S5.3a.8 Reactive power capability**

Subject to the access standards stated in this clause S5.3a.8, if additional *reactive support* is required as a result of the *connection* or operation of the *network elements* which provide a *market network service* then the requisite *reactive support* must be supplied or paid for by the *Market Network Service Provider*.

Additional reactive support is required if, at rated power output as measured at the *connection point* of the *market network service* the *market network service* has a lagging power factor of less than 0.9 or a leading power factor of less than 0.95.

*Automatic access standard:* For power export, at rated power output and target *network voltage* as determined in accordance with clause S5.1a.4 of the *system standards* when measured at the *connection point* of the *market network service*, the *market network service* must be capable of operation in the range from a lagging power factor of 0.9 to a leading power factor of 0.95. For power import, the power factor must satisfy the requirements of clause S5.3.5 of schedule 5.3.

*Minimum access standard:* With the agreement of *NEMMCO* and the *Network Service Provider*, a power factor capability less than that defined by the *automatic access standard* may be provided if the requirements of the *system standards* are satisfied under all operating conditions of the *market network service*.

### **S5.3a.9 Balancing of load currents**

A *Network Service Provider* may require a *Market Network Service Provider's* *power transfer* to be balanced at a *connection point* in order to maintain the negative sequence *voltage* at each connection point at less than or equal to the limits set out in Table S5.1a.1 of the *system standards* for the applicable nominal *supply voltage* level.

*Automatic access standard:* A *Market Network Service Provider* must ensure that for *connections* at 11kV or higher *voltage*, the current in any phase drawn by its equipment from the *Network Service Provider's network* is not greater than 102 percent or less than 98 percent of the average of the currents in the three phases.

*Minimum access standard:* Where agreed with the relevant *Network Service Provider* and subject to any specific conditions imposed, a *Market Network Service Provider* may cause current unbalance greater than that specified in the *automatic access standard* provided the *Market Network Service Provider* does not cause the limits specified in clause S5.1a.7 of the *system standards* to be exceeded at any point in the *network*.

Where these requirements cannot be met the *Market Network Service Provider* may enter into a commercial arrangement with the *Network Service Provider* for the installation of equipment to correct the phase unbalance. Such equipment must be considered as part of the *connection assets* for the *Market Network Service Provider*.

The limit to *power transfer* current unbalance must be included in the *connection agreement* and is subject to verification of compliance by the *Network Service Provider*.

### **S5.3a.10 Voltage fluctuations**

- (a) *Automatic access standard:* The *voltage* fluctuations caused by variations in *loading level* at the *connection point*, including those arising from

*energisation*, de-energisation or other operation of *plant*, must not exceed the limits determined under clause S5.1.5(a).

- (b) *Minimum access standard*: The *voltage* fluctuations caused by variations in *loading level* at the *connection point*, including those arising from *energisation*, de-energisation or other operation of *plant*, must not exceed the limits determined under clause S5.1.5(b).

The *voltage* fluctuation emission limits and any specified conditions must be included in the *connection agreement*, and are subject to verification of compliance by the *Network Service Provider*.

### **S5.3a.11 Harmonics and voltage notching**

- (a) *Automatic access standard*: The harmonic *voltage* distortion caused by non-linearity, commutation of power electronic equipment, harmonic resonance and other effects within the *plant*, must not exceed the limits determined under clause S5.1.6(a).
- (b) *Minimum access standard*: The harmonic *voltage* distortion caused by non-linearity, commutation of power electronic equipment, harmonic resonance and other effects within the *plant*, must not exceed the limits determined under clause S5.1.6(b).

A *Market Network Service Provider* must ensure that all of its *plant connected* to a *transmission network* or *distribution network* is capable of withstanding the effects of harmonic levels produced by that *plant* plus those imposed from the *network*.

The harmonic *voltage* distortion emission limits and any special conditions must be included in the *connection agreement*, and are subject to verification of compliance by the *Network Service Provider*.

### **S5.3a.12 Design requirements for Market Network Service Providers' substations**

A *Market Network Service Provider* must comply with the following requirements applicable to the design, station layout and choice of equipment for a *substation*:

- (a) safety provisions must comply with requirements applicable to the *participating jurisdiction* notified by the *Network Service Provider*;
- (b) where required by the *Network Service Provider*, appropriate interfaces and accommodation must be incorporated for communication *facilities*, remote monitoring and control and protection of *plant* which is to be installed in the *substation*;

- (c) a *substation* must be capable of continuous uninterrupted operation with the levels of *voltage*, harmonics, unbalance and *voltage* fluctuation specified in the *system standards* as modified in accordance with the relevant provisions of schedule 5.1;
- (d) earthing of primary *plant* in the *substation* must be in accordance with the Electricity Supply Association of Australia Safe Earthing Guide and must reduce step and touch potentials to safe levels;
- (e) *synchronisation facilities* or reclose blocking must be provided if necessary;
- (f) secure electricity supplies of adequate capacity must be provided for *plant* performing communication, monitoring, control and protection functions;
- (g) *plant* must be tested to ensure that the *substation* complies with the approved design and specifications as included in a *connection agreement*;
- (h) the protection equipment required would normally include protection schemes for individual items of *plant*, back-up arrangements, auxiliary DC supplies and instrumentation *transformers*; and
- (i) insulation levels of *plant* in the *substation* must co-ordinate with the insulation levels of the *network* to which the *substation* is *connected* as nominated in the *connection agreement*.

### **S5.3a.13 Market network service response to disturbances in the power system**

- (a) Each *market network service* must be capable of continuous uninterrupted operation during the occurrence of:
  - (1) *power system frequency* within the *frequency operating standards*; or
  - (2) the range of *voltage* variation conditions permitted by the *system standards*.
- (b) The equipment associated with each *market network service* must be designed to withstand without damage or reduction in life expectancy the harmonic distortion and *voltage* unbalance conditions determined to apply in accordance with the provisions of schedule 5.1, clauses S5.1.6 and S5.1.7, respectively, at the *connection point*.

### **S5.3a.14 Protection of market network services from power system disturbances**

- (a) *Minimum access standard*: If a *Connection Applicant* requires that its *market network service facility* be automatically *disconnected* from the *power system* in response to abnormal conditions arising from the *power*

*system*, the relevant *protection system* or *control system* must not *disconnect* the *facility* for conditions under which it must continuously operate or must withstand under a provision of the *Rules*.

- (b) There is no *automatic access standard* for this technical requirement.
- (c) For the purposes of this clause S5.3a.14, the abnormal conditions include:
  - (1) *frequency* outside the *extreme frequency excursion tolerance limits*;
  - (2) sustained and uncontrollable DC current beyond a short term current rating for the period assigned to that rating;
  - (3) DC *voltage* above the *voltage* maximum rating or sustained below any lower limit for stable operation;
  - (4) *voltage to frequency* ratio beyond a *transformer* magnetic flux based *voltage to frequency* rating;
  - (5) sustained *voltage* fluctuations at the *connection point* beyond the level determined under clause S5.1.5(a);
  - (6) sustained harmonic *voltage* distortion at the *connection point* beyond the level determined under clause S5.1.6(a);
  - (7) sustained negative phase sequence *voltage* at the *connection point* beyond the level determined under clause S5.1.7(a); and
  - (8) any similar condition agreed between the *Market Network Service Provider* and *NEMMCO* after consultation with each relevant *Network Service Provider*.
- (d) The negotiation of access standards in relation to this clause S5.3a.14 must involve *NEMMCO* under clause 5.3.4A(c) of the *Rules*.
- (e) The *Network Service Provider* is not liable for any loss or damage incurred by the *Market Network Service Provider* or any other person as a consequence of a fault on either the *power system*, or within the *Market Network Service Provider's facility*.

## Schedule 5.4 - Information to be Provided with Preliminary Enquiry

The following items of information are required to be submitted with a preliminary enquiry for *connection* or modification of an existing *connection*:

- (a) Type of *plant* - (eg. gas turbine *generating unit*; rolling mill, etc.).
- (b) Preferred site location - (listing any alternatives in order of preference as well).
- (c) Maximum power *generation* or demand of whole *plant* - (maximum MW and/or MVA, or average over 15 minutes or similar).
- (d) Expected *energy* production or consumption (MWh per month).
- (e) *Plant* type and configuration - (eg. number and type of *generating units* or number of separate production lines).
- (f) Nature of any disturbing *load* (size of disturbing component MW/MVAr, duty cycle, nature of power electronic *plant* which may produce harmonic distortion).
- (g) Technology of proposed *generating unit* (e.g. *synchronous generating unit*, induction generator, photovoltaic array, etc).
- (h) When *plant* is to be in service - (eg. estimated date for each *generating unit*).
- (i) Name and address of enquirer, and, if relevant, of the party for whom the enquirer is acting.
- (j) Other information may be requested by the *Network Service Provider*, such as amount and timing of power required during construction or any auxiliary power requirements.

## **Schedule 5.5 - Technical Details to Support Application for Connection and Connection Agreement**

### **S5.5.1 Introduction to the schedule**

Various sections of the *Rules* require that *Registered Participants* submit technical data to the *Network Service Provider*. This schedule lists the range of data which may be required. The actual data required will be advised by the *Network Service Provider*, and will form part of the technical specification in the *connection agreement*. These data will also be made available to *NEMMCO* and to other *Network Service Providers* by the *Network Service Provider* at the appropriate time.

### **S5.5.2 Categories of data**

Data is coded in categories, according to the stage at which it is available in the build-up of data during the process of forming a *connection* or obtaining access to a *network*, with data acquired at each stage being carried forward, or enhanced in subsequent stages, eg. by testing.

#### **Preliminary system planning data**

Preliminary system planning data is required for submission with the *application to connect*, to allow the *Network Service Provider* to prepare an offer of terms and conditions for a *connection agreement* and to assess the requirement for, and effect of, *network augmentation* or *extension* options. Such data is normally limited to the items denoted as Standard Planning Data (S) in the *Generating System Model Guidelines*, *Generating System Design Data Sheet*, *Generating System Setting Data Sheet* and in schedules 5.5.3 to 5.5.5.

The *Network Service Provider* may, in cases where there is reasonable doubt as to the viability of a proposal, require the submission of other data before making an offer to *connect* or to amend a *connection agreement*.

#### **Registered system planning data**

Registered system planning data is the class of data which will be included in the *connection agreement* signed by both parties. It consists of the preliminary system planning data plus those items denoted in the attached schedules as Detailed Planning Data (D). The latter must be submitted by the *Registered Participant* in time for inclusion in the *connection agreement*.

#### **Registered data**

Registered Data consists of data validated and agreed between the *Network Service Provider* and the *Registered Participant*, such data being:

- (a) prior to actual *connection* and provision of access, data derived from manufacturers' data, detailed design calculations, works or site tests etc. (R1); and
- (b) after connection, data derived from on-system testing (R2).

All of the data will, from this stage, be categorised and referred to as Registered Data; but for convenience the schedules omit placing a higher ranked code next to items which are expected to already be valid at an earlier stage.

### **S5.5.3 Review, change and supply of data**

Data will be subject to review at reasonable intervals to ensure its continued accuracy and relevance. The *Network Service Provider* must initiate this review. A *Registered Participant* may *change* any data item at a time other than when that item would normally be reviewed or updated by submission to the *Network Service Provider* of the revised data, together with authentication documents, eg. test reports.

The *Network Service Provider* must supply data relating to its system to other *Network Service Providers* for planning purposes and to other *Registered Participants* and *NEMMCO* as specified in the various sections of the *Rules*, including through the *statement of opportunities*.

### **S5.5.4 Data Requirements**

Schedules 5.5.3 to 5.5.5 cover the following data areas:

- (a) schedule 5.5.3 - Network Plant Technical Data. This comprises fixed electrical parameters.
- (b) schedule 5.5.4 - Plant and Apparatus Setting Data. This comprises settings which can be varied by agreement or by direction of the *Network Service Provider* or *NEMMCO*.
- (c) schedule 5.5.5 - *Load* Characteristics. This comprises the estimated design parameters of *loads*.

The documents and schedules applicable to each class of *Registered Participant* are as follows:

- (a) *Generators*: the *Generating System Model Guidelines*, *Generating System Design Data Sheet* and *Generating System Setting Data Sheet*;
- (b) *Customers* and *Network Service Providers*: schedules 5.5.3 and 5.5.4; and
- (c) *Customers*: schedule 5.5.5.

### **S5.5.5 Asynchronous generating unit data**

A *Generator* that connects a *generating system*, that is an *asynchronous generating unit*, must be given exemption from complying with those parts of the *Generating System Model Guidelines*, *Generating System Design Data Sheet* and *Generating System Setting Data Sheet* that are determined by the *Network Service Provider* to be not relevant to such *generating systems*, but must comply with those parts of schedules 5.5.3, 5.5.4, and 5.5.5 that are relevant to such *generating systems*, as determined by the *Network Service Provider*.

#### **S5.5.6 Generating units equal to or smaller than 30MW data**

A *Generator* that connects a *generating unit* equal to or smaller than 30 MW or a number of *generating units* totalling less than 30 MW to a *connection point* to a *distribution network* will usually be required to submit less registered system planning data and less registered data than is indicated in the *Generating System Model Guidelines*, *Generating System Design Data Sheet* and *Generating System Setting Data Sheet*. In general these data will be limited to confirmation of the preliminary system planning data, marked (S), but other data must be supplied if reasonably required by the *Network Service Provider* or *NEMMCO*.

Codes:

S = Standard Planning Data

D = Detailed Planning Data

R = Registered Data (R1 pre-connection, R2 post-connection)

#### **S5.5.7 Generating System Design Data Sheet, Generating System Setting Data Sheet and Generating System Model Guidelines**

- (a) *NEMMCO* must, subject to paragraph (b), develop and *publish* by 1 March 2008, in accordance with the *Rules consultation procedures*:
  - (1) a *Generating System Design Data Sheet* describing, for relevant technologies, the *generating system* design parameters of *generating units* and *generating systems* including *plant* configurations, impedances, time constants, non-linearities, ratings and capabilities, to be provided under clauses S5.2.4 and this schedule 5.5;
  - (2) a *Generating System Setting Data Sheet* describing, for relevant *generation* and *control system* technologies, the *protection system* and *control system* settings of *generating units* and *generating systems* including configurations, gains, time constants, delays, deadbands, non-linearities and limits, to be provided under clauses S5.2.4 and this schedule 5.5; and

- (3) *Generating System Model Guidelines* describing, for relevant *generation* and *control system* technologies, *NEMMCO's* requirements when developing mathematical models for *generating units* and *generating systems*, including the impact of their *control systems* and *protection systems* on *power system security*,

and there must be a *Generating System Design Data Sheet*, *Generating System Setting Data Sheet* and *Generating System Model Guidelines* in place at all times after that date.

- (b) When developing and *publishing* the *Generating System Design Data Sheet*, *Generating System Setting Data Sheet* and *Generating System Model Guidelines* under paragraph (a), *NEMMCO* must have regard to the purpose of developing and *publishing* the sheets and guidelines which is to:
  - (1) allow *generating units* and *generating systems* to be mathematically modelled by *NEMMCO* in load flow and dynamic stability assessments with sufficient accuracy to permit:
    - (i) the *power system* operating limits for ensuring *power system security* to be quantified with the lowest practical safety margins;
    - (ii) proposed *access standards* and *performance standards* of *generating units* and *generating systems* to be assessed; and
    - (iii) settings of *control systems* and *protection systems* of *generating units*, *generating systems* and *networks* to be assessed and quantified for maximum practical performance of the *power system*; and
  - (2) identify for each type of data its category in terms of clause S5.5.2.
- (c) Any person may submit a request (with written reasons) to *NEMMCO* to amend the *Generating System Design Data Sheet*, *Generating System Setting Data Sheet* or the *Generating System Model Guidelines* and *NEMMCO* must conduct the *Rules consultation procedures* in relation to the request.
- (d) *NEMMCO* can make amendments requested under paragraph (c) or otherwise to the *Generating System Design Data Sheet*, *Generating System Setting Data Sheet* or the *Generating System Model Guidelines* without conducting the *Rules consultation procedures* if the amendment is minor or administrative in nature.
- (e) *NEMMCO* may at the conclusion of the *Rules consultation procedures* under paragraph (c) or otherwise under paragraph (d), amend the relevant data sheet or guidelines (if necessary).

**Schedule 5.5.1 - [Deleted]**

**Schedule 5.5.2 - [Deleted]**

**Schedule 5.5.3 - Network and plant technical data of equipment at or near connection point**

<b>Data Description</b>	<b>Units</b>	<b>Data Category</b>
<b>Voltage Rating</b>		
Nominal <i>voltage</i>	kV	S, D
Highest <i>voltage</i>	kV	D
<b>Insulation Co-ordination</b>		
Rated lightning impulse withstand <i>voltage</i>	kVp	D
Rated short duration power <i>frequency</i> withstand <i>voltage</i>	kV	D
<b>Rated Currents</b>		
Circuit maximum current	kA	S, D
Rated Short Time Withstand Current	kA for seconds	D
Ambient conditions under which above current applies	Text	S,D
<b>Earthing</b>		
System Earthing Method	Text	S, D
Earth grid rated current	kA for seconds	D
<b>Insulation Pollution Performance</b>		
Minimum total creepage	mm	D
Pollution level	Level of <i>IEC</i> 815	D
<b>Controls</b>		
Remote control and data transmission	Text	D

Data Description	Units	Data Category
arrangements		

### Metering Provided by Customer

Measurement <i>transformer</i> ratios:		D
<i>Current transformers</i>	A/A	D
<i>Voltage transformers</i>	V/kV	D
Measurement <i>Transformer</i> Test Certification details	Text	R1

### Network Configuration

Operation Diagrams showing the electrical circuits of the existing and proposed main <i>facilities</i> within the <i>Registered Participant's</i> ownership including <i>busbar</i> arrangements, phasing arrangements, earthing arrangements, switching <i>facilities</i> and operating <i>voltages</i> .	Single line Diagrams	S, D, R1
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### Network Impedance

For each item of <i>plant</i> : details of the positive, negative and zero sequence series and shunt impedance, including mutual coupling between physically adjacent elements.	% on 100 MVA base	S, D, R1
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### Short Circuit Infeed to the Network

Maximum generator 3-phase short circuit infeed including infeeds from <i>generating units connected</i> to the <i>Registered Participant's system</i> , calculated by method of AS 3851 (1991).	kA symmetrical	S, D, R1
The total infeed at the instant of fault (including contribution of induction motors).	kA	D, R1
Minimum zero sequence impedance of <i>Registered Participant's network at connection point</i> .	% on 100 MVA base	D, R1
Minimum negative sequence impedance of <i>Registered Participant's network at connection point</i> .	% on 100 MVA base	D, R1

Data Description	Units	Data Category
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**Load Transfer Capability:**

Where a *load*, or group of *loads*, may be fed from alternative *connection points*:

<i>Load</i> normally taken from <i>connection point X</i>	MW	D, R1
<i>Load</i> normally taken from <i>connection point Y</i>	MW	D, R1
Arrangements for transfer under planned or fault <i>outage</i> conditions	Text	D

**Circuits Connecting Embedded Generating Units to the Network:**

For all *generating units*, all connecting lines/cables, *transformers* etc.

Series Resistance	% on 100 MVA base	D, R
Series Reactance	% on 100 MVA base	D, R
Shunt Susceptance	% on 100 MVA base	D, R
Normal and short-time emergency ratings	MVA	D,R
Technical Details of <i>generating units</i> and <i>generating systems</i> as per the <i>Generating System Design Data Sheet</i> , <i>Generating System Setting Data Sheet</i> and the <i>Generating System Model Guidelines</i> where such details are not <i>confidential information</i>		

**Transformers at connection points:**

Saturation curve	Diagram	R
Equipment associated with DC Links		
Number of poles	MVA	D,R
Converters per station	Quantity	D,R
Reactive Power consumption of converters	MCAr	D,R
Location and Rating of A.C. Filters	MVAr	D,R
Location and Rating of Shunt Capacitors	MVAr	D,R

<b>Data Description</b>	<b>Units</b>	<b>Data Category</b>
Location and Rating of Smoothing <i>Reactor</i>	MVAr	D,R
Location and Rating of DC Filter	MVAr	D,R

#### **Schedule 5.5.4 - Network Plant and Apparatus Setting Data**

<b>Data Description</b>	<b>Units</b>	<b>Data Category</b>
<b>Protection Data for Protection relevant to Connection Point:</b>		
Reach of all protections on <i>transmission lines</i> , or cables	ohms or % on 100 MVA base	S, D
Number of protections on each item	Text	S, D
Total fault clearing times for near and remote faults	ms	S, D, R1
Line reclosure sequence details	Text	S, D, R1
<b>Tap Change Control Data:</b>		
Time delay settings of all <i>transformer tap</i> changers.	Seconds	D, R1
<b>Reactive Compensation:</b>		
Location and Rating of individual <i>shunt reactors</i>	MVAr	D, R1
Location and Rating of individual <i>shunt capacitor banks</i>	MVAr	D, R1
<i>Capacitor bank</i> capacitance	microfarads	D
Inductance of switching <i>reactor</i> (if fitted)	millihenries	D
Resistance of capacitor plus <i>reactor</i>	Ohms	D
Details of special controls (e.g. Point-on-wave switching)	Text	D
<b>For each shunt reactor or capacitor bank:</b>		
Method of switching	Text	S
Details of automatic control logic such that	Text	D, R1

Data Description	Units	Data Category
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operating characteristics can be determined

**FACTS Installation:**

Data sufficient to enable static and dynamic performance of the installation to be modelled	Text, diagrams control settings	S, D, R1
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Transmission line flow control device Details of the operation of the control device under normal operation conditions (including startup and shutdown of the line) and during a fault (close up and remote)	Text, diagrams	D
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Models for the control device and transmission line appropriate for load flow, small signal stability and transient stability analysis	Text, diagrams	D
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Capability of the line flow control device	KA, MVA, MW	D
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Details of the rate of change of flow capability of the control device	Text	D
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Details of the capability of the control device to provide frequency and voltage control	Text	D
--	------	---

Description of possible failure modes of control device	Text	D
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Details of performance of the control device under disturbance conditions including changes in AC frequency, variations in AC system voltages and Ac system waveform distortion.	Text	D
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For DC control devices, contribution to the AC system short circuit level	KA, MVA	D
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**Schedule 5.5.5 - Load Characteristics at Connection Point**

Data Description	Units	Data Category
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**For all Types of Load**

Type of <i>Load</i>	Text	S
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<b>Data Description</b>	<b>Units</b>	<b>Data Category</b>
eg controlled rectifiers or large motor drives		
<b>For Fluctuating Loads</b>		
Cyclic variation of <i>active power</i> over period	Graph MW/time	S
Cyclic variation of <i>reactive power</i> over period	Graph MVA <sub>r</sub> /time	S
Maximum rate of change of <i>active power</i>	MW/s	S
Maximum rate of change of <i>reactive power</i>	MVA <sub>r</sub> /s	S
Shortest Repetitive time interval between fluctuations in active and <i>reactive power</i> reviewed annually	s	S
<b>Largest Step Change:</b>		
In <i>active power</i>	MW	S
In <i>reactive power</i>	MVA <sub>r</sub>	S

## Schedule 5.6 - Terms and Conditions of Connection agreements

The *connection agreements* must contain the specific conditions that have been agreed to for *connection* and access to the *transmission* or *distribution network*, including but not limited to:

- (a) details of the *connection point* including the *distribution network coupling points* where appropriate;
- (b) *metering* arrangements and adjustments for losses where the point of *metering* is significantly different to the *connection point*;
- (c) authorised demand which may be taken or supplied at the *connection point* (under specified conditions);
- (c1) details of each *access standard* agreed between the *Network Service Provider* and the *Registered Participant* and all related conditions of agreement resulting from the application of any access provisions contained in schedule 5.1 for *Network Service Providers*, or schedule 5.2 for *Generators*, or schedule 5.3 for *Customers*, or schedule 5.3a for *Market Network Service Providers*;
- (d) *connection service* charges;
- (e) payment conditions;
- (f) duration and termination conditions of the *connection agreement*;
- (g) terms, conditions and *constraints* that have been agreed to for *connection* to the *network* to protect the legitimate interest of the *Network Service Providers* including rights to *disconnect* the *Registered Participant* for breach of commercial undertakings;
- (h) details of any agreed standards of *reliability* of *transmission service* or *distribution service* at the *connection points* or within the *network*;
- (i) testing intervals for *protection systems* associated with the *connection point*;
- (j) agreed protocols for maintenance co-ordination;
- (k) where an expected *load*, to be connected to a *network*, has a *peak load* requirement in excess 10 MW, the provision, installation, operation and maintenance of automatic *load* shedding facilities for 60 percent of the *load* at anytime; and
- (l) terms and conditions of access to the *metering installation* for the *Metering Provider*.

The *connection agreements* may include other technical, commercial and legal conditions governing works required for the *connection* or *extension* to the *network* which the parties have negotiated and agreed to. The circumstances under which the terms of the *connection agreement* would require renegotiation may also be included.

## Schedule 5.7 - Annual Forecast Information for Planning Purposes

This schedule sets out the information in respect of each *connection point* that must be provided to the relevant *Network Service Provider* by each *Registered Participant* that has a *connection point* to a *transmission network* of that *Network Service Provider*.

<b>Data Description</b>	<b>Units</b>	<b>Time Scale</b>	<b>Data Category</b>
At each <i>connection point</i> to a <i>transmission network</i> , a forecast of:			
Annual Maximum <i>Active power</i> - Winter	MW	years 1-10	Annual
Coincident <i>Reactive Power</i> - Winter	MVAr	years 1-10	Annual
Annual Maximum <i>Active power</i> - Summer	MW	years 1-10	Annual
Coincident <i>Reactive Power</i> - Summer	MVAr	years 1-10	Annual
Forecast <i>load diversity</i> between each <i>connection point</i> to the <i>network</i> (winter and summer)	%	years 1-5	Annual

### *Load Profiles:*

The following forecast daily *profiles* of *connection point* half-hourly average active and reactive *loads* are required, net of all *generating plant*:

<i>Day of the peak summer and winter MW peak load at connection point</i>	MW and MVAr	years 1-5	Annual
<i>Day of network peak summer and winter MW load (as specified)</i>	MW and MVAr	years 1-5	Annual

<b>Data Description</b>	<b>Units</b>	<b>Time Scale</b>	<b>Data Category</b>
Each July, October, January, April under average conditions representing:			
(a) weekdays	MW and MVA <sub>r</sub>	years 1-5	Annual
(b) Saturdays	MW and MVA <sub>r</sub>	years 1-5	Annual
(c) Sundays/holidays	MW and MVA <sub>r</sub>	years 1-5	Annual
<i>Day of the network</i> minimum demand (as specified)	MW and MVA <sub>r</sub>	years 1-5	Annual
Undispatched <i>generation</i> :			
For each <i>connection point</i> to the <i>network</i> the following information is required:			
No. of <i>generating units</i>	No.	years 1-5	Annual
Capacity of each <i>generating unit</i>	MW ( <i>sent out</i> )	years 1-5	Annual
Daily/Seasonal Operating characteristics	Text	years 1-5	Annual
Expected output at time of peak <i>network</i> Winter <i>load</i> (as specified)	MW	years 1-5	Annual
Expected output at time of peak <i>network</i> Summer <i>load</i> (as specified)	MW	years 1-5	Annual



**CHAPTER 6A**



## 6A. Economic Regulation of Transmission Services

### Part A - Introduction

#### 6A.1 Introduction to Chapter 6A

##### 6A.1.1 Economic regulation of transmission services generally

- (a) Part B of this Chapter 6A states the general obligation of the AER to make *transmission determinations* for *Transmission Network Service Providers* in respect of:
  - (1) *prescribed transmission services*; and
  - (2) *negotiated transmission services*.
- (b) Part C of this Chapter 6A regulates the revenues that may be earned by *Transmission Network Service Providers* from the provision by them of *transmission services* that are the subject of *transmission determinations*.
- (c) Part D of this Chapter 6A regulates the *terms and conditions of access* to be applied (including the prices that may be charged) by *Transmission Network Service Providers* for the provision by them of *negotiated transmission services*.
- (d) Part E of this Chapter 6A sets out the procedure that applies for the purposes of the AER making a *transmission determination*.
- (d) Part F of this Chapter 6A contains provisions regarding the disclosure, use and protection of information.
- (e) Part G of this Chapter 6A contains provisions regarding cost allocation.
- (f) Part H of this Chapter 6A contains provisions regarding the *transmission consultation procedures*.
- (g) Part I of this Chapter 6A contains provisions regarding *Transmission Ring-Fencing Guidelines*.
- (h) Part J of this Chapter 6A regulates the prices that may be charged by *Transmission Network Service Providers* for the provision of *prescribed transmission services* and establishes principles to be applied by providers in setting prices that allow those providers to earn the whole of the *aggregate annual revenue requirement*.

- (i) Part K of this Chapter 6A provides for a *commercial arbitrator* to be appointed to resolve *transmission services access disputes* in relation to the *terms and conditions of access* for the provision of *negotiated transmission services* and for *prescribed transmission services*.
- (j) Other *transmission services* provided by *Transmission Network Service Providers* (*‘non-regulated transmission services’*) are not subject to regulation under this Chapter 6A.
- (k) Services provided by *dual function assets* are not subject to regulation under this Chapter 6A except to the extent provided in Part N of Chapter 6.

### **6A.1.2 Meaning of terms and conditions of access for transmission services**

For the purposes of the economic regulation of *prescribed transmission services* and *negotiated transmission services*, the *terms and conditions of access*:

- (a) in relation to *negotiated transmission services*, are:
  - (1) the price of those services (including, for services provided under rule 5.4A, *access charges*); and
  - (2) other terms and conditions for the provision of those *negotiated transmission services*,  
under Chapters 4, 5 and this Chapter 6A of the *Rules*; and
- (b) in relation to *prescribed transmission services*, are:
  - (1) the price of those services as determined under the *pricing methodology* of the relevant *Transmission Network Service Provider*; and
  - (2) other terms and conditions for the provision of those *prescribed transmission services*,  
under Chapters 4, 5 and this Chapter 6A of the *Rules*.

### **6A.1.3 Access to prescribed and negotiated transmission services**

Subject to and in accordance with the *Rules*:

- (1) a person who is an existing or intending *Registered Participant*, or a person who is eligible to become a *Registered Participant* (*‘a Service Applicant’*) may apply to a *Transmission Network Service Provider* for provision of *prescribed transmission services* or *negotiated transmission services*.

- (2) a *Transmission Network Service Provider* must provide *prescribed transmission services* or *negotiated transmission services* (as the case may be) on *terms and conditions of access* that are consistent with the requirements of Chapters 4, 5 and this Chapter 6A of the *Rules*.
- (3) a *Transmission Network Service Provider* or a person who is provided *prescribed transmission services* or *negotiated transmission services* (whether the person is provided those services under an agreement, as a result of a determination of a *commercial arbitrator* or otherwise under the *Rules*) must not engage in conduct for the purpose of preventing or hindering access to those services.

#### **6A.1.4 National regulatory arrangements**

- (a) The *AER* is, in accordance with this Chapter 6A, responsible for the economic regulation of *prescribed transmission services* provided by *Transmission Network Service Providers* by means of, or in connection with, *transmission systems* that form part of the *national grid*.
- (b) Subject to any contrary determination by the *AER*, those parts of a *transmission network* operating at nominal *voltages* between 66kV and 220kV that:
  - (1) do not operate in parallel to; and
  - (2) do not provide support to,

the higher *voltage transmission network* may be deemed by the relevant *Transmission Network Service Provider* to be subject to the regulatory arrangements for *distribution service* pricing set out in Chapter 6.

#### **6A.1.5 Application of Chapter 6A to Market Network Service Providers**

- (a) Notwithstanding anything contained in this Chapter 6A:
  - (1) Parts B, C, D and J do not regulate the revenues that may be earned by *Market Network Service Providers* from, or the prices that may be charged by *Market Network Service Providers* for, the provision by them of *market network services*; and
  - (2) Part E does not apply to *Market Network Service Providers*.
- (b) Part D of this Chapter 6A does not regulate the terms and conditions of access for provision by *Transmission Network Service Providers* of *network services* provided to:
  - (1) a *Market Network Service Provider*; or

- (2) another *Network Service Provider* for electricity delivered to a *Market Network Service Provider* through the *network* of the other *Network Service Provider* (except for any such electricity which is ultimately consumed within the other *Network Service Provider's network*).
- (c) Charges for the *network services* referred to in paragraph (b) are governed by the applicable provisions of rule 5.4A.
- (d) Part K of this Chapter 6A does not apply to disputes relating to the terms and conditions of access for *network services* referred to under this clause 6A.1.5.

## Part B - Transmission Determinations Generally

### 6A.2 Transmission determinations

#### 6A.2.1 Duty of AER to make transmission determinations

The *AER* must make *transmission determinations* for *Transmission Network Service Providers* in accordance with this Chapter 6A in respect of:

- (1) *prescribed transmission services*; and
- (2) *negotiated transmission services*.

#### 6A.2.2 Components of transmission determinations

A *transmission determination* for a *Transmission Network Service Provider* consists of:

- (1) a *revenue determination* for the provider in respect of the provision by the provider of *prescribed transmission services*;
- (2) a determination relating to the provider's *negotiating framework*;
- (3) a determination that specifies the *Negotiated Transmission Service Criteria* that apply to the provider; and
- (4) a determination that specifies the *pricing methodology* that applies to the provider.

## Part C - Regulation of Revenue - Prescribed Transmission Services

### 6A.3 Allowed revenue from prescribed transmission services

#### 6A.3.1 Allowed revenue for regulatory year

The revenue that a *Transmission Network Service Provider* may earn in any *regulatory year* of a *regulatory control period* from the provision of *prescribed transmission services* is the *maximum allowed revenue* subject to any adjustments referred to in clause 6A.3.2, and is to be determined in accordance with:

- (1) the *revenue determination* forming part of the applicable *transmission determination*; and
- (2) the provisions of this Part C.

#### 6A.3.2 Adjustment of maximum allowed revenue

The *maximum allowed revenue* that a *Transmission Network Service Provider* may earn in any *regulatory year* of a *regulatory control period* from the provision of *prescribed transmission services* is subject to adjustment in accordance with rules 6A.7, 6A.8 or 6A.15.

### 6A.4 Revenue determinations

#### 6A.4.1 Introduction

- (a) The procedure for making a *revenue determination* for a *Transmission Network Service Provider* is contained in Part E of this Chapter 6A, and involves the submission to the AER of a *Revenue Proposal* by the provider.
- (b) Such a *Revenue Proposal* must comply with the requirements of this Chapter 6A, and in particular must:
  - (1) be prepared using the *post-tax revenue model* referred to in rule 6A.5; and
  - (2) comply with the requirements of the *submission guidelines* referred to in clause 6A.10.2.

#### 6A.4.2 Contents of revenue determination

- (a) A *revenue determination* for a *Transmission Network Service Provider* is to specify, for a *regulatory control period*, the following matters:
  - (1) the amount of the estimated *total revenue cap* for the *regulatory control period* or the method of calculating that amount;

- (2) the *annual building block revenue requirement* for each *regulatory year* of the *regulatory control period*;
  - (3) the amount of the *maximum allowed revenue* for each *regulatory year* of the *regulatory control period* or the method of calculating that amount;
  - (4) appropriate methodologies for the indexation of the regulatory asset base;
  - (5) the values that are to be attributed to the *performance incentive scheme parameters* for the purposes of the application to the provider of any *service target performance incentive scheme* that applies in respect of the *regulatory control period*;
  - (6) the values that are to be attributed to the *efficiency benefit sharing scheme parameters* for the purposes of the application to the provider of any *efficiency benefit sharing scheme* that applies in respect of the *regulatory control period*;
  - (7) the commencement and length of the *regulatory control period*; and
  - (8) such amounts, values or inputs as have been used by the *AER* in place of those referred to in clause 6A.10.2(b)(9).
- (b) Unless otherwise determined by the *AER*:
- (1) the *total revenue cap* may not relate to more than one *transmission system* that is owned, controlled or operated by a *Transmission Network Service Provider*; and
  - (2) there is to be a separate *total revenue cap* for each such *transmission system*.
- (c) A *regulatory control period* in respect of a *Transmission Network Service Provider* must be not less than 5 *regulatory years*.

## **6A.5 Post-tax revenue model**

### **6A.5.1 Introduction**

- (a) The process of preparing a *revenue determination* for a *Transmission Network Service Provider* involves the submission of a *Revenue Proposal* to the *AER* by the provider under clause 6A.10.1. The provider is required to prepare the *Revenue Proposal* using a *post-tax revenue model* in relation to that proposal, in accordance with the requirements of this Chapter 6A.

- (b) The principal purpose of the *post-tax revenue model* is to calculate the *maximum allowed revenue* under the *revenue determination*.
- (c) The *post-tax revenue model*, together with the *Revenue Proposal*, form the basis on which the *AER* assesses a *Revenue Proposal* and makes a *revenue determination*.

#### **6A.5.2 Preparation, publication and amendment of post-tax revenue model**

- (a) The *AER* must, in accordance with the *transmission consultation procedures*, prepare and *publish* a *post-tax revenue model*.
- (b) The *AER* may, from time to time and in accordance with the *transmission consultation procedures*, amend or replace the *post-tax revenue model*.
- (c) The *AER* must develop and *publish* the first *post-tax revenue model* by 28 September 2007<sup>3</sup> and there must be such a model in force at all times after that date.

#### **6A.5.3 Contents of post-tax revenue model**

- (a) The *post-tax revenue model* must set out the manner in which the following matters, referable only to the provision of *prescribed transmission services*, are to be calculated in respect of a *Transmission Network Service Provider* for a *regulatory control period*:
  - (1) the *total revenue cap* for the provider for the period;
  - (2) the *maximum allowed revenue* for the provider for each *regulatory year* of the period; and
  - (3) the *annual building block revenue requirement* for the provider for each *regulatory year*, determined in accordance with clause 6A.5.4.
- (b) The *post-tax revenue model* must specify:
  - (1) a methodology that the *AER* determines is likely to result in the best estimates of expected inflation;
  - (2) the timing assumptions and associated discount rates that are to apply in relation to the calculation of the building blocks referred to in clause 6A.5.4;
  - (3) the manner (if any) in which working capital is to be treated;
  - (4) the manner in which the estimated cost of corporate income tax is to be calculated; and

- (5) the CPI - X methodology that is to be applied in escalating the *maximum allowed revenue* for the provider for each *regulatory year* (other than the first *regulatory year*) of a *regulatory control period*.
- (c) The *post-tax revenue model* must be such that:
- (1) the net present value of the expected *maximum allowed revenue* for the provider for each *regulatory year* of the *regulatory control period* is equal to the net present value of the *annual building block revenue requirement* for the provider for each *regulatory year*;
  - (2) the *maximum allowed revenue* for the provider for the first *regulatory year* is expressed as a dollar amount;
  - (3) the *maximum allowed revenue* for the provider for each *regulatory year* (other than the first *regulatory year*) is calculated by escalating the *maximum allowed revenue* for the provider for the previous *regulatory year* using a CPI - X methodology; and
  - (4) the *total revenue cap* for the provider for a *regulatory control period* is calculated as the sum of the *maximum allowed revenues* for the provider for each *regulatory year*.
- (d) For the purposes of this clause 6A.5.3, the X factor is that determined in accordance with clause 6A.6.8.

#### **6A.5.4 Building blocks approach**

(a) **Building blocks generally**

The *annual building block revenue requirement* for a *Transmission Network Service Provider* for each *regulatory year* of a *regulatory control period* must be determined using a building blocks approach, under which the building blocks are:

- (1) indexation of the regulatory asset base - see paragraph (b)(1);
- (2) a return on capital for that year - see paragraph (b)(2);
- (3) the depreciation for that year - see paragraph (b)(3);
- (4) the estimated cost of corporate income tax of the provider for that year - see paragraph (b)(4);
- (5) certain revenue increments or decrements for that year arising from the *efficiency benefit sharing scheme* - see paragraph (b)(5);
- (6) the forecast operating expenditure accepted or substituted by the *AER* for that year – see paragraph (b)(6); and

- (7) compensation for other risks - see paragraph (b)(7).

**(b) Details about the building blocks**

For the purposes of paragraph (a):

- (1) for indexation of the regulatory asset base:
  - (i) the regulatory asset base is calculated in accordance with clause 6A.6.1 and schedule 6A.2; and
  - (ii) the building block comprises a negative adjustment equal to the amount referred to in clause S6A.2.4(c)(4) for that year;
- (2) the return on capital is calculated in accordance with clause 6A.6.2;
- (3) the depreciation is calculated in accordance with clause 6A.6.3;
- (4) the estimated cost of corporate income tax is determined in accordance with clause 6A.6.4;
- (5) the revenue increments or decrements are those that arise as a result of the operation of the applicable *efficiency benefit sharing scheme*, as referred to in clause 6A.6.5;
- (6) the forecast operating expenditure is accepted or substituted by the *AER* in accordance with clause 6A.6.6(c) or clause 6A.13.2(b)(3) and (5) (as the case may be); and
- (7) the compensation for other risks is such amounts as the *AER* determines are necessary for that year to compensate a *Transmission Network Service Provider* for risks that are not otherwise compensated for in the return on capital, including the risk referred to in clause S6A.2.3(b) of schedule 6A.2.

## **6A.6 Matters relevant to the making of revenue determinations**

### **6A.6.1 Regulatory asset base**

#### **Nature of regulatory asset base**

- (a) The regulatory asset base for a *transmission system* owned, controlled or operated by a *Transmission Network Service Provider* is the value of those assets that are used by the provider to provide *prescribed transmission services*, but only to the extent that they are used to provide such services.

#### **Preparation, publication and amendment of model for rolling forward regulatory asset base**

- (b) The *AER* must, in accordance with the *transmission consultation procedures*, develop and *publish* a model for the roll forward of the regulatory asset base for *transmission systems*, referred to as the *roll forward model*.
- (c) The *AER* may, from time to time and in accordance with the *transmission consultation procedures*, amend or replace the *roll forward model*.
- (d) The *AER* must develop and *publish* the first *roll forward model* by 28 September 2007, and there must be such a model available at all times after that date.

#### **Contents of roll forward model**

- (e) The *roll forward model* must set out the method for determining the roll forward of the regulatory asset base for *transmission systems*:
  - (1) from the immediately preceding *regulatory control period* to the beginning of the first year of the subsequent *regulatory control period*, so as to establish the value of the regulatory asset base as at the beginning of the first *regulatory year* of that subsequent *regulatory control period*; and
  - (2) from one *regulatory year* in a *regulatory control period* to a subsequent *regulatory year* in that same *regulatory control period*, so as to establish the value of the regulatory asset base as at the beginning of the subsequent *regulatory year* of that *regulatory control period*;

under which:

- (3) the roll forward of the regulatory asset base from the immediately preceding *regulatory control period* to the beginning of the first *regulatory year* of a subsequent *regulatory control period* entails the value of the first mentioned regulatory asset base being adjusted for outturn inflation, consistent with the methodology that was used in the *transmission determination* (if any) for the first mentioned *regulatory control period* for the indexation of the *maximum allowed revenue* during that *regulatory control period*.

#### **Other provisions relating to regulatory asset base**

- (f) Other provisions relating to regulatory asset bases are set out in schedule 6A.2.

### **6A.6.2 Return on capital**

#### **Calculation of return on capital**

- (a) The return on capital for each *regulatory year* must be calculated by applying a rate of return for the relevant *Transmission Network Service Provider* for that *regulatory control period* (calculated in accordance with this clause 6A.6.2) to the value of the regulatory asset base for the relevant *transmission system* as at the beginning of that *regulatory year* (as established in accordance with clause 6A.6.1 and schedule 6A.2).

### Weighted average cost of capital

- (b) The rate of return for a *Transmission Network Service Provider* for a *regulatory control period* is the cost of capital as measured by the return required by investors in a commercial enterprise with a similar nature and degree of non-diversifiable risk as that faced by the *transmission* business of the provider and, subject to any revised values, methodologies and levels arising from a review under paragraphs (f)-(j), must be calculated as a nominal post-tax *weighted average cost of capital* ("WACC") in accordance with the following formula:

$$\text{WACC} = k_e \frac{E}{V} + k_d \frac{D}{V}$$

where:

$k_e$  is the return on equity (determined using the Capital Asset Pricing Model) and is calculated as:

$$r_f + \beta_e \times \text{MRP}$$

where:

$r_f$  is the nominal risk free rate for the *regulatory control period* determined in accordance with paragraph (c);

$\beta_e$  is the equity beta, which is deemed to be 1.0; and

MRP is the market risk premium, which is deemed to be 6.0%;

$k_d$  is the return on debt and is calculated as:

$$r_f + \text{DRP}$$

where:

DRP is the debt risk premium for the *regulatory control period* determined in accordance with paragraph (e);

$E/V$  is the market value of equity as a proportion of the market value of equity and debt, which is  $1 - D/V$ ; and

$D/V$  is the market value of debt as a proportion of the market value of equity and debt, which is deemed to be 0.6.

### Meaning of nominal risk free rate

- (c) The nominal risk free rate for a *regulatory control period* is the rate determined for that *regulatory control period* by the AER on a moving average basis from the annualised yield on Commonwealth Government bonds with a maturity of 10 years using:
- (1) the indicative mid rates published by the Reserve Bank of Australia; and
  - (2) a period of time which is either:
    - (i) a period ('the **agreed period**') proposed by the relevant *Transmission Network Service Provider*, and agreed by the AER (such agreement is not to be unreasonably withheld); or
    - (ii) a period specified by the AER, and notified to the provider prior to the commencement of that period, if the period proposed by the provider is not agreed by the AER under subparagraph (i),and, for the purposes of subparagraph (i):
    - (iii) the start date and end date for the agreed period may be kept confidential, but only until the expiration of the agreed period; and
    - (iv) the AER must notify the *Transmission Network Service Provider* whether or not it agrees with the proposed period within 30 *business days* of the date of submission of the *Revenue Proposal* under clause 6A.10.1(a).
- (d) If there are no Commonwealth Government bonds with a maturity of 10 years on any day in the period referred to in paragraph (c)(2), the AER must determine the nominal risk free rate for the *regulatory control period* by interpolating on a straight line basis from the two Commonwealth Government bonds closest to the 10 year term and which also straddle the 10 year expiry date.

### Meaning of debt risk premium

- (e) The debt risk premium for a *regulatory control period* is the premium determined for that *regulatory control period* by the AER as the margin between the annualised nominal risk free rate and the observed annualised Australian benchmark corporate bond rate for corporate bonds which have a BBB+ credit rating from Standard and Poors and a maturity equal to that used to derive the nominal risk free rate.

### Review of rate of return parameters

- (f) The *AER* must, in accordance with the *transmission consultation procedures* and paragraphs (g)-(j), carry out reviews of the matters referred to in paragraph (i).
- (g) The *AER* must conclude the first review by 1 May 2009 and conclude subsequent reviews at intervals of five years with the first interval starting from 31 March 2009.
- (h) The *AER* may, as a consequence of a review, adopt revised values, methodologies or credit rating levels, and, if it does so, it must use those revised values, methodologies and levels, but only for the purposes of a *Revenue Proposal* that is submitted to the *AER* under clause 6A.10.1(a) after the completion of the first review or after completion of the five yearly reviews (as the case may be).
- (i) The *AER* may only review:
  - (1) the values of and methodologies used to calculate:
    - (i) the nominal risk free rate;
    - (ii) the equity beta;
    - (iii) the market risk premium;
    - (iv) the maturity period and bond rates referred to in paragraph (d); and
    - (v) the ratio of the market value of debt to the market value of equity and debt,as set out in this clause 6A.6.2 or as subsequently revised under paragraph (h); and
  - (2) the credit rating level as referred to in paragraph (e) or as subsequently revised under paragraph (h).
- (j) In undertaking a review under this clause 6A.6.2 and under clause 6A.6.4(b), the *AER* must have regard to:
  - (1) the need for the rate of return calculated for the purposes of paragraph (b) to be a forward looking rate of return that is commensurate with prevailing conditions in the market for funds and the risk involved in providing *prescribed transmission services*;
  - (2) the need for the return on debt to reflect the current cost of borrowings for comparable debt;

- (3) the need for the credit rating levels or the values attributable to, or the methodologies used to calculate, the parameters referred to in paragraphs (i)(1)(ii), (iv), (v) and (i)(2) to be based on a benchmark efficient *Transmission Network Service Provider*; and
- (4) where the credit rating levels or the values that are attributable to, or the methodologies used to calculate, the parameters referred to in paragraph (i) cannot be determined with certainty:
  - (i) the need to achieve an outcome that is consistent with the *national electricity objective*; and
  - (ii) the need for persuasive evidence before adopting a credit rating level or a value for, or a methodology used to calculate, that parameter that differs from the credit rating level, value or methodology that has previously been adopted for it.

### 6A.6.3 Depreciation

- (a) The depreciation for each *regulatory year*:
  - (1) must be calculated on the value of the assets as included in the regulatory asset base, as at the beginning of that *regulatory year*, for the relevant *transmission system*; and
  - (2) must be calculated:
    - (i) providing such depreciation schedules conform with the requirements set out in paragraph (b), using the depreciation schedules for each asset or category of assets that are nominated in the relevant *Transmission Network Service Provider's Revenue Proposal*; or
    - (ii) to the extent the depreciation schedules nominated in the provider's Revenue Proposal do not so conform, using the depreciation schedules determined for that purpose by the *AER* in its final decision on the provider's Revenue Proposal.
- (b) The depreciation schedules referred to in paragraph (a) must conform to the following requirements:
  - (1) except as provided in paragraph (c), the schedules must depreciate using a profile that reflects the nature of the assets or category of assets over the economic life of that asset or category of assets;
  - (2) the sum of the real value of the depreciation that is attributable to any asset or category of assets over the economic life of that asset or category of assets (such real value being calculated as at the time the

value of that asset or category of assets was first included in the regulatory asset base for the relevant *transmission system*) must be equivalent to the value at which that asset or category of assets was first included in the regulatory asset base for the relevant *transmission system*; and

- (3) the economic life of the relevant assets and the depreciation methodologies and rates underpinning the calculation of actual depreciation for a given *regulatory control period* must be consistent with those determined for the same assets on a prospective basis in the *transmission determination* for that period.

(c) To the extent that:

- (1) an asset (or group of assets) the value of which forms part of the regulatory asset base for a *transmission system* is dedicated to one *Transmission Network User* (not being a *Distribution Network Service Provider*) or a small group of *Transmission Network Users*; and
- (2) the value of the assets (or group of assets), as included in the value of that regulatory asset base as at the beginning of the first *regulatory year* of the current *regulatory control period*, exceeds the *indexed amount*, as at the commencement of that *regulatory control period*, of \$20 million,

that asset (or group of assets) must be depreciated on a straight line basis over the life at which that asset (or group of assets) was first included in the regulatory asset base for that *transmission system*.

#### 6A.6.4 Estimated cost of corporate income tax

- (a) The estimated cost of corporate income tax of a *Transmission Network Service Provider* for each *regulatory year* ( $ETC_t$ ) must be calculated in accordance with the following formula:

$$ETC_t = (ETI_t \times r_t) (1 - \gamma)$$

where:

$ETI_t$  is an estimate of the taxable income for that *regulatory year* that would be earned by a benchmark efficient entity as a result of the provision of *prescribed transmission services* if such an entity, rather than the *Transmission Network Service Provider*, operated the business of the *Transmission Network Service Provider*, such estimate being determined in accordance with the *post-tax revenue model*;

$r_t$  is the expected statutory income tax rate for that *regulatory year* as determined by the *AER*; and

$\gamma$  is the assumed utilisation of imputation credits, which is deemed to be 0.5.

For these purposes:

- (1) the cost of debt must be based on that of a benchmark efficient *Transmission Network Service Provider*; and
  - (2) the estimate must take into account the estimated depreciation for that *regulatory year* for *tax* purposes, for a benchmark efficient *Transmission Network Service Provider*, of assets where the value of those assets is included in the regulatory asset base for the relevant *transmission system* for that *regulatory year*.
- (b) The *AER* must, in accordance with the *transmission consultation procedures* and clause 6A.6.2(j), carry out reviews of the matters referred to in paragraph (d).
- (c) The *AER* must conclude the first review by 1 May 2009 and conclude subsequent reviews at intervals of five years with the first interval starting from 31 March 2009.
- (d) The *AER* may only review the value of and methodology used to calculate the assumed utilisation of imputation credits as referred to in paragraph (a) (or as subsequently revised under this clause 6A.6.4).
- (e) Where the value of the assumed utilisation of imputation credits referred to in paragraph (d) cannot be determined with certainty, the *AER* must have regard to:
- (1) the need to achieve an outcome that is consistent with the *national electricity objective*; and
  - (2) the need for persuasive evidence before adopting a value that differs from the value that has previously been adopted for it.
- (f) If, as a consequence of a review, the *AER* decides to adopt a revised value or methodology, it must use that revised value or methodology, but only for the purposes of a *Revenue Proposal* that is submitted to the *AER* under clause 6A.10.1(a) after the completion of the first review or after completion of the five yearly reviews (as the case may be).

#### **6A.6.5 Efficiency benefit sharing scheme**

- (a) The *AER* must, in accordance with the *transmission consultation procedures*, develop and *publish* a scheme (an *efficiency benefit sharing scheme*) that provides for a fair sharing between *Transmission Network Service Providers* and *Transmission Network Users* of:

- (1) the efficiency gains derived from the operating expenditure of *Transmission Network Service Providers* for a *regulatory control period* being less than; and
- (2) the efficiency losses derived from the operating expenditure of *Transmission Network Service Providers* for a *regulatory control period* being more than,

the forecast operating expenditure accepted or substituted by the AER for that *regulatory control period* in accordance with clause 6A.6.6(c) or clause 6A.13.2(b)(3) and (5) (as the case may be).

- (b) In developing and implementing an *efficiency benefit sharing scheme*, the AER must have regard to:
  - (1) the need to provide *Transmission Network Service Providers* with a continuous incentive (that is equal in each year of any *regulatory control period*) to reduce operating expenditure;
  - (2) the desirability of both rewarding *Transmission Network Service Providers* for efficiency gains and penalising *Transmission Network Service Providers* for efficiency losses; and
  - (3) any incentives that *Transmission Network Service Providers* may have to inappropriately capitalise operating expenditure.
- (c) At the same time as it *publishes* an *efficiency benefit sharing scheme* under this clause 6A.6.5, the AER must also *publish* parameters ('the *efficiency benefit sharing scheme parameters*') for the scheme. For the avoidance of doubt, unless the AER provides otherwise in that scheme, such values may differ as between *Transmission Network Service Providers* and over time.
- (d) The AER must set out in each *efficiency benefit sharing scheme* any requirements with which the values attributed to the *efficiency benefit sharing scheme parameters* must comply, but such requirements must not be inconsistent with those factors to which the AER must have regard under paragraph (b).
- (e) The AER must develop and *publish* the first *efficiency benefit sharing scheme* by 28 September 2007, and there must be an *efficiency benefit sharing scheme* in force at all times after that date.
- (f) The AER may, from time to time and in accordance with the *transmission consultation procedures*, amend or replace an *efficiency benefit sharing scheme*, except that no such amendment or replacement may change the application of the scheme to a *Transmission Network Service Provider* in respect of a *regulatory control period* that has commenced before, or that

will commence within 15 months of, the amendment or replacement coming into operation.

- (g) Subject to paragraph (h) the *AER* may, from time to time and in accordance with the *transmission consultation procedures*, amend or replace the values to be attributed to the *efficiency benefit sharing scheme parameters*.
- (h) An amendment or replacement referred to in paragraph (g) must not change the values to be attributed to the *efficiency benefit sharing scheme parameters* where:
  - (1) those values must be included in information accompanying a *Revenue Proposal*; and
  - (2) the *Revenue Proposal* is required to be submitted under clause 6A.10.1(a) at a time that is within 2 months of the *publication* of the amended or replaced *efficiency benefit sharing scheme parameters*.

#### **6A.6.6 Forecast operating expenditure**

- (a) A *Revenue Proposal* must include the total forecast operating expenditure for the relevant *regulatory control period* which the *Transmission Network Service Provider* considers is required in order to achieve each of the following ('the *operating expenditure objectives*'):
  - (1) meet the expected demand for *prescribed transmission services* over that period;
  - (2) comply with all applicable *regulatory obligations or requirements* associated with the provision of *prescribed transmission services*;
  - (3) maintain the quality, reliability and security of supply of *prescribed transmission services*; and
  - (4) maintain the reliability, safety and security of the *transmission system* through the supply of *prescribed transmission services*.
- (b) The forecast of required operating expenditure of a *Transmission Network Service Provider* that is included in a *Revenue Proposal* must:
  - (1) comply with the requirements of the *submission guidelines*;
  - (2) be for expenditure that is properly allocated to *prescribed transmission services* in accordance with the principles and policies set out in the *Cost Allocation Methodology* for the *Transmission Network Service Provider*; and
  - (3) include both:

- (i) the total of the forecast operating expenditure for the relevant *regulatory control period*; and
  - (ii) the forecast of the operating expenditure for each *regulatory year* of the relevant *regulatory control period*.
- (c) The *AER* must accept the forecast of required operating expenditure of a *Transmission Network Service Provider* that is included in a *Revenue Proposal* if the *AER* is satisfied that the total of the forecast operating expenditure for the *regulatory control period* reasonably reflects:
  - (1) the efficient costs of achieving the *operating expenditure objectives*;
  - (2) the costs that a prudent operator in the circumstances of the relevant *Transmission Network Service Provider* would require to achieve the *operating expenditure objectives*; and
  - (3) a realistic expectation of the demand forecast and cost inputs required to achieve the *operating expenditure objectives*.

(‘the *operating expenditure criteria*’).
- (d) If the *AER* is not satisfied as referred to in paragraph (c), it must not accept the forecast of required operating expenditure of a *Transmission Network Service Provider* that is included in a *Revenue Proposal*.
- (e) In deciding whether or not the *AER* is satisfied as referred to in paragraph (c), the *AER* must have regard to the following (‘the *operating expenditure factors*’):
  - (1) the information included in or accompanying the *Revenue Proposal*;
  - (2) submissions received in the course of consulting on the *Revenue Proposal*;
  - (3) such analysis as is undertaken by or for the *AER* and is *published* prior to or as part of the draft decision of the *AER* on the *Revenue Proposal* under rule 6A.12 or the final decision of the *AER* on the *Revenue Proposal* under rule 6A.13 (as the case may be);
  - (4) benchmark operating expenditure that would be incurred by an efficient *Transmission Network Service Provider* over the *regulatory control period*;
  - (5) the actual and expected operating expenditure of the provider during any preceding *regulatory control periods*;
  - (6) the relative prices of operating and capital inputs;

- (7) the substitution possibilities between operating and capital expenditure;
  - (8) whether the total labour costs included in the capital and operating expenditure forecasts for the *regulatory control period* are consistent with the incentives provided by the applicable *service target performance incentive scheme* in respect of the *regulatory control period*;
  - (9) the extent to which the forecast of required operating expenditure of the *Transmission Network Service Provider* is referable to arrangements with a person other than the provider that, in the opinion of the *AER*, do not reflect arm's length terms; ~~and~~
  - (10) whether the forecast of required operating expenditure includes amounts relating to a project that should more appropriately be included as a *contingent project* under clause 6A.8.1(b); ~~and-~~
  - (11) [any relevant project assessment conclusions report required under clause 5.6.6.](#)
- (f) If, in its final decision on the *Revenue Proposal* under rule 6A.13, the *AER* does not accept the total of the forecast required operating expenditure for the *regulatory control period* under paragraph (d), then the *AER* must, in accordance with clause 6A.13.2(b), use a substituted forecast of required operating expenditure.

#### **6A.6.7 Forecast capital expenditure**

- (a) A *Revenue Proposal* must include the total forecast capital expenditure for the relevant *regulatory control period* which the *Transmission Network Service Provider* considers is required in order to achieve each of the following ('the *capital expenditure objectives*'):
  - (1) meet the expected demand for *prescribed transmission services* over that period;
  - (2) comply with all applicable *regulatory obligations or requirements* associated with the provision of *prescribed transmission services*;
  - (3) maintain the quality, reliability and security of supply of *prescribed transmission services*; and
  - (4) maintain the reliability, safety and security of the *transmission system* through the supply of *prescribed transmission services*.
- (b) The forecast of required capital expenditure of a *Transmission Network Service Provider* that is included in a *Revenue Proposal* must:

- (1) comply with the requirements of the *submission guidelines*;
  - (2) be for expenditure that is properly allocated to *prescribed transmission services* in accordance with the principles and policies set out in the *Cost Allocation Methodology* for the *Transmission Network Service Provider*;
  - (3) include both:
    - (i) the total of the forecast capital expenditure for the relevant *regulatory control period*; and
    - (ii) the forecast of the capital expenditure for each *regulatory year* of the relevant *regulatory control period*; and
  - (4) identify any forecast capital expenditure:
    - (i) that is for a *reliability augmentation*; or
    - (ii) that is for an option that has satisfied the *regulatory test* or [\*regulatory investment test for transmission \(as the case may be\)\*](#).
- (c) The *AER* must accept the forecast of required capital expenditure of a *Transmission Network Service Provider* that is included in a *Revenue Proposal* if the *AER* is satisfied that the total of the forecast capital expenditure for the *regulatory control period* reasonably reflects:
- (1) the efficient costs of achieving the *capital expenditure objectives*;
  - (2) the costs that a prudent operator in the circumstances of the relevant *Transmission Network Service Provider* would require to achieve the *capital expenditure objectives*; and
  - (3) a realistic expectation of the demand forecast and cost inputs required to achieve the *capital expenditure objectives*.
- (‘the *capital expenditure criteria*’).
- (d) If the *AER* is not satisfied as referred to in paragraph (c), it must not accept the forecast of required capital expenditure of a *Transmission Network Service Provider*.
- (e) In deciding whether or not the *AER* is satisfied as referred to in paragraph (c), the *AER* must have regard to the following (‘the *capital expenditure factors*’):
- (1) the information included in or accompanying the *Revenue Proposal*;

- (2) submissions received in the course of consulting on the *Revenue Proposal*;
- (3) such analysis as is undertaken by or for the *AER* and is *published* prior to or as part of the draft decision of the *AER* on the *Revenue Proposal* under rule 6A.12 or the final decision of the *AER* on the *Revenue Proposal* under rule 6A.13 (as the case may be);
- (4) benchmark capital expenditure that would be incurred by an efficient *Transmission Network Service Provider* over the *regulatory control period*;
- (5) the actual and expected capital expenditure of the *Transmission Network Service Provider* during any preceding *regulatory control periods*;
- (6) the relative prices of operating and capital inputs;
- (7) the substitution possibilities between operating and capital expenditure;
- (8) whether the total labour costs included in the capital and operating expenditure forecasts for the *regulatory control period* are consistent with the incentives provided by the applicable *service target performance incentive scheme* in respect of the *regulatory control period*;
- (9) the extent to which the forecast of required capital expenditure of the *Transmission Network Service Provider* is referable to arrangements with a person other than the provider that, in the opinion of the *AER*, do not reflect arm's length terms; ~~and~~
- (10) whether the forecast of required capital expenditure includes amounts relating to a project that should more appropriately be included as a *contingent project* under clause 6A.8.1(b); ~~and-~~

(11) any relevant project assessment conclusions report required under clause 5.6.6.

- (f) If, in its final decision on the *Revenue Proposal* made under rule 6A.13, the *AER* does not accept the total of the forecast of required capital expenditure for the *regulatory control period* under paragraph (d), then the *AER* must, in accordance with clause 6A.13.2(b), use a substitute forecast of required capital expenditure.

### **Forecast capital expenditure and contingent projects**

- (g) Paragraphs (h) - (k) apply where:

- (1) in a *regulatory control period* (the **first regulatory control period**) the *AER* determines under clause 6A.8.2(e)(1)(iii) that the likely completion date for a *contingent project* is a date which occurs in the immediately following *regulatory control period* (the **second regulatory control period**); and
  - (2) there is an unspent amount of capital expenditure for that *contingent project* under paragraph (h).
- (h) A *Transmission Network Service Provider's Revenue Proposal* for the second *regulatory control period*, must include in the forecast of required capital expenditure referred to in paragraph (a) an amount of any unspent capital expenditure for each *contingent project* as described in paragraph (g)(2), that equals the difference (if any) between:
- (1) the total capital expenditure for that *contingent project*, as determined by the *AER* in the first *regulatory control period* under clause 6A.8.2(e)(1)(ii); and
  - (2) the total of the capital expenditure actually incurred (or estimated capital expenditure for any part of the first *regulatory control period* for which actual capital expenditure is not available) in the first *regulatory control period* for that *contingent project*.
- (i) The *AER* must include in any forecast capital expenditure for the second *regulatory control period* which is accepted in accordance with paragraph (c), estimated in accordance with clause 6A.14.1(2)(ii) or substituted in accordance with clause 6A.13.2(b)(4) and (5) (as the case may be), the amount of any unspent capital expenditure calculated in accordance with paragraph (h).
- (j) Without limiting the requirement in paragraph (i), in deciding whether or not to accept the forecast of required capital expenditure of a *Transmission Network Service Provider* for the second *regulatory control period* in accordance with this clause 6A.6.7, the *AER* must not:
- (1) assess the reasonableness of the amount of unspent capital expenditure for a *contingent project* referred to in paragraph (h) or the remaining period to which the *contingent project* applies;
  - (2) assess the reasonableness of the timing of the unspent capital expenditure within the remaining period for a *contingent project* referred to in paragraph (h) except as part of the assessment of the total forecast capital expenditure under paragraph (c); or
  - (3) take into account any amount which represents for a *contingent project* referred to in paragraph (h) the difference between:

- (i) the amount representing the sum of the forecast capital expenditure for that *contingent project* for each year of the immediately preceding *regulatory control period* referred to in clause 6A.8.2(e)(1)(i); and
  - (ii) the total capital expenditure actually incurred (or estimated capital expenditure for any part of the preceding *regulatory control period* for which actual capital expenditure is not available) in the immediately preceding *regulatory control period* for that *contingent project*.
- (k) A *Revenue Proposal* in respect of the second *regulatory control period* must not include in the forecast of required capital expenditure referred to in paragraph (a) any capital expenditure for a *contingent project* for the first *regulatory control period*:
- (1) to the extent that the capital expenditure was included in the amount of capital expenditure for that *contingent project* as determined in the first *regulatory control period* under clause 6A.8.2(e)(1)(i); and
  - (2) the capital expenditure actually incurred (or estimated capital expenditure for any part of the first *regulatory control period* for which actual capital expenditure is not available) in the first *regulatory control period* for that *contingent project* exceeded the capital expenditure referred to in subparagraph (1).

#### **6A.6.8 The X factor**

- (a) A *revenue determination* is to include the X factor for each *regulatory year* for a *Transmission Network Service Provider*.
- (b) The X factors for each *regulatory year* must be:
  - (1) providing they comply with the requirements set out in paragraph (c), the X factors for those *regulatory years* that are nominated in the *Transmission Network Service Provider's Revenue Proposal*; or
  - (2) to the extent that the X factors nominated in the *Transmission Network Service Provider's Revenue Proposal* do not so comply, the X factors determined for that purpose by the AER in its final decision on the *Transmission Network Service Provider's Revenue Proposal*.
- (c) The X factor for each *regulatory year* must be such that:
  - (1) the net present value of the expected *maximum allowed revenue* for the relevant *Transmission Network Service Provider* for each *regulatory year* (as calculated in accordance with the *post-tax revenue model*) is equal to the net present value of the *annual building block*

- revenue requirement* for the provider for each *regulatory year* (as calculated in accordance with the *post-tax revenue model*); and
- (2) the expected *maximum allowed revenue* for the provider for the last *regulatory year* (as calculated in accordance with the *post-tax revenue model*) is as close as reasonably possible to the *annual building block revenue requirement* for the provider for that *regulatory year* (as calculated in accordance with the *post-tax revenue model*).
- (d) For the avoidance of doubt, there may be a different X factor that applies for different *regulatory years* of the *regulatory control period*.

## **6A.7 Matters relevant to the adjustment of revenue cap after making of revenue determination**

### **6A.7.1 Reopening of revenue determination for capital expenditure**

- (a) Subject to paragraph (b), a *Transmission Network Service Provider* may, during a *regulatory control period*, apply to the AER to revoke and substitute a *revenue determination* that applies to it where:
- (1) an event that is beyond the reasonable control of the provider has occurred during that *regulatory control period* and the occurrence of that event during that period (or of an event of a similar kind) could not reasonably have been foreseen by the provider at the time of the making of the *revenue determination* ('the **event**');
  - (2) no forecast capital expenditure was accepted or substituted by the AER for that period under clause 6A.6.7(c) or clause 6A.13.2(b)(4) and (5) (as the case may be) in relation to the event that has occurred;
  - (3) the provider proposes to undertake capital expenditure to rectify the adverse consequences of the event;
  - (4) the total of the capital expenditure required during the *regulatory control period* to rectify the adverse consequences of the event:
    - (i) exceeds 5% of the value of the regulatory asset base for the relevant *Transmission Network Service Provider* for the first year of the relevant *regulatory control period*;
    - (ii) is such that, if undertaken, it is reasonably likely (in the absence of any other reduction in capital expenditure) to result in the total actual capital expenditure for that *regulatory control period* exceeding the total of the forecast capital expenditure for that *regulatory control period* as accepted or substituted by the AER in accordance with clause 6A.6.7(c) or clauses 6A.13.2(b)(4) and (5) (as the case may be); and

- (5) the provider can demonstrate that it is not able to reduce capital expenditure in other areas to avoid the consequence referred to in clause 6A.7.1(a)(4)(ii) without materially adversely affecting the *reliability* and security of the relevant *transmission system*;
- (6) a failure to rectify the adverse consequences of the event would be likely to materially adversely affect the *reliability* and security of the relevant *transmission system*; and
- (7) the event is not a *pass through event* or a *contingent project*.

In this paragraph (a), a reference to an event includes a series of events or a state of affairs, which may include a greater than anticipated increase in demand.

- (b) An application referred to in paragraph (a) must not be made within 90 *business days* prior to the end of a *regulatory year*.
- (c) Following its receipt of an application made in accordance with paragraphs (a) and (b), the *AER* must:
  - (1) consult with the *Transmission Network Service Provider* and such other persons as it considers appropriate in relation to the application; and
  - (2) make its decision on the application within 60 *business days* of that application being made.
- (d) The *AER* must, and must only, revoke a *revenue determination* following an application made in accordance with paragraphs (a) and (b) if the *AER* is satisfied of each of the matters referred to in paragraph (a).
- (e) If the *AER* revokes a *revenue determination* under paragraph (d), the *AER* must make a new *revenue determination* in substitution for the revoked determination to apply for the remainder of the *regulatory control period* for which the revoked determination was to apply.
- (f) The substituted *revenue determination* must only vary from the revoked *revenue determination* to the extent necessary:
  - (1) to adjust the forecast capital expenditure for that *regulatory control period* to accommodate the amount of such additional capital expenditure as the *AER* determines is appropriate (in which case the amount of that adjustment will be taken to be accepted by the *AER* under clause 6A.6.7(c)); and
  - (2) to reflect the effect of any resultant increase in forecast capital expenditure on:

- (i) the forecast operating expenditure for the remainder of the *regulatory control period*;
  - (ii) the *maximum allowed revenue* for each *regulatory year* in the remainder of the *regulatory control period*; and
  - (iii) the X factor for each of the remaining *regulatory years* of the *regulatory control period*.
- (g) If the *AER* revokes and substitutes a *revenue determination* under paragraph (e), that revocation and substitution must take effect from the commencement of the next *regulatory year*.

### 6A.7.2 Network support pass through

- (a) This clause applies where a *network support event* occurs with respect to a *regulatory year* ('the **previous regulatory year**').
- (b) If a *network support event* occurs, a *Transmission Network Service Provider* must seek a determination by the *AER* to pass through to *Transmission Network Users* a *network support pass through amount*.
- (c) Where a *Transmission Network Service Provider* seeks a determination as referred to in paragraph (b), the provider must, within 60 *business days* of the end of the previous *regulatory year*, submit to the *AER* a written statement which specifies:
  - (1) the details of the *network support event* including whether the event was a *negative network support event* or a *positive network support event*;
  - (2) the amount that the provider proposes should be passed through to *Transmission Network Users* in the *regulatory year* following the previous *regulatory year* as a result of the *network support event*;
  - (3) evidence:
    - (i) of the actual increase in the amount of *network support payments*, including certification by an independent and appropriately qualified expert; and
    - (ii) that such amounts occur solely as a consequence of the positive *network support event*; and
  - (4) such other information as may be required pursuant to the *information guidelines* in force under clause 6A.17.2.
- (d) If the *AER* determines that a *positive network support event* has occurred in respect of a statement under paragraph (c), the *AER* must determine the

*network support pass through amount*, taking into account the matters referred to in paragraph (i).

- (e) If the *AER* does not make the determination referred to in paragraph (d) within 60 *business days* from the date it receives the *Transmission Network Service Provider's* statement and accompanying evidence under paragraph (c), then, on the expiry of that period, the *AER* is taken to have determined that the amount as proposed in the provider's statement under paragraph (c) is the *network support pass through amount*.
- (f) If a *negative network support event* occurs (whether or not the occurrence of that event is notified by the provider to the *AER* under paragraph (c)) and the *AER* determines to impose a requirement on the *Transmission Network Service Provider* in relation to that *negative network support event*, the *AER* must determine the *network support pass through amount* taking into account the matters referred to in paragraph (i).
- (g) A *Transmission Network Service Provider* must provide the *AER* with such information as the *AER* requires for the purpose of making a determination under paragraph (f) within the time specified by the *AER* in a notice provided to the provider by the *AER* for that purpose.

### **Consultation**

- (h) Before making a determination under paragraph (d) or (f), the *AER* may consult with the relevant *Transmission Network Service Provider* and such other persons as the *AER* considers appropriate, on any matters arising out of the relevant *network support event* as the *AER* considers appropriate.

### **Relevant factors**

- (i) In making a determination under paragraph (d) or (f), the *AER* must take into account:
  - (1) the matters and proposals set out in any statement given to the *AER* by the *Transmission Network Service Provider* under paragraph (c);
  - (2) in the case of a *positive network support event*, the increase in costs in the provision of *prescribed transmission services* that the provider has incurred in the preceding *regulatory year* as a result of the *positive network support event*;
  - (3) in the case of a *positive network support event*, the efficiency of the provider's decisions and actions in relation to the risk of the event, including whether the provider has failed to take any action that could reasonably be taken to reduce the magnitude of the *positive network support event* and whether the provider has taken or omitted to take

- any action where such action or omission has increased the magnitude of the amount in respect of that event;
- (4) the time cost of money based on the *weighted average cost of capital* for the provider for the relevant *regulatory control period*;
  - (5) the need to ensure that the provider only recovers any actual increment in costs under this paragraph (i) to the extent that such increment is solely as a consequence of a *network support event*; and
  - (6) any other factors the *AER* considers relevant.

### **6A.7.3 Cost pass through**

- (a) If a *positive change event* occurs, a *Transmission Network Service Provider* may seek the approval of the *AER* to pass through to *Transmission Network Users* a *positive pass through amount*.
- (b) If a *negative change event* occurs, the *AER* may require the *Transmission Network Service Provider* to pass through to *Transmission Network Users* a *negative pass through amount* as determined by the *AER* under paragraph (g).

#### **Positive pass through**

- (c) To seek the approval of the *AER* to pass through a *positive pass through amount*, a *Transmission Network Service Provider* must submit to the *AER*, within 90 *business days* of the relevant *positive change event* occurring, a written statement which specifies:
  - (1) the details of the *positive change event*;
  - (2) the date on which the *positive change event* occurred;
  - (3) the *eligible pass through amount* in respect of that *positive change event*;
  - (4) the *positive pass through amount* the provider proposes in relation to the *positive change event*;
  - (5) the amount of the *positive pass through amount* that the provider proposes should be passed through to *Transmission Network Users* in each *regulatory year* during the *regulatory control period*;
  - (6) evidence:
    - (i) of the actual and likely increase in costs referred to in subparagraph (3); and

- (ii) that such costs occur solely as a consequence of the *positive change event*; and
- (7) such other information as may be required pursuant to *information guidelines* in force under clause 6A.17.2.
- (d) If the *AER* determines that a *positive change event* has occurred in respect of a statement under paragraph (c), the *AER* must determine:
  - (1) the *approved pass through amount*; and
  - (2) the amount of that *approved pass through amount* that should be passed through to *Transmission Network Users* in each *regulatory year* during the *regulatory control period*,taking into account the matters referred to in paragraph (j).
- (e) If the *AER* does not make the determinations referred to in paragraph (d) within 60 *business days* from the date it receives the *Transmission Network Service Provider's* statement and accompanying evidence under paragraph (c), then, on the expiry of that period, the *AER* is taken to have determined that:
  - (1) the *positive pass through amount* as proposed in the provider's statement under paragraph (c) is the *approved pass through amount* in respect of that *positive change event*; and
  - (2) the amount of that *positive pass through amount* that the provider proposes in its statement under paragraph (c) should be passed through to *Transmission Network Users* in each *regulatory year* during the *regulatory control period*, is the amount that should be so passed through in each such *regulatory year*.

### **Negative pass through**

- (f) A *Transmission Network Service Provider* must submit to the *AER*, within 60 *business days* of becoming aware of the occurrence of a *negative change event* for the provider, a written statement which specifies:
  - (1) the details of the *negative change event* concerned;
  - (2) the date the *negative change event* occurred;
  - (3) the costs in the provision of *prescribed transmission services* that the provider has saved and is likely to save until the end of the *regulatory control period* as a result of the *negative change event*;
  - (4) the aggregate amount of those saved costs that the provider proposes should be passed through to *Transmission Network Users*;

- (5) the amount of the costs referred to in subparagraph (4) the provider proposes should be passed through to *Transmission Network Users* in each *regulatory year* during the *regulatory control period*; and
  - (6) such other information as may be required pursuant to *information guidelines* in force under clause 6A.17.2.
- (g) If a *negative change event* occurs (whether or not the occurrence of that *negative change event* is notified by the provider to the *AER* under paragraph (f)) and the *AER* determines to impose a requirement on the provider in relation to that *negative change event* as described in paragraph (b), the *AER* must determine:
- (1) the *required pass through amount*; and
  - (2) taking into account the matters referred to in paragraph (j):
    - (i) how much of that *required pass through amount* should be passed through to *Transmission Network Users* ('the *negative pass through amount*'); and
    - (ii) the amount of that *negative pass through amount* that should be passed through to *Transmission Network Users* in each *regulatory year* during the *regulatory control period*.
- (h) A *Transmission Network Service Provider* must provide the *AER* with such information as the *AER* requires for the purpose of making a determination under paragraph (g) within the time specified by the *AER* in a notice provided to the provider by the *AER* for that purpose.

### **Consultation**

- (i) Before making a determination under paragraph (d) or (g), the *AER* may consult with the relevant *Transmission Network Service Provider* and such other persons as the *AER* considers appropriate, on any matters arising out of the relevant *pass through event* as the *AER* considers appropriate.

### **Relevant factors**

- (j) In making a determination under paragraph (d) or (g) in respect of a *Transmission Network Service Provider*, the *AER* must take into account:
  - (1) the matters and proposals set out in any statement given to the *AER* by the provider under paragraphs (c) or (f) (as the case may be);
  - (2) in the case of a *positive change event*, the increase in costs in the provision of *prescribed transmission services* that the provider has incurred and is likely to incur until the end of the *regulatory control period* as a result of the *positive change event*;

- (3) in the case of a *positive change event*, the efficiency of the provider's decisions and actions in relation to the risk of the *positive change event*, including whether the provider has failed to take any action that could reasonably be taken to reduce the magnitude of the *eligible pass through amount* in respect of that *positive change event* and whether the provider has taken or omitted to take any action where such action or omission has increased the magnitude of the amount in respect of that *positive change event*;
- (4) the time cost of money based on the *weighted average cost of capital* for the provider for the relevant *regulatory control period*;
- (5) the need to ensure that the provider only recovers any actual or likely increment in costs under this paragraph (j) to the extent that such increment is solely as a consequence of a *pass through event*;
- (6) in the case of a *tax change event*, any change in the way another *tax* is calculated, or the removal or imposition of another *tax*, which, in the *AER's* opinion, is complementary to the *tax change event* concerned; and
- (7) any other factors the *AER* considers relevant.

#### **6A.7.4 Service target performance incentive scheme**

- (a) The *AER* must, in accordance with the *transmission consultation procedures*, develop and *publish* an incentive scheme ('a *service target performance incentive scheme*') that complies with the principles in paragraph (b).
- (b) The principles are that the *service target performance incentive scheme* should:
  - (1) provide incentives for each *Transmission Network Service Provider* to:
    - (i) provide greater *reliability* of the *transmission system* that is owned, controlled or operated by it at all times when *Transmission Network Users* place greatest value on the *reliability* of the *transmission system*; and
    - (ii) improve and maintain the *reliability* of those elements of the *transmission system* that are most important to determining *spot prices*;
  - (2) result in a potential adjustment to the revenue that the *Transmission Network Service Provider* may earn, from the provision of *prescribed*

- transmission services*, in each *regulatory year* in respect of which the *service target performance incentive scheme* applies;
- (3) ensure that the maximum revenue increment or decrement as a result of the operation of the *service target performance incentive scheme* will fall within a range that is between 1% and 5% of the *maximum allowed revenue* for the relevant *regulatory year*;
  - (4) take into account the *regulatory obligations or requirements* with which *Transmission Network Service Providers* must comply;
  - (5) take into account any other incentives provided for in the *Rules* that *Transmission Network Service Providers* have to minimise capital or operating expenditure; and
  - (6) take into account the age and ratings of the assets comprising the relevant *transmission system*.
- (c) At the same time as it *publishes* a *service target performance incentive scheme*, the *AER* must also *publish* parameters (the *performance incentive scheme parameters*) for the scheme. For the avoidance of doubt, the parameters may differ as between *Transmission Network Service Providers* and over time.
- (d) The *AER* must set out in each *service target performance incentive scheme* any requirements with which the values attributed to the *performance incentive scheme parameters* must comply, and those requirements must be consistent with the principles set out in paragraph (b).
- (e) The *AER* must develop and *publish* the first *service target performance incentive scheme* under the *Rules* by 28 September 2007 and there must be a *service target performance incentive scheme* in force at all times after that date.
- (f) The *AER* may, from time to time and in accordance with the *transmission consultation procedures*, amend or replace any scheme that is developed and *published* under this clause, except that no such amendment or replacement may change the application of the scheme to a *Transmission Network Service Provider* in respect of a *regulatory control period* that has commenced before, or that will commence within 15 months of, the amendment or replacement coming into operation.
- (g) Subject to paragraph (h) the *AER* may, from time to time and in accordance with the *transmission consultation procedures*, amend or replace the values to be attributed to the *performance incentive scheme parameters*.

- (h) An amendment or replacement referred to in paragraph (g) must not change the values to be attributed to the *performance incentive scheme parameters* where:
  - (1) those values must be included in information accompanying a *Revenue Proposal*; and
  - (2) the *Revenue Proposal* is required to be submitted under clause 6A.10.1(a) at a time that is within 2 months of the *publication* of the amended or replaced *performance incentive scheme parameters*.

## 6A.8 Contingent Projects

### 6A.8.1 Acceptance of a Contingent Project in a revenue determination

- (a) A *Revenue Proposal* may include *proposed contingent capital expenditure*, which the *Transmission Network Service Provider* considers is reasonably required for the purpose of undertaking a *proposed contingent project*.
- (b) The *AER* must determine that a *proposed contingent project* is a *contingent project* if the *AER* is satisfied that:
  - (1) the *proposed contingent project* is reasonably required to be undertaken in order to achieve any of the *capital expenditure objectives*;
  - (2) the *proposed contingent capital expenditure*:
    - (i) is not otherwise provided for (either in part or in whole) in the total of the forecast capital expenditure for the relevant *regulatory control period* which is accepted in accordance with clause 6A.6.7(c) or substituted in accordance with clauses 6A.13.2(b)(4) and (5) (as the case may be);
    - (ii) reasonably reflects the *capital expenditure criteria*, taking into account the *capital expenditure factors*, in the context of the *proposed contingent project* as described in the *Revenue Proposal*; and
    - (iii) exceeds either \$10 million or 5% of the value of the *maximum allowed revenue* for the relevant *Transmission Network Service Provider* for the first year of the relevant *regulatory control period* whichever is the larger amount;
  - (3) the *proposed contingent project* and the *proposed contingent capital expenditure*, as described or set out in the *Revenue Proposal*, and the information provided in relation to these matters, complies with the

- requirements of *submission guidelines* made under clause 6A.10.2; and
- (4) the *trigger events* in relation to the *proposed contingent project* which are proposed by the *Transmission Network Service Provider* in its *Revenue Proposal* are appropriate.
- (c) In determining whether a *trigger event* in relation to a *proposed contingent project* is appropriate for the purposes of subparagraph (b)(5), the *AER* must have regard to the need for:
- (1) a *trigger event* to be reasonably specific and capable of objective verification;
  - (2) a *trigger event* to be a condition or event, which, if it occurs, makes the undertaking of the *proposed contingent project* reasonably necessary in order to achieve any of the *capital expenditure objectives*;
  - (3) a *trigger event* to be a condition or event that generates increased costs or categories of costs that relate to a specific location rather than a condition or event that affects the *transmission network* as a whole;
  - (4) a *trigger event* to be described in such terms that the occurrence of that event or condition is all that is required for the *revenue determination* to be amended under clause 6A.8.2; and
  - (5) a *trigger event* to be an event or condition, the occurrence of which is probable during the *regulatory control period*, but the inclusion of capital expenditure in relation to it under clause 6A.6.7 is not appropriate because:
    - (i) it is not sufficiently certain that the event or condition will occur during the *regulatory control period* or if it may occur after that *regulatory control period* or not at all; or
    - (ii) subject to the requirement to satisfy clause 6A.8.1(b)(2)(iii), the costs associated with the event or condition are not sufficiently certain.

#### **6A.8.2 Amendment of revenue determination for contingent project**

- (a) Subject to paragraph (b), a *Transmission Network Service Provider* may, during a *regulatory control period*, apply to the *AER* to amend a *revenue determination* that applies to that provider where a *trigger event* for a *contingent project* in relation to that *revenue determination* has occurred.
- (b) An application referred to in paragraph (a):

- (1) must not be made within 90 *business days* prior to the end of a *regulatory year*;
- (2) subject to subparagraph (1), must be made as soon as practicable after the occurrence of the *trigger event*;
- (3) must contain the following information:
  - (i) an explanation that substantiates the occurrence of the *trigger event*;
  - (ii) a forecast of the total capital expenditure for the *contingent project*;
  - (iii) a forecast of the capital and incremental operating expenditure, for each remaining *regulatory year* which the *Transmission Network Service Provider* considers is reasonably required for the purpose of undertaking the *contingent project*;
  - (iv) how the forecast of the total capital expenditure for the *contingent project* meets the threshold as referred to in clause 6A.8.1(b)(2)(iii);
  - (v) the intended date for commencing the *contingent project* (which must be during the *regulatory control period*);
  - (vi) the anticipated date for completing the *contingent project* (which may be after the end of the *regulatory control period*); and
  - (vii) an estimate of the incremental revenue which the *Transmission Network Service Provider* considers is likely to be required to be earned in each remaining *regulatory year* of the *regulatory control period* as a result of the *contingent project* being undertaken as described in clause 6A.8.2(b)(3)(iii); and
- (4) the estimate referred to in clause 6A.8.2(b)(3)(vii) must be calculated:
  - (i) on the basis of the capital expenditure referred to in clause 6A.8.2(b)(3)(iii);
  - (ii) on the basis of the rate of return for that *Transmission Network Service Provider* for the *regulatory control period* as determined pursuant to clause 6A.6.2;
  - (iii) consistently with the manner in which depreciation is calculated under clause 6A.6.3;

- (iv) to include the incremental operating expenditure referred to in clause 6A.8.2(b)(3)(iii); and
  - (v) in accordance with the requirements for roll forward in the *roll-forward model* and revenue calculation in the *post-tax revenue model*.
- (c) As soon as practicable after its receipt of an application made in accordance with paragraphs (a) and (b), the *AER* must *publish* the application, together with an invitation for written submissions on the application.
- (d) The *AER* must consider any written submissions made under paragraph (c) and must make its decision on the application within 30 *business days* of its receipt of that application. In doing so the *AER* may also take into account such other information as it considers appropriate, including any analysis (such as benchmarking) that is undertaken by it for that purpose.
- (e) If the *AER* is satisfied that the *trigger event* has occurred, and that the forecast of the total capital expenditure for the *contingent project* meets the threshold as referred to in clause 6A.8.1(b)(2)(iii), it must:
  - (1) determine:
    - (i) the amount of capital and incremental operating expenditure, for each remaining *regulatory year* which the *AER* considers is reasonably required for the purpose of undertaking the *contingent project*;
    - (ii) the total capital expenditure which the *AER* considers is reasonably required for the purpose of undertaking the *contingent project*;
    - (iii) the likely commencement and completion dates for the *contingent project*; and
    - (iv) the incremental revenue which is likely to be required by the *Transmission Network Service Provider* in each remaining *regulatory year* as a result of the *contingent project* being undertaken as described in clause 6A.8.2(e)(1)(i) and (ii), such estimate being calculated in accordance with subparagraph (2);
  - (2) calculate the estimate referred to in clause 6A.8.2(e)(1)(iv):
    - (i) on the basis of the capital expenditure referred to in clause 6A.8.2(e)(1)(i);
    - (ii) to include the incremental operating expenditure referred to in clause 6A.8.2(e)(1)(i); and

- (iii) otherwise in accordance with subparagraph (b)(4); and
- (3) amend the *revenue determination* in accordance with paragraph (h).
- (f) In making the determinations referred to in subparagraph (e)(1), the *AER* must accept the relevant amounts and dates, contained in the *Transmission Network Service Provider's* application, as referred to in clauses 6A.8.2(b)(3)(ii) – (vii), if the *AER* is satisfied that:
  - (1) the forecast of the total capital expenditure for the *contingent project* meets the threshold as referred to in clause 6A.8.1(b)(2)(iii);
  - (2) the amounts of forecast capital expenditure and incremental operating expenditure reasonably reflect the *capital expenditure criteria* and the *operating expenditure criteria*, taking into account the *capital expenditure factors* and the *operating expenditure factors* respectively, in the context of the *contingent project*;
  - (3) the estimates of incremental revenue are reasonable; and
  - (4) the dates are reasonable.
- (g) In making the determinations referred to in paragraphs (e)(1) and (f), the *AER* must take into account:
  - (1) the information included in or accompanying the application;
  - (2) submissions received in the course of consulting on the application;
  - (3) such analysis as is undertaken by or for the *AER*;
  - (4) the expenditure that would be incurred in respect of a *contingent project* by an efficient and prudent operator in the circumstances of the *Transmission Network Service Provider*;
  - (5) the actual and expected capital expenditure of the *Transmission Network Service Provider* for *contingent projects* during any preceding *regulatory control periods*;
  - (6) the extent to which the forecast capital expenditure for the *contingent project* is referable to arrangements with a person other than the *Transmission Network Service Provider* that, in the opinion of the *AER*, do not reflect arm's length terms;
  - (7) the relative prices of operating and capital inputs in relation to the *contingent project*;
  - (8) efficient substitution possibilities between operating and capital expenditure in relation to the *contingent project*; and

- (9) whether the total labour costs included in the capital and operating expenditure forecasts for the *regulatory control period* are consistent with the incentives provided by the *service target performance incentive scheme* that is to apply to the provider in respect of the *regulatory control period*.
- (h) Amendments to a *revenue determination* referred to in paragraph (e)(3) must only vary the determination to the extent necessary:
  - (1) to adjust the forecast capital expenditure for that *regulatory control period* to accommodate the amount of capital expenditure determined under clause 6A.8.2(e)(1)(i) (in which case the amount of that adjustment will be taken to be accepted by the *AER* under clause 6A.6.7(c));
  - (2) to adjust the forecast operating expenditure for that *regulatory control period* to accommodate the amount of incremental operating expenditure determined under clause 6A.8.2(e)(1)(i) (in which case the amount of that adjustment will be taken to be accepted by the *AER* under clause 6A.6.6(c));
  - (3) to reflect the effect of any resultant increase in forecast capital and operating expenditure on:
    - (i) the *maximum allowed revenue* for each *regulatory year* in the remainder of the *regulatory control period*; and
    - (ii) the X factor for each of the remaining *regulatory years* of the *regulatory control period*.
- (i) Amendments to a *revenue determination* take effect from the commencement of the next *regulatory year* of the *regulatory control period*.

## Part D - Negotiated Transmission Services

### 6A.9 Negotiated transmission services

#### 6A.9.1 Principles relating to access to negotiated transmission services

The following principles constitute the *Negotiated Transmission Services Principles*:

- (1) the price for a *negotiated transmission service* should be based on the costs incurred in providing that service, determined in accordance with the principles and policies set out in the *Cost Allocation Methodology* for the relevant *Transmission Network Service Provider*;

- (2) subject to subparagraphs (3) and (4), the price for a *negotiated transmission service* should be at least equal to the avoided cost of providing it but no more than the cost of providing it on a stand alone basis;
- (3) if the *negotiated transmission service* is the provision of a *shared transmission service* that:
  - (i) exceeds the network performance requirements (if any) which that *shared transmission service* is required to meet under any *jurisdictional electricity legislation*; or
  - (ii) exceeds the *network* performance requirements set out in schedules 5.1a and 5.1,

then the differential between the price for that service and the price for the *shared transmission service* which meets (but does not exceed) the *network* performance requirements under any *jurisdictional electricity legislation* or as set out in schedules 5.1a and 5.1 (as the case may be) should reflect the increase in the *Transmission Network Service Provider's* incremental cost of providing that service;

- (4) if the *negotiated transmission service* is the provision of a *shared transmission service* that does not meet (and does not exceed) the *network* performance requirements set out in schedules 5.1a and 5.1, the differential between the price for that service and the price for the *shared transmission service* which meets (but does not exceed) the *network* performance requirements set out in schedules 5.1a and 5.1 should reflect the amount of the *Transmission Network Service Provider's* avoided cost of providing that service;
- (5) the price for a *negotiated transmission service* must be the same for all *Transmission Network Users* unless there is a material difference in the costs of providing the *negotiated transmission service* to different *Transmission Network Users* or classes of *Transmission Network Users*;
- (6) the price for a *negotiated transmission service* should be subject to adjustment over time to the extent that the assets used to provide that service are subsequently used to provide services to another person, in which case such adjustment should reflect the extent to which the costs of that asset is being recovered through charges to that other person;
- (7) the price for a *negotiated transmission service* should be such as to enable the *Transmission Network Service Provider* to recover the efficient costs of complying with all *regulatory obligations* or

*requirements* associated with the provision of the *negotiated transmission service*;

- (8) any *access charges* should be based on the costs reasonably incurred by the *Transmission Network Service Provider* in providing *transmission network user access* and (in the case of compensation referred to in rules 5.4A(h) - (j)) on the revenue that is likely to be foregone and the costs that are likely to be incurred by a person referred to in rule 5.4A(h)-(j) where an event referred to in those paragraphs occurs;
- (9) the *terms and conditions of access* for a *negotiated transmission service* should be fair and reasonable and consistent with the safe and *reliable* operation of the *power system* in accordance with the *Rules* (for these purposes, the price for a *negotiated transmission service* is to be treated as being fair and reasonable if it complies with principles (1) to (7) of this clause 6A.9.1);
- (10) the *terms and conditions of access* for a *negotiated transmission service* (including, in particular, any exclusions and limitations of liability and indemnities) must not be unreasonably onerous taking into account the allocation of risk between the *Transmission Network Service Provider* and the other party, the price for the *negotiated transmission service* and the costs to the *Transmission Network Service Provider* of providing the *negotiated transmission service*; and
- (11) the *terms and conditions of access* for a *negotiated transmission service* should take into account the need for the service to be provided in a manner that does not adversely affect the safe and *reliable* operation of the *power system* in accordance with the *Rules*.

#### **6A.9.2 Determination of terms and conditions of access for negotiated transmission services**

(a) A *Transmission Network Service Provider* must comply with:

- (1) the provider's *negotiating framework*; and
- (2) the provider's *Negotiated Transmission Service Criteria*,

when the provider is negotiating the *terms and conditions of access* for *negotiated transmission services* to be provided to a person.

(b) The *Transmission Network Service Provider* must also comply with Chapters 4, 5, and this Chapter 6A of the *Rules*, including the requirements of:

- (1) rules 5.3 and 5.4A, when negotiating for the provision of *connection services* and the associated *connection service charges*; and
- (2) rule 5.4A when negotiating the *use of system services charges* and *access charges* to be paid to or by a *Transmission Network User*.

### 6A.9.3 Negotiating framework determination

The determination specifying requirements relating to the *negotiating framework* forming part of a *transmission determination* for a *Transmission Network Service Provider* is to set out requirements that are to be complied with in respect of the preparation, replacement, application or operation of the provider's *negotiating framework*.

### 6A.9.4 Negotiated transmission criteria determination

- (a) The determination by the *AER* specifying the *Negotiated Transmission Service Criteria* forming part of a *transmission determination* for a *Transmission Network Service Provider* is to set out the criteria that are to be applied:
  - (1) by the provider in negotiating:
    - (i) the *terms and conditions of access* for *negotiated transmission services*, including the prices that are to be charged for the provision of those services by the provider for the relevant *regulatory control period*;
    - (ii) any *access charges* which are negotiated by the provider during that *regulatory control period*; and
  - (2) by a *commercial arbitrator* in resolving any dispute, between the *Transmission Network Service Provider* and a person who wishes to receive a *negotiated transmission service*, in relation to:
    - (i) the *terms and conditions of access* for the *negotiated transmission service*, including the price that is to be charged for the provision of that service by the provider;
    - (ii) any *access charges* that are to be paid to or by the provider.
- (b) The *Negotiated Transmission Service Criteria* must give effect to and be consistent with the *Negotiated Transmission Service Principles* set out in clause 6A.9.1.

### 6A.9.5 Preparation of and requirements for negotiating framework

- (a) A *Transmission Network Service Provider* must prepare a document (the *negotiating framework*) setting out the procedure to be followed during negotiations between that provider and any person (the *Service Applicant* or applicant) who wishes to receive a *negotiated transmission service* from the provider, as to the *terms and conditions of access* for provision of the service.
- (b) The *negotiating framework* for a *Transmission Network Service Provider* must comply with and be consistent with:
  - (1) the applicable requirements of a *transmission determination* applying to the provider; and
  - (2) paragraph (c), which sets out the minimum requirements for a *negotiating framework*.
- (c) The *negotiating framework* for a *Transmission Network Service Provider* must specify:
  - (1) a requirement for the provider and a *Service Applicant* to negotiate in good faith the *terms and conditions of access* for provision of the *negotiated transmission service*;
  - (2) a requirement for the provider to provide all such commercial information as a *Service Applicant* may reasonably require to enable that applicant to engage in effective negotiation with the provider for the provision of the *negotiated transmission service*, including the cost information described in subparagraph (3);
  - (3) a requirement for the provider:
    - (i) to identify and inform a *Service Applicant* of the reasonable costs and/or the increase or decrease in costs (as appropriate) of providing the *negotiated transmission service*; and
    - (ii) to demonstrate to a *Service Applicant* that the charges for providing the *negotiated transmission service* reflect those costs and/or the cost increment or decrement (as appropriate);
  - (4) a requirement for a *Service Applicant* to provide all such commercial information as the provider may reasonably require to enable the provider to engage in effective negotiation with that applicant for the provision of the *negotiated transmission service*;
  - (5) a reasonable period of time for commencing, progressing and finalising negotiations with a *Service Applicant* for the provision of the *negotiated transmission service*, and a requirement that each party

- to the negotiation must use its reasonable endeavours to adhere to those time periods during the negotiation;
- (6) a process for dispute resolution which provides that all disputes as to the *terms and conditions of access* for provision of *negotiated transmission services* are to be dealt with in accordance with Part K of this Chapter 6A;
  - (7) the arrangements for payment by a *Service Applicant* of the provider's reasonable direct expenses incurred in processing the application to provide the *negotiated transmission service*;
  - (8) a requirement that the *Transmission Network Service Provider* determine the potential impact on other *Transmission Network Users* of the provision of the *negotiated transmission service*; and
  - (9) a requirement that the *Transmission Network Service Provider* must notify and consult with any affected *Transmission Network Users* and ensure that the provision of the *negotiated transmission services* does not result in non-compliance with obligations in relation to other *Transmission Network Users* under the *Rules*.
- (d) Notwithstanding the foregoing, the *negotiating framework* must not be inconsistent with any of the other requirements of Chapters 4, 5 and this Chapter 6A of the *Rules* and, in the event of any inconsistency, the other requirements in the *Rules* prevail.
- (e) Each *Transmission Network Service Provider* and *Service Applicant* who is negotiating for the provision of a *negotiated transmission service* by the provider must comply with the requirements of the *negotiating framework* in accordance with its terms.

#### **6A.9.6 Confidential information**

- (a) Commercial information which is required to be provided to a *Service Applicant* in accordance with clause 6A.9.5(c)(2):
  - (1) does not include confidential information provided to the *Transmission Network Service Provider* by another person; and
  - (2) may be provided subject to a condition that a *Service Applicant* must not provide any part of that commercial information to any other person without the consent of the *Transmission Network Service Provider* which provided the information to that applicant.
- (b) Commercial information which is required to be provided to a *Transmission Network Service Provider* in accordance with clause 6A.9.5(c)(4):

- (1) does not include confidential information provided to a *Service Applicant* by another person; and
- (2) may be provided subject to a condition that the provider must not provide any part of that commercial information to any other person without the consent of the *Service Applicant* which provided the information to the provider.

### **6A.9.7 Commercial arbitration for negotiated transmission services**

Part K of this Chapter 6A applies to any dispute which may arise between a *Transmission Network Service Provider* and a *Service Applicant* as to the *terms and conditions of access* which the provider proposes to apply to the *Service Applicant* for the provision of a *negotiated transmission service*.

## **Part E - Procedure – Revenue determinations, negotiating frameworks and pricing methodologies**

### **6A.10 Revenue Proposal, proposed negotiating framework and proposed pricing methodology**

#### **6A.10.1 Submission of proposal, framework, pricing methodology and information**

- (a) A *Transmission Network Service Provider* must submit to the *AER* a *Revenue Proposal* and a proposed *pricing methodology* relating to the *prescribed transmission services* that are provided by means of, or in connection with, a *transmission system* that is owned, controlled or operated by that provider:
  - (1) if any of those *prescribed transmission services* are subject to a *transmission determination*, 13 months before the expiry of the period in respect of which that *transmission determination* applies; or
  - (2) if any of those *prescribed transmission services* are not subject to a *transmission determination*, 3 months after being required to do so by the *AER*.
- (b) At the same time as it submits a *Revenue Proposal* under paragraph (a), the provider must also submit to the *AER* a proposed *negotiating framework*.
- (c) The *Revenue Proposal* and the proposed *negotiating framework* must comply with the requirements of, and must contain or be accompanied by such information as is required by, the *submission guidelines* made for that purpose under this rule 6A.10.

- (d) The proposed *negotiating framework* must also comply with the requirements of clause 6A.9.5.
- (e) A proposed *pricing methodology* must:
  - (1) give effect to and be consistent with the *Pricing Principles for Prescribed Transmission Services*; and
  - (2) comply with the requirements of, and contain or be accompanied by such information as is required by, the *pricing methodology guidelines* made for that purpose under rule 6A.25.

### 6A.10.2 Submission guidelines

- (a) The AER must make guidelines, referred to as '*submission guidelines*', for the purposes of this Part E.
- (b) The *submission guidelines* must specify:
  - (1) the form of a *Revenue Proposal* and *negotiating framework*;
  - (2) the requirements for any information contained in or accompanying the *Revenue Proposal* to be audited or otherwise verified;
  - (3) what parts (if any) of the *Revenue Proposal* or the information accompanying it will not be publicly disclosed without the consent of the *Transmission Network Service Provider*, with the presumption being that at least the matters or information referred to in the following clauses will be publicly disclosed:
    - (i) clause S6A.1.1;
    - (ii) clause S6A.1.2;
    - (iii) clauses S6A.1.3(1)-(3), (4)(i) and (ii), (6), (8) and (9); and
    - (iv) clauses 6A.10.2(b)(7) and (8);
  - (4) that the *Revenue Proposal* must contain at least the information and matters relating to capital expenditure set out in clause S6A.1.1;
  - (5) that the *Revenue Proposal* must contain at least the information and matters relating to operating expenditure set out in clause S6A.1.2;
  - (6) that the *Revenue Proposal* must contain at least the additional information and matters set out in clause S6A.1.3;
  - (7) that the *Revenue Proposal* must be accompanied by such information as is necessary to enable the AER and other interested parties to

- understand the manner in which the *Transmission Network Service Provider* proposes that negotiations as to the price of *negotiated transmission services* or the amount of *access charges* will be conducted in accordance with the provider's proposed *negotiating framework*;
- (8) such other information as the *AER* considers should be contained in, or should accompany, a *Revenue Proposal* on the basis that such information is necessary to enable the *AER* and other interested parties to:
- (i) understand how the *Transmission Network Service Provider* derived the elements of its *Revenue Proposal*; and
  - (ii) form an opinion as to whether the *Revenue Proposal* complies with the requirements of Parts B and E of this Chapter 6A; and
- (9) in the case of amounts, values or inputs that:
- (i) cannot be determined before the submission of the *Revenue Proposal*; or
  - (ii) are required to be estimated, approved or otherwise determined by the *AER* but are not so estimated, approved or otherwise determined before the submission of the *Revenue Proposal*,
- what amounts, values or inputs are to be used in their place for the purposes of the *Revenue Proposal* or revised *Revenue Proposal* (as the case may be).
- (c) Without limiting any other provision of this rule 6A.10, the *submission guidelines* must provide that:
- (1) the information accompanying the *Revenue Proposal* must include:
    - (i) the *post-tax revenue model*, completed in such a way as to show its application to the *Transmission Network Service Provider*; and
    - (ii) the completed *roll forward model*; and
  - (2) the completed *post-tax revenue model* and proposed *roll forward model*, and the information in those models, will not be publicly disclosed without the consent of the provider, except to the extent that the information is aggregated or otherwise available apart from it being contained in those models.
- (d) The *AER* must, in accordance with the *transmission consultation procedures*, develop and make the *submission guidelines* by 28 September

2007, and there must be *submission guidelines* available at all times after that date.

- (e) The *submission guidelines* may be amended or replaced by the *AER* from time to time, in accordance with the *transmission consultation procedures*.

## **6A.11 Preliminary examination and consultation**

### **6A.11.1 Preliminary examination and determination of non-compliance with relevant requirements**

- (a) If the *AER* determines that:
  - (1) a *Revenue Proposal* submitted by a *Transmission Network Service Provider*;
  - (2) a proposed *negotiating framework* submitted by the provider;
  - (3) a proposed *pricing methodology* submitted by the provider; or
  - (4) information contained in or accompanying such a *Revenue Proposal*, proposed *negotiating framework*, or proposed *pricing methodology*,  
under clause 6A.10.1 does not comply with the requirements of:
    - (5) the *submission guidelines* (in respect of a *Revenue Proposal*);
    - (6) clause 6A.9.5 (in respect of a proposed *negotiating framework*); or
    - (7) clause 6A.10.1(e) (in respect of a proposed *pricing methodology*),the *AER* must notify the provider of that determination as soon as practicable after receiving that *Revenue Proposal*, proposed *negotiating framework*, proposed *pricing methodology* or information (as the case may be).
- (b) A determination referred to in paragraph (a) must be accompanied by written reasons that set out:
  - (1) the respects in which the *Revenue Proposal*, proposed *negotiating framework*, proposed *pricing methodology* or information does not comply with the relevant requirements of the *submission guidelines* clause 6A.9.5, or clause 6A.10.1(e) (as the case may be) and the requirements that have not been complied with; and
  - (2) in the case of information which does not comply with those requirements, the reason that the submission of information in accordance with those requirements would assist the *AER* in assessing

the *Revenue Proposal*, proposed *negotiating framework* or proposed *pricing methodology*.

### **6A.11.2 Resubmission of proposal, framework, pricing methodology or information**

- (a) If the *AER* notifies a *Transmission Network Service Provider* of a determination under clause 6A.11.1, the provider must, within 1 month of that notice, resubmit its *Revenue Proposal*, proposed *negotiating framework*, proposed *pricing methodology* or the required information (as the case may be) in a form that complies with the relevant requirements set out in that determination.
- (b) A *Transmission Network Service Provider* may only make changes to its *Revenue Proposal*, proposed *negotiating framework*, or proposed *pricing methodology* for the purposes of paragraph (a) to address the matters raised in the determination under clause 6A.11.1.

### **6A.11.3 Resubmission of proposal, framework, pricing methodology or information**

- (a) Except to the extent that the *submission guidelines* or the *pricing methodology guidelines* provide that it will not be publicly disclosed (and, in that case, the relevant *Transmission Network Service Provider* has not otherwise consented), the *AER* must *publish*:
  - (1) the *Revenue Proposal*;
  - (2) the proposed *negotiating framework*;
  - (3) the proposed *pricing methodology*; and
  - (4) the information,  
  
submitted or resubmitted to it by the provider under rule 6A.9, 6A.10 or this rule 6A.11, together with:
    - (5) the *AER's* proposed *Negotiated Transmission Service Criteria* for the provider; and
    - (6) an invitation for written submissions on the documents and information referred to in subparagraphs (1)-(4),

as soon as practicable after the *AER* determines that the *Revenue Proposal*, proposed *negotiating framework*, proposed *pricing methodology* and information comply with the requirements of the *submission guidelines*, clause 6A.9.5 or clause 6A.10.1(e) (as applicable).

- (b) The *AER* may *publish* an issues paper examining the issues raised in connection with the *Revenue Proposal*, the proposed *negotiating framework*, the proposed *pricing methodology* and the proposed *Negotiated Transmission Service Criteria*, at the same time as, or subsequent to, *publication* of the invitation to make submissions referred to in paragraph (a)(6).
- (c) Any person may make a written submission to the *AER* on the *Revenue Proposal*, the proposed *negotiating framework*, the proposed *pricing methodology* or the proposed *Negotiated Transmission Service Criteria* for the provider within the time specified in the invitation referred to in paragraph (a)(6), which must be not earlier than 30 *business days* after the invitation for submissions is *published* under that paragraph.

## **6A.12 Draft decision and further consultation**

### **6A.12.1 Making of draft decision**

- (a) Subject to rule 6A.16(a), the *AER* must consider any written submissions made under rule 6A.11 and must make a draft decision in relation to the *Transmission Network Service Provider*.
- (b) The *AER*'s draft decision must be made in accordance with, and must comply with, the relevant requirements of rule 6A.14.
- (c) If the *AER* refuses to approve any of the amounts or values referred to in clause 6A.14.1(1), the *AER*'s draft decision must include details of the changes required or matters to be addressed before the *AER* will approve those amounts or values.
- (d) If the *AER* refuses to approve the proposed *negotiating framework*, the *AER*'s draft decision must include details of the changes required or matters to be addressed before the *AER* will approve the framework.
- (e) If the *AER* refuses to approve any aspect of a proposed *pricing methodology*, the *AER*'s draft decision must include details of the changes required or matters to be addressed before the *AER* will approve the proposed methodology.

### **6A.12.2 Publication of draft decision and consultation**

- (a) The *AER* must, as soon as practicable but not later than 6 months after the relevant date referred to in clause 6A.10.1(a), *publish*:
  - (1) its draft decision and reasons under clause 6A.12.1 and rule 6A.14;
  - (2) notice of the making of the draft decision;

- (3) notice of a predetermination conference; and
  - (4) an invitation for written submissions on its draft decision.
- (b) The *AER* must hold a predetermination conference at the time, date and place specified in the notice under paragraph (a)(3) for the purpose of explaining its draft decision and receiving oral submissions from interested parties. Any person may attend such a predetermination conference but the procedure to be adopted at the conference will be at the discretion of the senior *AER* representative in attendance.
- (c) Any person may make a written submission to the *AER* on the draft decision within the time specified in the invitation referred to in paragraph (a)(4), which must be not earlier than 45 *business days* after the holding of a predetermination conference.

### **6A.12.3 Submission of revised proposal, framework or pricing methodology**

- (a) In addition to making such other written submissions as it considers appropriate, the *Transmission Network Service Provider* may, not more than 30 *business days* after the publication of the draft decision, submit to the *AER*:
- (1) a revised *Revenue Proposal*;
  - (2) a revised proposed *negotiating framework*; or
  - (3) a revised proposed *pricing methodology*.
- (b) A *Transmission Network Service Provider* may only make the revisions referred to in paragraph (a) so as to incorporate the substance of any changes required by, or to address matters raised in, the draft decision.
- (c) A revised *Revenue Proposal* or revised proposed *negotiating framework* must comply with the requirements of, and must contain or be accompanied by such information as is required by, the *submission guidelines*.
- (d) The revised proposed *negotiating framework* must also comply with the requirements of clause 6A.9.5.
- (e) A revised proposed *pricing methodology* must:
- (1) give effect to and be consistent with the *Pricing Principles for Prescribed Transmission Services*; and
  - (2) comply with the requirements of, and must contain or be accompanied by such information as is required by, the *pricing methodology guidelines*.

- (f) Except to the extent that the *submission guidelines* or the *pricing methodology guidelines* (as the case may be) provide that it will not be publicly disclosed (and, in that case, the *Transmission Network Service Provider* has not otherwise consented), the *AER* must *publish*:
- (1) any revised *Revenue Proposal*;
  - (2) any revised proposed *negotiating framework*; or
  - (3) any revised proposed *pricing methodology*,
- (as the case may be), that is submitted by the *Transmission Network Service Provider* under paragraph (a), together with the accompanying information, as soon as practicable after receipt by the *AER*.

## **6A.13 Final decision**

### **6A.13.1 Making of final decision**

- (a) Subject to rule 6A.16(a), the *AER* must consider any submissions made on the draft decision, or on any revised *Revenue Proposal*, revised proposed *negotiating framework* or revised proposed *pricing methodology* submitted to it under clause 6A.12.3, and must make a final decision in relation to the *Transmission Network Service Provider*.
- (b) The *AER*'s final decision must be made in accordance with, and must comply with, the relevant requirements of rule 6A.14.

### **6A.13.2 Refusal to approve amounts, values, framework or pricing methodology**

- (a) If the *AER*'s final decision is to refuse to approve an amount or value referred to in clause 6A.14.1(1), the *AER* must include in its final decision a substitute amount or value which, except as provided in paragraph (b), is:
- (1) determined on the basis of the current *Revenue Proposal*; and
  - (2) amended from that basis only to the extent necessary to enable it to be approved in accordance with the *Rules*.
- (b) If the *AER*'s final decision is to refuse to approve an amount or value referred to in clause 6A.14.1(1) for the reason that, or a reason which includes the reason that, the *AER* is not satisfied that:
- (1) the total of the forecast operating expenditure for the *regulatory control period* reasonably reflects the *operating expenditure criteria*, taking into account the *operating expenditure factors*; or

- (2) the total of the forecast capital expenditure for the *regulatory control period* reasonably reflects the *capital expenditure criteria*, taking into account the *capital expenditure factors*,

the *AER* must:

- (3) where subparagraph (1) applies, include in its final decision (in addition to the estimate referred to in clause 6A.14.1(3)(ii)) the forecast operating expenditure for each *regulatory year* which the *AER* is satisfied reasonably reflects the *operating expenditure criteria*, taking into account the *operating expenditure factors*, subject only to the requirement that the total of such forecasts must equate to the estimate referred to in clause 6A.14.1(3)(ii);
  - (4) where subparagraph (2) applies, include in its final decision (in addition to the estimate referred to in clause 6A.14.1(2)(ii)) the forecast capital expenditure for each *regulatory year* which the *AER* is satisfied reasonably reflects the *capital expenditure criteria*, taking into account the *capital expenditure factors*, subject only to the requirement that the total of such forecasts must equate to the estimate referred to in clause 6A.14.1(2)(ii); and
  - (5) use each such amount (and its components) in place of the forecast of required operating or capital expenditure that is included in the current *Revenue Proposal* for the purposes of calculating the amount or value that it has refused to approve in its final decision.
- (c) If the *AER's* final decision is to refuse to approve the proposed *negotiating framework* referred to in clause 6A.14.1(6), the *AER* must include in its final decision an amended *negotiating framework* which is:
    - (1) determined on the basis of the current proposed *negotiating framework*; and
    - (2) amended from that basis only to the extent necessary to enable it to be approved in accordance with the *Rules*.
  - (d) If the *AER's* final decision is to refuse to approve the proposed *pricing methodology*, the *AER* must include in its final decision an amended *pricing methodology* which is:
    - (1) determined on the basis of the current proposed *pricing methodology*; and
    - (2) amended from that basis only to the extent necessary to enable it to be approved in accordance with the *Rules*.

### 6A.13.3 Notice of final decision

The *AER* must as soon as practicable, but not later than 2 months before the commencement of the relevant *regulatory control period*, publish:

- (1) notice of the making of the final decision; and
- (2) the final decision, including the reasons required to be included in it.

### 6A.13.4 Making of transmission determination

The *AER* must, as soon as practicable after making its final decision, make the *transmission determination* to which the final decision relates.

## 6A.14 Requirements relating to draft and final decisions

### 6A.14.1 Contents of decisions

A draft decision under rule 6A.12 or a final decision under rule 6A.13 is a decision by the *AER*:

- (1) on the *Transmission Network Service Provider's* current *Revenue Proposal* in which the *AER* either approves or refuses to approve:
  - (i) the *total revenue cap* for the provider for the *regulatory control period*;
  - (ii) the *maximum allowed revenue* for the provider for each *regulatory year* of the *regulatory control period*;
  - (iii) the values that are to be attributed to the *performance incentive scheme parameters* for the *service target performance incentive scheme* that is to apply to the provider in respect of the *regulatory control period*;
  - (iv) the values that are to be attributed to the *efficiency benefit sharing scheme parameters* for the *efficiency benefit sharing scheme* that is to apply to the provider in respect of the *regulatory control period*; and
  - (v) the commencement and length of the *regulatory control period* that has been proposed by the provider,

as set out in the *Revenue Proposal*, setting out the reasons for the decision;

- (2) in which the *AER* either:
  - (i) acting in accordance with clause 6A.6.7(c), accepts the total of the forecast capital expenditure for the *regulatory control period* that is included in the current *Revenue Proposal*; or

- (ii) acting in accordance with clause 6A.6.7(d), does not accept the total of the forecast capital expenditure for the *regulatory control period* that is included in the current *Revenue Proposal*, in which case the *AER* must set out its reasons for that decision and an estimate of the total of the *Transmission Network Service Provider's* required capital expenditure for the *regulatory control period* that the *AER* is satisfied reasonably reflects the *capital expenditure criteria*, taking into account the *capital expenditure factors*;
- (3) in which the *AER* either:
  - (i) acting in accordance with clause 6A.6.6(c), accepts the total of the forecast operating expenditure for the *regulatory control period* that is included in the current *Revenue Proposal*; or
  - (ii) acting in accordance with clause 6A.6.6(d), does not accept the total of the forecast operating expenditure for the *regulatory control period* that is included in the current *Revenue Proposal*, in which case the *AER* must set out its reasons for that decision and an estimate of the total of the *Transmission Network Service Provider's* required operating expenditure for the *regulatory control period* that the *AER* is satisfied reasonably reflects the *operating expenditure criteria*, taking into account the *operating expenditure factors*;
- (4) in which the *AER* determines:
  - (i) whether each of the *proposed contingent projects* (if any) described in the current *Revenue Proposal* are *contingent projects* for the purposes of the *revenue determination* in which case the decision must clearly identify each of those *contingent projects*;
  - (ii) the capital expenditure that it is satisfied reasonably reflects the *capital expenditure criteria*, taking into account the *capital expenditure factors*, in the context of each *contingent project* as described in the current *Revenue Proposal*;
  - (iii) the *trigger events* in relation to each *contingent project* (in which case the decision must clearly specify those *trigger events*); and
  - (iv) if the *AER* determines that such a *proposed contingent project* is not a *contingent project* for the purposes of the *revenue determination*, its reasons for that conclusion, having regard to the requirements of clause 6A.8.1(b);

- (5) in which the *AER* sets out the amounts, values or inputs that it has used in place of those referred to in clause 6A.10.2(b)(9);
- (6) on the provider's current proposed *negotiating framework*, in which the *AER* either approves or refuses to approve the proposed *negotiating framework*, setting out reasons for its decision;
- (7) in which the *AER* specifies the *Negotiated Transmission Service Pricing Criteria* for the *Transmission Network Service Provider*, setting out the reasons for the decision; and
- (8) on the *Transmission Network Service Provider's* current proposed *pricing methodology*, in which the *AER* either approves or refuses to approve that methodology and sets out reasons for its decision.

#### **6A.14.2 Reasons for decisions**

The reasons given by the *AER* for a draft decision under rule 6A.12 or a final decision under rule 6A.13 must set out the basis and rationale of the decision, including:

- (1) details of the qualitative and quantitative methodologies applied in any calculations and formulae made or used by the *AER* for the purposes of its decision;
- (2) the values adopted by the *AER* for each of the input variables in any calculations and formulae, including:
  - (i) whether those values have been taken or derived from the provider's current *Revenue Proposal*; and
  - (ii) if not, the rationale for the adoption of those values;
- (3) details of any assumptions made by the *AER* in undertaking any material qualitative and quantitative analyses for the purposes of the decision; and
- (4) reasons for the making of any decisions, the giving or withholding of any approvals, and the exercise of any discretions, as referred to in Part C of this Chapter 6A, for the purposes of the decision.

#### **6A.14.3 Circumstances in which matters must be approved or accepted**

- (a) This clause set out the circumstances in which the *AER* must approve or accept certain matters for the purposes of a draft decision under rule 6A.12 or a final decision under rule 6A.13. Subject to any provision of this Chapter 6A, if the *AER* is not required to approve or accept such a matter in accordance with this clause, it may, but is not required to, refuse to approve or accept that matter.

(b) The *AER* must approve:

- (1) the *total revenue cap* for a *Transmission Network Service Provider* for a *regulatory control period*; and
- (2) the *maximum allowed revenue* for the provider for each *regulatory year* of the *regulatory control period*,

as set out in the current *Revenue Proposal*, if the *AER* is satisfied that:

- (3) those amounts have been properly calculated using the *post-tax revenue model*; and
- (4) those amounts, and any amount required to be calculated, determined or forecast for the purposes of calculating those amounts, have otherwise been calculated, determined or forecast in accordance with the requirements of Part C of this Chapter 6A, (for these purposes, the *AER* is taken to be so satisfied in respect of a particular amount if another provision of this Chapter 6A requires the *AER* to approve or accept that amount).

(c) If a *Transmission Network Service Provider*'s revised *Revenue Proposal* submitted under clause 6A.12.3(a) includes:

- (1) an amount of total forecast capital expenditure for the *regulatory control period* that is the same as that accepted or estimated (as the case may be) by the *AER* in a draft decision under rule 6A.12; or
- (2) an amount of total forecast operating expenditure for the *regulatory control period* that is the same as that accepted or estimated (as the case may be) by the *AER* in a draft decision under rule 6A.12,

then, except to the extent that:

- (3) either or both of the following apply:
  - (i) other changes have been made in the revised *Revenue Proposal*;  
or
  - (ii) the information contained in or accompanying the revised *Revenue Proposal* differs from that contained in or accompanying the previous *Revenue Proposal*; and
- (4) the changes are such that the *AER* is not satisfied as referred to in clauses 6A.6.6(c) or 6A.6.7(c) (as the case may be),

the *AER*, in its final decision, must accept the forecast of required operating expenditure or of required capital expenditure (as the case may be) that is included in the revised *Revenue Proposal*.

- (d) The *AER* must approve:
- (1) the values that are to be attributed to the *performance incentive scheme parameters* for the *service target performance incentive scheme* that is to apply to a *Transmission Network Service Provider* in respect of a *regulatory control period*; and
  - (2) the values that are to be attributed to the *efficiency benefit sharing scheme parameters* for the *efficiency benefit sharing scheme* that is to apply to a *Transmission Network Service Provider* in respect of a *regulatory control period*,

as set out in the current *Revenue Proposal*, if the *AER* is satisfied that those values comply with the requirements relating to them set out in the *service target performance incentive scheme* or the *efficiency benefit sharing scheme* (as the case may be).

- (e) The *AER* must approve the commencement and length of the *regulatory control period* as proposed by a *Transmission Network Service Provider* in the provider's current *Revenue Proposal* if the length of the *regulatory control period* as so proposed is 5 *regulatory years*.
- (f) The *AER* must approve a *Transmission Network Service Provider's* current proposed *negotiating framework* if the *AER* is satisfied that the relevant proposed *negotiating framework* meets the requirements set out in clause 6A.9.5(c).
- (g) The *AER* must approve a *Transmission Network Service Provider's* current proposed *pricing methodology* if the *AER* is satisfied that the methodology:
- (1) gives effect to and is consistent with the *Pricing Principles for Prescribed Transmission Services*; and
  - (2) complies with the requirements of the *pricing methodology guidelines*.
- (h) If a *Transmission Network Service Provider's* revised *Revenue Proposal*, revised proposed *negotiating framework* or revised proposed *pricing methodology* (as the case may be) submitted under clause 6A.12.3(a):
- (1) contains the changes required under clause 6A.12.1; or
  - (2) does not contain those changes but otherwise (in the *AER's* view), adequately addresses the matters which prompted the *AER* to require those changes,

then, except to the extent that:

- (3) either or both of the following apply:

- (i) other changes have been made in the revised *Revenue Proposal*, the revised proposed *negotiating framework* or the revised proposed *pricing methodology*, by the provider; or
  - (ii) the information contained in or accompanying the revised *Revenue Proposal*, revised proposed *negotiating framework* or revised proposed *pricing methodology* differs from that contained in or accompanying the previous *Revenue Proposal*, proposed *negotiating framework* or proposed *pricing methodology* submitted or resubmitted; and
- (4) the changes would justify the *AER*, in its final decision, in refusing to approve the amounts or values referred to in clause 6A.14.1(5), the proposed *negotiating framework* referred to in clause 6A.13.2(c) or the proposed *pricing methodology* referred to in clause 6A.13.2(d),

the *AER*'s final decision must be to approve those amounts or values, that proposed *negotiating framework* or that proposed *pricing methodology*.

- (i) The *AER* must only specify criteria as *Negotiated Transmission Service Criteria* for a *Transmission Network Service Provider* in a draft or final decision under rule 6A.12 or 6A.13 if those criteria give effect to and are consistent with the *Negotiated Transmission Services Principles*.

### **6A.15 Revocation of revenue determination or amendment of pricing methodology for wrong information or error**

- (a) Except as provided in clause 6A.7.1(d), the *AER* may only revoke a *revenue determination* or amend an existing *pricing methodology* during a *regulatory control period* where it appears to the *AER* that:
  - (1) the *total revenue cap* was set or the *pricing methodology* was approved on the basis of information provided by or on behalf of the relevant *Transmission Network Service Provider* to the *AER* that was false or misleading in a material particular; or
  - (2) there was a material error in the *total revenue cap* or in the *pricing methodology*.
- (b) If the *AER* revokes a *revenue determination* under paragraph (a)(1), the *AER* must make a new *revenue determination* in substitution for the revoked *revenue determination* to apply for the remainder of the *regulatory control period* for which the revoked *revenue determination* was to apply.
- (c) If the *AER* revokes a *revenue determination* under paragraph (a)(2), the substituted *revenue determination* must only vary from the revoked *revenue determination* to the extent necessary to correct the relevant error.

- (d) If the *AER* amends a *pricing methodology* under paragraph (a)(1), the amended methodology applies to the setting of prices for the next *financial year* and for the remainder of the relevant *regulatory control period*.
- (e) If the *AER* amends a *pricing methodology* under paragraph (a)(2), the amended methodology must only vary from the existing *pricing methodology* to the extent necessary to correct the relevant error.
- (f) The *AER* may only revoke and substitute a *revenue determination* or amend a *pricing methodology* under this rule 6A.15, if it has first consulted with the relevant *Transmission Network Service Provider* and such other persons as it considers appropriate.

## **6A.16 Miscellaneous**

- (a) The *AER* may, but is not required to, consider any submission made pursuant to an invitation for submissions after the time for making the submission has expired.
- (b) Nothing in this Part E is to be construed as precluding the *AER* from *publishing* any issues, consultation and discussion papers, or holding any conferences and information sessions, that the *AER* considers appropriate.
- (c) Subject to paragraph (d), as soon as practicable after the *AER* receives a submission in response to an invitation referred to in clause 6A.11.3(a)(6) or 6A.12.2(a)(4) (whether or not the submission was made before the time for making it has expired), the *AER* must *publish* that submission.
- (d) The *AER* must not *publish* a submission referred to in paragraph (c) to the extent it contains information which has been clearly identified as confidential by the person making the submission.
- (e) The *AER* may give such weight to confidential information identified in accordance with paragraph (d) in a submission as it considers appropriate, having regard to the fact that such information has not been made publicly available.
- (f) Paragraph (d) does not apply to the extent that any other provision of the *Rules* permits or requires such information to be publicly released by the *AER*.

## Part F - Information Disclosure

### 6A.17 Information disclosure by Transmission Network Service Providers

#### 6A.17.1 Information to be provided to AER

- (a) In this rule 6A.17, ‘**certified annual statement**’ means an annual statement provided by a *Transmission Network Service Provider* under this rule 6A.17 and certified in accordance with the *information guidelines*.
- (b) A *Transmission Network Service Provider* must submit to the AER, in the manner and form set out in the *information guidelines*, annual statements that:
  - (1) provide a true and fair statement of the financial and operating performance of the provider;
  - (2) are certified in accordance with the *information guidelines*; and
  - (3) otherwise comply with the requirements of this clause and the *information guidelines*.
- (c) In addition to the certified annual statements, the AER may require a *Transmission Network Service Provider* to provide, by a date and in the form and manner specified by the AER, any additional information the AER reasonably requires for a purpose set out in paragraph (d).
- (d) The certified annual statements and additional information provided by a *Transmission Network Service Provider* to the AER under this rule 6A.17 may be used by the AER only for the following purposes:
  - (1) to monitor, report on and enforce the compliance of the provider with the *total revenue cap* for the provider for a *regulatory control period*, the *maximum allowed revenue* for the provider for each *regulatory year*, and any requirements that are imposed on the provider under a *transmission determination*;
  - (2) to monitor, report on and enforce compliance with the provider’s *Cost Allocation Methodology*;
  - (3) as an input regarding the financial, economic and operational performance of the provider, to inform the AER’s decision-making for the making of *revenue determinations* or other regulatory controls to apply in future *regulatory control periods*; and
  - (4) to monitor and report on the performance of the provider under any *service target performance incentive scheme* that applies to it;

- (5) for the preparation of a *network service provider performance report*.
- (e) The *AER* may request or undertake verification or independent audit of any information sought by it, or provided to it, under this rule 6A.17.

## **6A.17.2 Information Guidelines**

### **Preparation, publication and amendment of Information Guidelines**

- (a) The *AER* must, in accordance with the *transmission consultation procedures*, prepare and *publish information guidelines*.
- (b) The *AER* may, from time to time and in accordance with the *transmission consultation procedures*, amend or replace the *information guidelines*.
- (c) The *AER* must develop and publish the first *information guidelines* by 28 September 2007 and there must be *information guidelines* available at all times after that date.

### **Contents of information guidelines**

- (d) The *information guidelines* must provide for the manner and form in which *Transmission Network Service Providers* must submit certified annual statements to the *AER*, including the date each year by which those statements must be submitted to the *AER*.
- (e) The *information guidelines* may only require the inclusion in the certified annual statements of:
  - (1) such information as the *AER* reasonably requires for a purpose set out in clause 6A.17.1(d);
  - (2) information on the amount of each instance, during the relevant reporting period, of a reduction under clause 6A.26.1(c) in the prices payable by a *Transmission Customer* for *prescribed TUOS services* or *prescribed common transmission services* provided by the *Transmission Network Service Provider*;
  - (3) information on each instance, during the relevant reporting period, of a reduction in the prices payable by a *Transmission Customer* for *prescribed TUOS services* or *prescribed common transmission services* (or both) that were recovered under rule 6A.26 from other *Transmission Customers* for *prescribed TUOS services* or *prescribed common transmission services*; and
  - (4) information to substantiate any claim by the *Transmission Network Service Provider* that the information provided to the *AER* with respect to reductions in the prices payable by a *Transmission*

*Customer* for the relevant *prescribed transmission services* under subparagraph (2) or (3) is confidential information.

- (f) The *information guidelines* may provide for the information that must accompany a written statement seeking approval of the *AER* to pass through a *positive pass through amount* or a *negative pass through amount* under clause 6A.7.3.
- (g) The *information guidelines* may specify the information that must be submitted with any application made under clause 6A.26.2(b), including:
  - (1) details of the circumstances in which a discount amount has arisen and of the calculation of the proposed recovery amount; and
  - (2) the information necessary to substantiate how the requirements of clause 6A.26.1(f) are satisfied.
- (h) The *information guidelines* may provide, for the purposes of rule 6A.27, rule 6A.28 and rule 6A.29, for:
  - (1) the information that each *Transmission Network Service Provider* must supply to a *Co-ordinating Network Service Provider* and other *Transmission Network Service Providers* for the purposes of cost allocation under the provider's *pricing methodology*, including:
    - (i) electrical parameters for each optimised element of the *network* and the *network* configuration;
    - (ii) hourly *load* data for each exit point for the *survey period*;
    - (iii) hourly *generation* data for each entry point for the *survey period*;
    - (iv) *voltage* control arrangements and *voltage* profile; and
    - (v) the *ASRR* for the categories of *prescribed TUOS services* and *prescribed common transmission services*.
  - (2) the derivation of hourly *load* data from *metering data* by the aggregation of the *energy meter* reading figures in respect of each hour.

## 6A.18 [Deleted]

## Part G - Cost Allocation

### 6A.19 Cost allocation

#### 6A.19.1 Duty to comply with Cost Allocation Methodology

A *Transmission Network Service Provider* must comply with the *Cost Allocation Methodology* that has been approved in respect of that provider from time to time by the *AER* under this rule 6A.19.

#### 6A.19.2 Cost Allocation Principles

The following principles constitute the *Cost Allocation Principles*:

- (1) the detailed principles and policies used by a *Transmission Network Service Provider* to allocate costs between different categories of *transmission services* must be described in sufficient detail to enable the *AER* to replicate reported outcomes through the application of those principles and policies;
- (2) the allocation of costs must be determined according to the substance of a transaction or event rather than its legal form;
- (3) only the following costs may be allocated to a particular category of *transmission services*:
  - (i) costs which are directly attributable to the provision of those services; and
  - (ii) costs which are not directly attributable to the provision of those services but which are incurred in providing those services, in which case such costs must be allocated to the provision of those services using an appropriate allocator which should:
    - (A) except to the extent the cost is immaterial or a causal based method of allocation cannot be established without undue cost and effort, be causation based; and
    - (B) to the extent the cost is immaterial or a causal based method of allocation cannot be established without undue cost and effort, be an allocator that accords with a well accepted *Cost Allocation Methodology*;
- (4) any *Cost Allocation Methodology* which is used, the reasons for using that methodology and the numeric quantity (if any) of the chosen allocator must be clearly described;
- (5) the same cost must not be allocated more than once;

- (6) the principles, policies and approach used to allocate costs must be consistent with the *Transmission Ring-Fencing Guidelines*;
- (7) costs which have been allocated to *prescribed transmission services* must not be reallocated to *negotiated transmission services*; and
- (8) costs which have been allocated to *negotiated transmission services* may be reallocated to *prescribed transmission services* to the extent they satisfy the principle referred to in subparagraph (3).

**Note.** The Cost Allocation Guidelines are required by clause 6A.19.3 to give effect to and be consistent with, the Cost Allocation Principles.

### **6A.19.3 Cost Allocation Guidelines**

- (a) The *AER* must, in accordance with the *transmission consultation procedures*, make guidelines (the *Cost Allocation Guidelines*) relating to the preparation by a *Transmission Network Service Provider* of its *Cost Allocation Methodology*.
- (b) The *Cost Allocation Guidelines*:
  - (1) must give effect to and be consistent with the *Cost Allocation Principles*; and
  - (2) may be amended by the *AER* from time to time in accordance with the *transmission consultation procedures*.
- (c) Without limiting the generality of paragraph (b), the *Cost Allocation Guidelines* may specify:
  - (1) the format of a *Cost Allocation Methodology*;
  - (2) the detailed information that is to be included in a *Cost Allocation Methodology*;
  - (3) the categories of *transmission services* which are to be separately addressed in a *Cost Allocation Methodology*, such categories being determined by reference to the nature of those services, the persons to whom those services are provided or such other factors as the *AER* considers appropriate; and
  - (4) the allocation methodologies which are acceptable and the supporting information that is to be included in relation to such methodologies in a *Cost Allocation Methodology*.
- (d) The *AER* may, from time to time and in accordance with the *transmission consultation procedures*, amend or replace the *Cost Allocation Guidelines*.

- (e) The *AER* must, in accordance with the *transmission consultation procedures*, develop and *publish* the first *Cost Allocation Guidelines* by 28 September 2007 and there must be *Cost Allocation Guidelines* available at all times after that date.

#### **6A.19.4 Cost Allocation Methodology**

- (a) Each *Transmission Network Service Provider* must submit to the *AER* for its approval a document setting out its proposed *Cost Allocation Methodology*:
  - (1) by no later than 28 March 2008; or
  - (2) in the case of an entity that is not a *Transmission Network Service Provider* as at 28 September 2007, within 6 months of being required to do so by the *AER*.
- (b) The *Cost Allocation Methodology* proposed by a *Transmission Network Service Provider* must give effect to and be consistent with the *Cost Allocation Guidelines*.
- (c) The *AER* may approve or refuse to approve a *Cost Allocation Methodology* submitted under paragraph (a).
- (d) The *AER* must notify the relevant *Transmission Network Service Provider* of its decision to approve or refuse to approve the *Cost Allocation Methodology* submitted to it under paragraph (a) within 6 months of its submission, failing which the *AER* will be taken to have approved it.
- (e) As part of giving any approval referred to in paragraph (c), the *AER* may, after consulting with the relevant *Transmission Network Service Provider*, amend the *Cost Allocation Methodology* submitted to it, in which case the *Cost Allocation Methodology* as so amended will be taken to be approved by the *AER*.
- (f) A *Transmission Network Service Provider* may amend its *Cost Allocation Methodology* from time to time but the amendment only comes into effect:
  - (1) 6 months after the submission of the amendment, together with detailed reasons for the amendment, to the *AER* (unless the *AER* approves that amendment earlier, in which case it will come into effect when that earlier approval is given); and
  - (2) subject to such changes to the *Cost Allocation Methodology* (including the proposed amendment) as the *AER* notifies to the *Transmission Network Service Provider* within that period, being changes that the *AER* reasonably considers are necessary or desirable as a result of that amendment.

- (g) A *Transmission Network Service Provider* must amend its *Cost Allocation Methodology* where the amendment is required by the *AER* to take into account any change to the *Cost Allocation Guidelines*, but the amendment only comes into effect:
  - (1) on the date that the *AER* approves that amendment, or 3 months after the submission of the amendment, whichever is the earlier; and
  - (2) subject to such changes to the *Cost Allocation Methodology* (including the proposed amendment) as the *AER* notifies to the *Transmission Network Service Provider* within that period, being changes that the *AER* reasonably considers are necessary or desirable as a result of that amendment.
- (h) A *Transmission Network Service Provider* must maintain a current copy of its *Cost Allocation Methodology* on its website.

## Part H - Transmission Consultation Procedures

### 6A.20 Transmission consultation procedures

- (a) This rule 6A.20 applies wherever the *AER* or the *AEMC* is required to comply with the *transmission consultation procedures*. For the avoidance of doubt, the *transmission consultation procedures*:
  - (1) are separate from, and do not apply to, the process for changing the *Rules* under Part 7 of the *National Electricity Law*; and
  - (2) are separate from, and (where they are required to be complied with) apply to the exclusion of, the *Rules consultation procedures* under rule 8.9.
- (b) If the *AER* or the *AEMC* is required to comply with the *transmission consultation procedures* in making, developing or amending any guidelines, models or schemes, or in reviewing any values or methodologies, it must *publish*:
  - (1) the proposed guideline, model, scheme, amendment or revised value or methodology;
  - (2) an explanatory statement that sets out the provision of the *Rules* under or for the purposes of which the guideline, model, scheme or amendment is proposed to be made or developed or the value or methodology is required to be reviewed, and the reasons for the proposed guideline, model, scheme, amendment or revised value or methodology; and

- (3) an invitation for written submissions on the proposed guideline, model, scheme, amendment or revised value or methodology.
- (c) The invitation must allow no less than 30 *business days* for the making of submissions, and the *AER* or the *AEMC* is not required to consider any submission made pursuant to that invitation after this time period has expired.
- (d) The *AER* or the *AEMC* may publish such issues, consultation and discussion papers, and hold such conferences and information sessions, in relation to the proposed guideline, model, scheme, amendment or revised value or methodology as it considers appropriate.
- (e) Within 80 *business days* of *publishing* the documents referred to in paragraph (b), the *AER* or the *AEMC* must *publish*:
  - (1) its final decision on the guideline, model, scheme, amendment, value or methodology that sets out:
    - (i) the guideline, model, scheme, amendment or revised value or methodology (if any);
    - (ii) the provision of the *Rules* under which or for the purposes of which the guideline, model, scheme or amendment is being made or developed or the value or methodology is being reviewed; and
    - (iii) the reasons for the guideline, model, scheme, amendment value or methodology; and
  - (2) notice of the making of the final decision on the guideline, model, scheme, amendment, value or methodology.
- (f) Subject to paragraph (c), the *AER* or the *AEMC* must, in making its final decision referred to in paragraph (e)(1), consider any submissions made pursuant to the invitation for submissions referred to in paragraph (b)(3), and the reasons referred to in paragraph (e)(1)(iii) must include:
  - (1) a summary of each issue raised in those submissions that the *AER* or the *AEMC* reasonably considers to be material; and
  - (2) the *AER*'s or the *AEMC*'s response to each such issue.

## Part I - Ring-Fencing Arrangements for Transmission Network Service Providers

### 6A.21 Transmission Ring-Fencing Guidelines

#### 6A.21.1 Compliance with Transmission Ring-Fencing Guidelines

All *Transmission Network Service Providers* including *Market Network Service Providers*, must comply with the *Transmission Ring-Fencing Guidelines* prepared in accordance with clause 6A.21.2 as from the time that any *jurisdictional derogation* from this rule 6A.21 ceases to apply in respect of the *participating jurisdiction* in which the *Transmission Network Service Provider* is located.

#### 6A.21.2 Development of Transmission Ring-Fencing Guidelines

- (a) *Transmission Ring-fencing guidelines* must be developed by the AER in consultation with each *participating jurisdiction* for the accounting and functional separation of the provision of *prescribed transmission services* by *Transmission Network Service Providers* from the provision of other services by *Transmission Network Service Providers* (the '*Transmission Ring-Fencing Guidelines*').
- (b) The *Transmission Ring-Fencing Guidelines* may include, but are not limited to:
  - (1) provisions defining the need for and extent of:
    - (i) legal separation of the entity through which a *Transmission Network Service Provider* provides *network services* from any other entity through which it conducts business;
    - (ii) the establishment and maintenance of consolidated and separate accounts for *prescribed transmission services* and other services provided by the *Transmission Network Service Provider*;
    - (iii) allocation of costs between *prescribed transmission services* and other services provided by the *Transmission Network Service Provider*;
    - (iv) limitations on the flow of information between the *Transmission Network Service Provider* and any other person; and
    - (v) limitations on the flow of information where there is the potential for a competitive disadvantage between those parts of the *Transmission Network Service Provider's* business which provide *prescribed transmission services* and parts of the provider's business which provide any other services; and

- (2) provisions allowing the *AER* to add to or to waive a *Transmission Network Service Provider's* obligations under the *Transmission Ring-Fencing Guidelines*.
- (c) In developing the *Transmission Ring-Fencing Guidelines* the *AER* must consider, without limitation, the following matters:
    - (1) the need, so far as practicable, for consistency with Federal and State regulation in each *participating jurisdiction* of ring-fencing requirements of other utility businesses; and
    - (2) the need, so far as practicable, for consistency between the *Transmission Ring-Fencing Guidelines* and *Distribution Ring-Fencing Guidelines*.
  - (d) In developing or amending the *Transmission Ring-Fencing Guidelines*, the *AER* must consult with *participating jurisdictions*, *Registered Participants*, *NEMMCO* and other *interested parties*, and such consultation must be otherwise in accordance with the *transmission consultation procedures*.
  - (e) To avoid doubt, despite paragraphs (a), (b), (c) and (d) above and clause 6A.19.2(6), the *Transmission Ring-Fencing Guidelines* must not include any provisions which deal with or require the allocation of costs as between:
    - (1) *prescribed transmission services* and *negotiated transmission services*; or
    - (2) *categories of prescribed transmission services*,in a manner which is inconsistent with the *Cost Allocation Principles*, the *Cost Allocation Guidelines*, the *Pricing Principles for Prescribed Transmission Services* or the *pricing methodology guidelines*.

## Part J – Prescribed Transmission Services - Regulation of Pricing

### 6A.22 Terms used in Part J

#### 6A.22.1 Aggregate annual revenue requirement (AARR)

For the purposes of this Part J, the *aggregate annual revenue requirement (AARR)* for *prescribed transmission services* provided by a *Transmission Network Service Provider*, is the *maximum allowed revenue* referred to in clause 6A.3.1 adjusted:

- (1) in accordance with clause 6A.3.2, and

- (2) by subtracting the operating and maintenance costs expected to be incurred in the provision of *prescribed common transmission services*.

### **6A.22.2 Annual service revenue requirement (ASRR)**

For the purposes of this Part J, the *annual service revenue requirement (ASRR)* for a *Transmission Network Service Provider* is the portion of the *AARR* for *prescribed transmission services* provided by a *Transmission Network Service Provider* that is allocated to each *category of prescribed transmission services* for that provider and that is calculated by multiplying the *AARR* by the *attributable cost share* for that category of services in accordance with the principles in clause 6A.23.2.

### **6A.22.3 Meaning of attributable cost share**

- (a) For a *Transmission Network Service Provider* for a *category of prescribed transmission services*, the *attributable cost share* for that provider for that category of services must, subject to any adjustment required under the principles in clause 6A.23.2, substantially reflect the ratio of:
  - (1) the costs of the *transmission system* assets directly attributable to the provision of that *category of prescribed transmission services*; to
  - (2) the total costs of all the *Transmission Network Service Provider's transmission system* assets directly attributable to the provision of *prescribed transmission services*.
- (b) The costs of the *transmission system* assets referred to in paragraph (a) refers to optimised replacement cost or to an accepted equivalent to optimised replacement cost that is referable to values contained in the accounts of the *Transmission Network Service Provider*.

### **6A.22.4 Meaning of attributable connection point cost share**

- (a) For a *Transmission Network Service Provider* for *prescribed entry services* and *prescribed exit services*, the *attributable connection point cost share* for that provider for each of those categories of services must substantially reflect the ratio of:
  - (1) the costs of the *transmission system* assets directly attributable to the provision of *prescribed entry services* or *prescribed exit services*, respectively, at a *transmission network connection point*; to
  - (2) the total costs of all the *Transmission Network Service Provider's transmission system* assets directly attributable to the provision of *prescribed entry services* or *prescribed exit services*, respectively.

- (b) The costs of the *transmission system* assets referred to in paragraph (a) refers to optimised replacement cost or to an accepted equivalent to optimised replacement cost that is referable to values contained in the accounts of the *Transmission Network Service Provider*.

## **6A.23 Pricing Principles for Prescribed Transmission Services**

### **6A.23.1 Introduction**

- (a) This rule 6A.23 sets out the principles that constitute the *Pricing Principles for Prescribed Transmission Services*.
- (b) The *Pricing Principles for Prescribed Transmission Services* are given effect by *pricing methodologies*.

### **6A.23.2 Principles for the allocation of the AARR to categories of prescribed transmission services**

The *aggregate annual revenue requirement for prescribed transmission services* provided by a *Transmission Network Service Provider* is to be allocated in accordance with the following principles:

- (a) The *AARR* for a *Transmission Network Service Provider* must be allocated to each *category of prescribed transmission services* in accordance with the *attributable cost share* for each such category of services.
- (b) This allocation results in the *annual service revenue requirement (ASRR)* for that category of services.
- (c) The allocation of the *AARR* must be such that:
  - (1) every portion of the *AARR* is allocated; and
  - (2) the same portion of the *AARR* is not allocated more than once.
- (d) Where, as a result of the application of the *attributable cost share*, a portion of the *AARR* would be attributable to more than one category of *prescribed transmission services*, that *attributable cost share* is to be adjusted and applied such that any costs of a *transmission system* asset that would otherwise be attributed to the provision of more than one category of *prescribed transmission services*, is allocated as follows:
  - (1) to the provision of *prescribed TUOS services*, but only to the extent of the *stand-alone amount* for that *category of prescribed transmission services*;
  - (2) if any portion of the costs of a *transmission system* asset is not allocated to *prescribed TUOS services*, under subparagraph (1), that

portion is to be allocated to *prescribed common transmission services*, but only to the extent of the *stand-alone amount* for that *category of prescribed transmission services*;

- (3) if any portion of the costs of a *transmission system* asset is not attributed to *prescribed transmission services* under subparagraphs (1) and (2), that portion is to be attributed to *prescribed entry services* and *prescribed exit services*.

### 6A.23.3 Principles for the allocation of the ASRR to transmission network connection points

The *annual service revenue requirement* for a *Transmission Network Service Provider* for each *category of prescribed transmission services* is to be allocated to each *transmission network connection point* in accordance with the following principles:

- (a) The whole of the *ASRR* for *prescribed entry services* is to be allocated to *transmission network connection points* in accordance with the *attributable connection point cost share* for *prescribed entry services* that are provided by the *Transmission Network Service Provider* at that *connection point*.
- (b) The whole of the *ASRR* for *prescribed exit services* is to be allocated to *transmission network connection points* in accordance with the *attributable connection point cost share* for *prescribed exit services* that are provided by the *Transmission Network Service Provider* at that *connection point*.
- (c) Subject to paragraph (e), the *ASRR* for *prescribed TUOS services* is to be allocated to *transmission network connection points* of *Transmission Customers* in the following manner:
  - (1) a share of the *ASRR* (the **locational component**) is to be adjusted by subtracting the estimated *auction amounts* expected to be distributed to the *Transmission Network Service Provider* under clause 3.18.4 from the *connection points* for each relevant *directional interconnector* and this adjusted share is to be allocated as between such *connection points* on the basis of the estimated proportionate use of the relevant *transmission system* assets by each of those customers, and the *CRNP methodology* and *modified CRNP methodology* represent two permitted means of estimating proportionate use;
  - (2) the remainder of the *ASRR* (the **pre-adjusted non-locational component**) is to be adjusted:
    - (i) by subtracting the amount (if any) referred to in paragraph (e);
    - (ii) by subtracting or adding any remaining *settlements residue* (not being *settlements residue* referred to in sub paragraph (1) but

including the portion of *settlements residue* due to *intra-regional loss factors*) which is expected to be distributed or recovered (as the case may be) to or from the *Transmission Network Service Provider* in accordance with clause 3.6.5(a);

- (iii) for any *over-recovery amount* or *under-recovery amount*;
- (iv) for any amount arising as a result of the application of clause 6A.23.4(h) and (i); and
- (v) for any amount arising as a result of the application of prudent discounts in clause 6A.26.1(d)-(g),

(the **adjusted non-locational component**) and this adjusted non-locational component is to be recovered in accordance with clause 6A.23.4.

- (d) The shares of the *ASRR* referred to in paragraph (c) are to be either:
  - (1) a 50% share allocated to the locational component referred to in subparagraph (c)(1) and a 50% share allocated to the pre-adjusted non-locational component referred to in subparagraph (c)(2); or
  - (2) an alternative allocation to each component, that is based on a reasonable estimate of future *network* utilisation and the likely need for future *transmission* investment, and that has the objective of providing more efficient locational signals to *Market Participants*, *Intending Participants* and end-users.
- (e) If the result of the adjustment referred to in paragraph (c)(1) would be a negative locational component for the *connection points* of the relevant *directional interconnector* then the locational component will be deemed to be zero and the absolute value of that negative amount is to be subtracted from the pre-adjusted non-locational component under paragraph (c)(2)(i).
- (f) The *ASRR* for *prescribed common transmission services* and the operating and maintenance costs incurred in the provision of those services, are to be recovered through prices charged to *Transmission Customer* and *Network Service Provider transmission network connection points* set in accordance with clause 6A.23.4.

#### **6A.23.4 Price structure principles**

- (a) A *Transmission Network Service Provider* is to develop separate prices for the recovery of the *ASRR* in accordance with the principles set out in paragraphs (b)-(i).
- (b) Separate prices are to be developed for each *category of prescribed transmission services*, being:

- (1) *prescribed entry services*;
  - (2) *prescribed exit services*;
  - (3) *prescribed common transmission services*;
  - (4) *prescribed TUOS services* – locational component; and
  - (5) *prescribed TUOS services* – the adjusted non-locational component.
- (c) Prices for *prescribed entry services* and *prescribed exit services* must be a fixed annual amount.
- (d) Prices for prescribed common transmission services must be on a postage-stamp basis.
- (e) Prices for recovering the locational component of providing prescribed TUOS services must be based on demand at times of greatest utilisation of the transmission network and for which network investment is most likely to be contemplated.
- (f) Subject to paragraphs (g), (h), and (i), prices for recovering the locational component of the ASRR for the provision of prescribed TUOS services must not change by more than 2 per cent per annum compared with the load weighted average price for this component for the relevant region.
- (g) The change in price referred to in paragraph (f) may exceed 2 per cent per annum if, since the last time prices were set:
- (1) the *load* at the *connection point* has materially changed;
  - (2) in connection with that change, the *Transmission Customer* requested a renegotiation of its *connection agreement* with the *Transmission Network Service Provider*; and
  - (3) the *AER* has approved the change of more than 2 per cent per annum.
- (h) If, in the case of an increase in price, the application of paragraph (f) would result in the under-recovery of part of the locational component of the ASRR in charges for *prescribed TUOS services*, any shortfall may be recovered by adjusting upward the charges that would otherwise apply in respect of the adjusted non-locational component of *prescribed TUOS services*.
- (i) If, in the case of a decrease in price, the application of paragraph (f) would result in over-recovery of the locational component of the ASRR through charges for *prescribed TUOS services*, any over-recovery must be offset by adjusting downward the charges that would otherwise apply in respect of the adjusted non-locational component of *prescribed TUOS services*.

- (j) Prices for recovering the adjusted non-locational component of *prescribed TUOS services* must be on a *postage-stamp* basis.

## **6A.24 Pricing methodology**

### **6A.24.1 Pricing methodologies generally**

- (a) In making a *transmission determination* under Part E of this Chapter 6A, the *AER* must include a decision to approve a proposed *pricing methodology* as part of that *transmission determination*, in accordance with that Part.
- (b) A *pricing methodology* is a methodology, formula, process or approach that, when applied by a *Transmission Network Service Provider*:
  - (1) allocates the *aggregate annual revenue requirement* for *prescribed transmission services* provided by that provider to:
    - (i) the *categories of prescribed transmission services* for that provider; and
    - (ii) *transmission network connection points* of *Transmission Network Users*; and
  - (2) determines the structure of the prices that a *Transmission Network Service Provider* may charge for each of the *categories of prescribed transmission services* for that provider.
- (c) The *pricing methodology* proposed by a *Transmission Network Service Provider* and approved by the *AER* in accordance with Part E of this Chapter 6A must:
  - (1) give effect to and be consistent with the *Pricing Principles for Prescribed Transmission Services*; and
  - (2) comply with the requirements of, and contain or be accompanied by such information as is required by, the *pricing methodology guidelines* made for that purpose under rule 6A.25.
- (d) A *Transmission Network Service Provider* must comply with the *pricing methodology* approved by the *AER* as part of a *transmission determination* that applies to that provider, and any other applicable requirements in the *Rules*, when the provider is setting the prices that may be charged for the provision of *prescribed transmission services*.
- (e) Subject to clause 6A.24.3, a *pricing methodology* applies for the duration of the relevant *regulatory control period*.

- (f) Subject to rule 6A.15, a *pricing methodology* may not be amended during the *regulatory control period*.

#### **6A.24.2 Publication of pricing methodology and transmission network prices**

A *Transmission Network Service Provider* must publish:

- (a) a current copy of its *pricing methodology* on its website; and
- (b) the prices for each of the *categories of prescribed transmission services* to apply for the following *financial year*, by 15 May each year for the purposes of determining *distribution service* prices.

#### **6A.24.3 Basis for setting prices pending approval of pricing methodology**

- (a) This clause 6A.24.3 applies where:
  - (1) a *Transmission Network Service Provider* has submitted or resubmitted a proposed *pricing methodology* to the AER under clause 6A.10.1, 6A.11.2 or 6A.12.3;
  - (2) the AER has not made a final decision approving or amending that methodology under rule 6A.13 by a date that is 3 months prior to the commencement of the first *financial year* that a methodology referred to in subparagraph (1) would, if approved, apply (the **first pricing year**); and
  - (3) the provider is reasonably required to commence the process of setting prices for the first pricing year.
- (b) Despite clause 6A.24.1(d), a *Transmission Network Service Provider* must set prices for the first pricing year in accordance with:
  - (1) in the case where the AER has made a draft decision in which it proposes to approve a proposed *pricing methodology* - that proposed *pricing methodology*;
  - (2) if subparagraph (1) does not apply, the *pricing methodology* most recently approved for that *Transmission Network Service Provider* prior to the proposed *pricing methodology* referred to in subparagraph (a)(1);
  - (3) if there is no previously approved *pricing methodology* for that *Transmission Network Service Provider*, the previous method used by the *Transmission Network Service Provider* to establish prices, however determined, must be used in place of an approved *pricing methodology*.

- (c) Despite the *AER* subsequently approving a *pricing methodology* for a *Transmission Network Service Provider*:
  - (1) the approved *pricing methodology* applies to the setting of prices for the year after the first pricing year and for the remainder of the relevant *regulatory control period*; and
  - (2) the provider is not required to adjust, reverse or recompense any amounts to *Transmission Network Users* or their customers in connection with charges for services established pursuant to this clause 6A.24.3.

#### **6A.24.4 Basis for setting prices pending approval of maximum allowed revenue**

- (a) This clause 6A.24.4 applies where:
  - (1) a *Transmission Network Service Provider* has submitted or resubmitted a *Revenue Proposal* under clause 6A.10.1, 6A.11.2 or 6A.12.3;
  - (2) the *AER* has not made a final decision on that *Revenue Proposal* under rule 6A.13 by a date that is three months prior to the commencement of the first *financial year* that a *Revenue Proposal* referred to in subparagraph (1) would, if approved, apply (the **first pricing year**); and
  - (3) the *Transmission Network Service Provider* is reasonably required to commence the process of setting prices for the first pricing year referred to in subparagraph (2)
- (b) Despite any other applicable requirements in the *Rules*, a *Transmission Network Service Provider* may set prices for the first pricing year referred to in clause 6A.24.4(a)(2) in accordance with:
  - (1) in the case where the *AER* has made a draft decision in which it proposes to approve the proposed *maximum allowed revenue* for the first pricing year referred to in clause 6A.24.4(a)(2), that proposed *maximum allowed revenue* amount; or
  - (2) in the case where the *AER* has made a draft decision in which it has refused to approve the proposed *maximum allowed revenue* for the first pricing year referred to in clause 6A.24.4(a)(2), the *maximum allowed revenue* for the first pricing year that the *AER* has proposed for that amount in the draft decision made under clause 6A.12.1.

- (c) For the avoidance of doubt, any *over-recovery amount* or *under-recovery amount* arising from the application of this clause 6A.24.4 is to be treated in accordance with clause 6A.23.3(c)(2)(iii).

## **6A.25 Pricing methodology guidelines for prescribed transmission services**

### **6A.25.1 Making and amending of pricing methodology guidelines**

- (a) The *AER* must, in accordance with the *transmission consultation procedures*, make guidelines (the *pricing methodology guidelines*) relating to the preparation by a *Transmission Network Service Provider* of a proposed *pricing methodology*.
- (b) The *pricing methodology guidelines*:
  - (1) must give effect to, and be consistent with, the *Pricing Principles for Prescribed Transmission Services*;
  - (2) may be amended or replaced by the *AER* from time to time in accordance with the *transmission consultation procedures*; and
  - (3) must be *published* by the *AER*.
- (c) The *AER* must develop and publish the first *pricing methodology guidelines* by 31 October 2007 and there must be *pricing methodology guidelines* in force at all times after that date.
- (d) In the event of an inconsistency between the *Rules* and the *pricing methodology guidelines*, the *Rules* prevail to the extent of that inconsistency.

### **6A.25.2 Contents of pricing methodology guidelines**

The *pricing methodology guidelines* must specify or clarify:

- (a) the information that is to accompany a proposed *pricing methodology* being information that is necessary to allow the *AER* to form a view as to whether the proposed methodology is consistent with and gives effect to, the *Pricing Principles for Prescribed Transmission Services* and the requirements of this Part J;
- (b) permitted pricing structures for recovery of the locational component of providing *prescribed TUOS services* under clause 6A.23.4(e), having regard to:
  - (1) the desirability of consistent pricing structures across the *NEM*; and

- (2) the role of pricing structures in signaling efficient investment decisions and *network* utilisation decisions;
- (c) in relation to prices set on a *postage-stamp* basis, permissible postage stamping structures for the prices for *prescribed common transmission services* and the recovery of the adjusted non-locational component of providing *prescribed TUOS services* having regard to:
  - (1) the desirability of a consistent approach across the *NEM*, particularly for *Transmission Customers* that have operations in multiple *participating jurisdictions*; and
  - (2) the desirability of signaling to actual and potential *Transmission Network Users* efficient investment decisions and *network* utilisation decisions.
- (d) the types of *transmission system assets* that are directly attributable to each *category of prescribed transmission services*, having regard to the desirability of consistency of cost allocation across the *NEM*; and
- (e) those parts (if any) of a proposed *pricing methodology* or the information accompanying it, that will not be publicly disclosed without the consent of the *Transmission Network Service Provider*.

## 6A.26 Prudent discounts

### 6A.26.1 Agreements for prudent discounts for prescribed transmission services

- (a) Subject to this clause 6A.26.1, the prices for *prescribed transmission services* that are determined in accordance with the *pricing methodology* of a *Transmission Network Service Provider*, are the maximum prices that a provider is entitled to charge for the provision of the relevant *prescribed transmission services*.
- (b) A *Transmission Network Service Provider* may, but is not required to, agree with a *Transmission Customer* (the **beneficiary**) to charge lower prices for *prescribed TUOS services* and *prescribed common transmission services* provided to that beneficiary, than the prices determined in accordance with the provider's *pricing methodology*.
- (c) Where a *Transmission Customer* requests a *Transmission Network Service Provider* to charge that user reduced charges for *prescribed TUOS services* or *prescribed common transmission services* (**reduced charges**), the *Transmission Network Service Provider* must negotiate in good faith.
- (d) Subject to this clause 6A.26.1, a *Transmission Network Service Provider* that agrees to charge a beneficiary reduced charges, may recover the

difference between the revenue that would be recovered by the application of the maximum prices referred to in paragraph (a) and the reduced charges (the **discount amount**) from either or both charges:

- (1) to other *Transmission Customers* for the adjusted non-locational component of *prescribed TUOS services*; and
- (2) for *prescribed common transmission services*,

in accordance with the provider's *pricing methodology*.

- (e) A *Transmission Network Service Provider* may recover up to 70 per cent of a discount amount through the charges referred to in subparagraphs (d)(1) and (2).
- (f) A *Transmission Network Service Provider* may recover greater than 70 percent of the discount amount if:
  - (1) the discount amount is no larger than that necessary to prevent the charges referred to in subparagraphs (d)(1) and (2) altering the beneficiary's behaviour to the point of adopting the most attractive alternative in place of the course of action the beneficiary would have adopted if no such charges were levied; and
  - (2) the giving of the discount would not place other customers of the *Transmission Network Service Provider* in a worse position than if the discount was not offered.
- (g) Where for any reason the *Transmission Network Service Provider* does not recover the proportion of a discount amount that the provider is entitled to recover from other *Transmission Customers* under this clause in the *financial year* in which the reduced charges apply, the *Transmission Network Service Provider* may recover the difference through the charges for the adjusted non-locational component of *prescribed TUOS services* to apply in a subsequent *financial year*, in accordance with the provider's *pricing methodology*.

#### **6A.26.2 Application to AER for approval of proposed prudent discount amounts**

- (a) This clause applies where a *Transmission Network Service Provider* has agreed or proposes to agree, to reduced charges in accordance with clause 6A.26.1 and seeks to recover greater than 70 per cent of the discount amount through the charges referred to in clause 6A.26.1(d) to its other *Transmission Customers* (the **proposed recovery amount**).
- (b) A *Transmission Network Service Provider* may apply to the AER for approval to recover the proposed recovery amount.

- (c) A *Transmission Network Service Provider* seeking approval must submit to the *AER* a written application in accordance with any relevant requirements of the *information guidelines* in force under clause 6A.17.2.
- (d) If the *AER* determines that the requirements of clause 6A.26.1(f) are satisfied, the *AER* may approve the recovery of the proposed recovery amount, taking into account the matters referred to in paragraph (i).
- (e) If the *AER* determines that the requirements of clause 6A.26.1(f) are not satisfied, the *AER* may refuse the recovery of the proposed recovery amount, and must set out its reasons.
- (f) If the *AER* does not make a decision referred to in paragraph (d) or (e) within 60 *business days* from the date it receives the *Transmission Network Service Provider's* application and accompanying evidence under paragraph (c), then, on the expiry of that period, the *AER* is taken to have approved the recovery of the proposed recovery amount.
- (g) A *Transmission Network Service Provider* must provide the *AER* with such information as the *AER* requires for the purpose of making a determination under paragraphs (d) or (e) within the time specified by the *AER* in a notice provided to the provider by the *AER* for that purpose.

### **Consultation**

- (h) Before making a determination under paragraph (d) or (e), the *AER* may consult with the relevant *Transmission Network Service Provider* and such other persons as the *AER* considers appropriate, on any matters arising out of an application to recover a proposed recovery amount as the *AER* considers appropriate.

### **Relevant factors**

- (i) In making a determination under paragraph (d) or (e), the *AER* must take into account:
  - (1) the matters and proposals set out in the application referred to in paragraph (c);
  - (2) the requirements of clause 6A.26.1(f); and
  - (3) any other factors the *AER* considers relevant.
- (j) If the *AER* approves or is taken to approve recovery of the proposed recovery amount under paragraph (d) or (f), that approval is valid so long as the agreement between the *Transmission Network Service Provider* and the *Transmission Customer* remains in effect and its terms are not renegotiated, except where the *Transmission Network Service Provider* has provided information in its application that was materially false or misleading.

- (k) Where a *Transmission Network Service Provider* agrees to charge reduced charges in accordance with clause 6A.26.1, and no approval is granted under this clause 6A.26.2, the *AER* must review the discount amount in the course of making a subsequent *revenue determination* for that provider, and if the recovery of any part of the discount amount does not comply with clause 6A.26.1(f), the *AER* may adjust (with interest) the *total revenue cap* of the *Transmission Network Service Provider* for the following *regulatory control period* in respect of the total amount that has been earned by the *Transmission Network Service Provider* and does not satisfy the requirements under the *Rules*.

## **6A.27 Billing Process**

This rule describes the manner in which *Transmission Network Users* are billed for *prescribed transmission services* and how payments for those services are made.

### **6A.27.1 Billing for prescribed transmission services**

- (a) For each *connection point* on its *transmission networks*, a *Transmission Network Service Provider* must calculate the *transmission service charges* payable by *Transmission Network Users* in accordance with the *transmission service prices* published under clause 6A.24.2.
- (b) A *Transmission Network Service Provider* must issue a bill to *Transmission Network Users* for *prescribed transmission services*.
- (c) Where the billing for a particular *financial year* is based on quantities which are undefined until after the commencement of the *financial year*, charges must be estimated from the previous year's billing quantities with a reconciliation to be made when the actual billing quantities are known and, where the previous year's billing quantities are unavailable or no longer suitable, nominated quantities may be used as agreed between the parties.
- (d) Where charges are to be determined for *prescribed transmission services* from *metering data*, these charges must be based on kW or kWh obtained from the *metering data* managed by *NEMMCO*.

### **6A.27.2 Minimum information to be provided in network service bills**

- (a) The following is the minimum information that must be provided with a bill for a *connection point* issued by a *Transmission Network Service Provider* directly to a *Transmission Network User*:
  - (1) the *connection point* identifier;
  - (2) the dates on which the *billing period* starts and ends;

- (3) the identifier of the published *transmission service* price from which the *connection point* charges are calculated;
  - (4) measured quantities, billed quantities, agreed quantities, prices and amounts charged for each component of the total *transmission service* account.
- (b) In addition to the minimum information requirements set out in paragraph (a), a bill for a *connection point* issued by a *Transmission Network Service Provider* directly to a *Transmission Customer* must separately identify, for the total amount levied in relation to *prescribed TUOS services* in the *billing period* for that *connection point* each of the following components:
- (1) charges for the locational and the adjusted non-locational component of *prescribed TUOS services*;
  - (2) charges for *prescribed common transmission services*.

### **6A.27.3 Obligation to pay charges for prescribed transmission services**

A *Transmission Network User* must pay charges for *prescribed transmission services* properly charged to it and billed in accordance with the *pricing methodology* of the relevant *Transmission Network Service Provider* by the date specified in the bill.

### **6A.27.4 Payments between Transmission Network Service Providers**

- (a) Each *Transmission Network Service Provider* must pay to each other relevant *Transmission Network Service Provider* the revenue which is estimated to be collected during the following year by the first provider as charges for *prescribed transmission services* for the use of *transmission systems* owned by those other *Transmission Network Service Providers*.
- (b) Payments to be made between *Transmission Network Service Providers* within a *region* under paragraph (a) must be determined by the *Co-ordinating Network Service Provider* for that *region*.
- (c) Financial transfers payable under this clause 6A.27.4 must be paid in equal monthly instalments.

### **6A.27.5 Calculation of financial transfers between Transmission Network Service Providers**

- (a) If the *prescribed transmission use of system* revenue allocation and price and charge calculation under the *pricing methodology* of a *Transmission Network Service Provider* result in the allocation of some of a provider's revenue to a *Transmission Customer* in relation to a *connection point* with

another *Network Service Provider* then financial transfers between *Network Service Providers* must be made in accordance with paragraph (b).

- (b) Financial transfers referred to in paragraph (a) must be determined by the *Co-ordinating Network Service Provider* as a fixed annual amount for the next *financial year*. The *survey period* for this allocation is the most recent full *financial year* for which operating data is available.

## **6A.28 Prudential Requirements**

This rule sets out the arrangements by which *Transmission Network Service Providers* may minimise financial risks associated with investment in *transmission network* assets.

### **6A.28.1 Prudential Requirements for prescribed transmission services**

A *Transmission Network Service Provider* may require a *Transmission Network User* to establish prudential requirements for either or both *connection services* and *transmission use of system services*. These prudential requirements may take the form of, but need not be limited to, capital contributions, pre-payments or financial guarantees.

### **6A.28.2 Capital contribution or prepayment for a specific asset**

Where the *Transmission Network Service Provider* is required to construct specific assets to provide *connection service* or *transmission use of system service* to a *Transmission Network User*, the provider may require that user to make a capital contribution or prepayment for all or part of the cost of the new assets installed and any contribution made must be taken into account in the determination of *transmission service* prices applicable to that user.

### **6A.28.3 Treatment of past capital contributions**

- (a) The treatment of capital contributions for *connection service* and/or *transmission use of system service* made prior to 13 December 1998, by *Transmission Network Users* must be in accordance with any contractual arrangements with the relevant *Transmission Network Service Providers* applicable at that time.
- (b) Where contractual arrangements referred to in paragraph (a) are not in place, the treatment of past capital contributions for *connection service* and/or *transmission use of system service* must be negotiated by the *Transmission Network Service Provider* and the *Transmission Network User* and, if a dispute arises and cannot be resolved, the matter must be referred to the *AER*.

## 6A.29 Multiple Transmission Network Service Providers

### 6A.29.1 Multiple Transmission Network Service Providers within a region

- (a) If *prescribed transmission services* within a *region* are provided by more than one *Transmission Network Service Provider*, the providers within that *region* (the **appointing providers**) must appoint a *Co-ordinating Network Service Provider* who is responsible for the allocation of all relevant AARR within that *region*, in accordance with this Part J.
- (b) Each *Transmission Network Service Provider* must determine the AARR for its own *transmission system* assets which are used to provide *prescribed transmission services* within each *region*.
- (c) To make the allocation referred to in paragraph (a), the *Co-ordinating Network Service Provider* must use the total AARR of all *Transmission Network Service Providers* providing *prescribed transmission services* within the relevant *region*.
- (d) The *Co-ordinating Network Service Provider* is responsible for making the allocation referred to in paragraph (a), in accordance with its *pricing methodology*, in relation to *Transmission Network Users'* and *Transmission Network Service Providers'* *transmission network connection points* located within the *region* and an appointing provider is not required to address the matters specified in rule 6A.24.1(b)(1) when preparing its *pricing methodology*.
- (e) Each *Transmission Network Service Provider* within a *region* must promptly provide information reasonably requested by the *Co-ordinating Network Service Provider* for that *region* to enable the proper performance of the co-ordination function.
- (f) The *Co-ordinating Network Service Provider* must provide sufficient information to an appointing provider to enable that provider:
  - (1) to understand the basis for the allocation referred to in paragraphs (a) and (d); and
  - (2) to prepare its *pricing methodology* and replicate the pricing allocation.

### 6A.29.2 Single Transmission Network Service Provider within a region

If *prescribed transmission services* within a *region* are provided by only one *Transmission Network Service Provider*, that provider is responsible for allocation of the AARR within that *region* and must liaise with the *Transmission Network Service Provider* similarly responsible in any other *interconnected regions*.

### 6A.29.3 Allocation over several regions

- (a) The *Transmission Network Service Providers* responsible for the allocation of the *AARR* within a *region* may agree with one or more other such providers for *interconnected regions* to undertake the allocations of *AARR* as one allocation over all of those *regions*.
- (b) To make an allocation over several *regions*, the sum of the *AARR* of all *Transmission Network Service Providers* providing *prescribed transmission services* within those *regions* must be used.

## Part K Commercial arbitration for disputes about terms and conditions of access for prescribed and negotiated transmission services

### 6A.30 Commercial arbitration for prescribed and negotiated transmission services

This Part K applies to any dispute which may arise between a *Transmission Network Service Provider* (a provider) and a *Service Applicant* (an applicant) as to *terms and conditions of access* as referred to in clause 6A.1.2, for the provision of *prescribed transmission services* or for the provision of *negotiated transmission services* ('a *transmission services access dispute*').

#### 6A.30.1 Notification of transmission services dispute

- (a) A provider or an applicant may notify the *AER* in writing that a *transmission services access dispute* exists.
- (b) On receiving a notification under paragraph (a), the *AER* must give notice in writing of the dispute to the other party to the dispute.
- (c) A provider or an applicant who has given notice of a dispute under paragraph (a) may withdraw notification of the dispute at any time by written notice to the *AER* and the other party to the dispute.
- (d) If the notification of a dispute is withdrawn under paragraph (c), it is taken for the purposes of this clause 6A.30.1 to never have been given.

#### 6A.30.2 Appointment of commercial arbitrator

- (a) On receiving a notification under clause 6A.30.1(a), the *AER* must request the provider and the applicant, by a time specified by the *AER*, to nominate to the *AER* two persons each for appointment as the *commercial arbitrator*

to determine the *transmission services access dispute*. The provider and applicant may make the nominations.

- (b) As soon as practicable after the expiry of the time specified by the *AER* under paragraph (a), the *AER* must appoint:
  - (1) one of the persons (if any) nominated to the *AER* by the provider or the applicant under paragraph (a); or
  - (2) if neither the provider or the applicant nominate any such person within the time specified by the *AER* under paragraph (a) or all of the persons so nominated do not qualify for appointment under paragraph (d) or are not eligible for appointment under paragraph (e), a person determined by the *AER*,

as the *commercial arbitrator* to determine the dispute, and must refer the dispute to that *commercial arbitrator*.

- (c) A decision of the *AER* as to the appointment of the *commercial arbitrator* is final and binding on the provider and the applicant.
- (d) The *AER* may only appoint a person as the *commercial arbitrator* if that person is experienced or trained in dispute resolution techniques.
- (e) A person is not eligible for appointment as the *commercial arbitrator* if that person has any interest that may conflict with, or which may be seen to conflict with, the impartial resolution of the dispute. Where the person who is appointed as the *commercial arbitrator* becomes aware of such conflict after that person commences the hearing of the dispute, the person must advise the parties to that effect.
- (f) Where:
  - (1) the provider or the applicant believes that the person appointed as the *commercial arbitrator* has an interest which may conflict with the impartial resolution of the dispute; or
  - (2) the person appointed as the *commercial arbitrator* discloses the existence of such an interest,

the person must not continue to hear and determine the dispute, except with the written consent of the provider and the applicant.

### **6A.30.3 Procedures of commercial arbitrator**

- (a) The *commercial arbitrator* may give to the parties such directions as it considers necessary:

- (1) for the proper conduct of the proceedings, including in relation to the provision of documents and information to the other party and the making of oral and written submissions;
  - (2) relating to the use and disclosure of information obtained from the other party to the dispute (including a direction to keep information confidential); and
  - (3) in relation to the participation (if any) of legal representatives of the parties in the proceedings.
- (b) The *commercial arbitrator* must observe the rules of procedural fairness, but is not bound by the rules of evidence and may inform itself in any manner it thinks fit.

#### **6A.30.4 Powers of commercial arbitrator in determining transmission services access disputes**

- (a) In determining a *transmission services access dispute* in relation to the *terms and conditions of access* for the provision of *prescribed transmission services* the *commercial arbitrator* must apply:
- (1) in relation to price, the *pricing methodology* of the relevant *Transmission Network Service Provider* approved by the *AER* under Part E and Part J of this Chapter 6A of the *Rules*;
  - (2) in relation to other terms and conditions, Chapters 4, 5 and this Chapter 6A of the *Rules*; and
  - (3) in relation to all *terms and conditions of access* (including price) the decision of *NEMMCO* or the *AER* where those decisions relate to those terms and conditions and are made under Chapters 4, 5 and this Chapter 6A of the *Rules*.
- (b) In determining a *transmission services access dispute* in relation to the *terms and conditions of access* for the provision of a *negotiated transmission service* the *commercial arbitrator* must apply:
- (1) in relation to price (including *access charges*) for the provision of that service by the provider, the *Negotiated Transmission Service Criteria* that are applicable to that dispute, in accordance with the relevant *transmission determination*;
  - (2) in relation to other terms and conditions, the *Negotiated Transmission Service Criteria* that are applicable to that dispute, and Chapters 4, 5 and this Chapter 6A of the *Rules*; and

- (3) in relation to all *terms and conditions of access* (including price) the decision of *NEMMCO* or the *AER* where those decisions relate to those terms and conditions and are made under Chapters 4, 5 and this Chapter 6A of the *Rules*.

and must have regard:

- (4) to the relevant *negotiating framework* prepared by the *Transmission Network Service Provider* under clause 6A.9.5 and approved by the *AER*.
- (c) In determining a *transmission services access dispute* in relation to the *terms and conditions of access* for the provision of *negotiated transmission services* a *commercial arbitrator* may:
- (1) have regard to other matters which the *commercial arbitrator* considers relevant.
  - (2) hear evidence or receive submissions from *NEMMCO* and *Transmission Network Users* notified and consulted under the *Transmission Network Service Provider's negotiating framework*.
- (d) In determining a *transmission services access dispute* in relation to the *terms and conditions of access* for the provision of *prescribed transmission services* a *commercial arbitrator* may:
- (1) have regard to other matters which the *commercial arbitrator* considers relevant.
  - (2) hear evidence or receive submissions from *NEMMCO* in relation to *power system security* matters and from *Transmission Network Users* who may be adversely affected.

### **6A.30.5 Determination of transmission services access disputes**

- (a) Subject to paragraph (c), the *commercial arbitrator* must determine the dispute as quickly as possible, and in any case it must do so within 30 *business days* after the dispute is referred to the *commercial arbitrator*.
- (b) The determination of the *commercial arbitrator*:
  - (1) may direct the provision of *prescribed transmissions services* and *negotiated transmission services* in accordance with Chapters 4, 5 and this Chapter 6A of the *Rules*;
  - (2) may specify, for a *negotiated transmission service*, a price or charge in such a way that it is or is to be adjusted over time.

**Note:** An adjustment as referred to in subparagraph (2) may, for example, be appropriate where the cost of providing the negotiated transmission service to a Service

Applicant changes because the assets used to provide that service are subsequently used to provide a service to another person and the payment for the service by that other person enables the Transmission Network Service Provider to recoup some of those costs from that other person.

- (c) The *commercial arbitrator* may extend the period referred to in paragraph (a) if the provider and the applicant so agree in writing.
- (d) The *commercial arbitrator* may at any time terminate the proceedings without making a decision if it considers that:
  - (1) the dispute is misconceived or lacking in substance;
  - (2) the notification of the dispute to the *AER* under clause 6A.30.1(a) was vexatious; or
  - (3) the party who notified the dispute to the *AER* under clause 6A.30.1(a) has not negotiated in good faith or has notified the dispute prematurely or unreasonably.
- (e) The *commercial arbitrator* must terminate the proceedings without making a decision if at any time, whether on application by the provider or the applicant or otherwise, the arbitrator determines that the *transmission service* is capable of being provided on a genuinely competitive basis by a person other than the *Transmission Network Service Provider* or an entity which is associated with the provider.

#### **6A.30.5 Costs of dispute**

- (a) The fees and costs of the *commercial arbitrator* must be borne equally by the provider and the applicant unless:
  - (1) paragraph (b) applies; or
  - (2) otherwise agreed between the provider and the applicant.
- (b) The costs of determining the dispute (including the legal costs of either of the parties) may be allocated by the *commercial arbitrator* for payment as between the parties as part of any determination.
- (c) In deciding to allocate costs against one of the parties to the dispute, the *commercial arbitrator* may have regard to any relevant matters including (but not limited to) whether the conduct of that party unreasonably prolonged or escalated the dispute or otherwise increased the costs of resolving the dispute.

### **6A.30.6 Enforcement of agreement or determination and requirement for reasons**

- (a) Where the provider and the applicant reach agreement (whether or not the matter is before a *commercial arbitrator*), the parties may execute a written agreement recording their resolution of that dispute.
- (b) The *commercial arbitrator* must give its decision determining the dispute, together with its reasons for that decision, in writing and must provide a copy of its determination:
  - (1) to the provider and to the applicant; and
  - (2) (except to the extent that it contains confidential information) to the *AER* for publication.
- (c) An agreement that is executed under paragraph (a) and a determination of the *commercial arbitrator* under paragraph (b) are binding on the provider and the applicant, and any failure to comply with such an agreement or determination is a breach of the *Rules* in respect of which the *AER* may take action in accordance with the *National Electricity Law*.

### **6A.30.7 Miscellaneous**

- (a) To the extent permitted by law, a person who is appointed as a *commercial arbitrator* is not liable for any loss, damage or liability suffered or incurred by any person as a consequence of any act or omission of that person which was done in good faith in connection with the dispute.
- (b) A person who is appointed as a *commercial arbitrator* may, before acting in relation to the dispute, require the parties to the dispute (or any one of them) to execute a release and indemnity in relation to any loss, damage or liability that that person would, but for the release or indemnity, suffer or incur as a consequence of any act or omission done in good faith in connection with the dispute.

## **Schedule 6A.1 - Contents of Revenue Proposals**

### **S6A.1.1 Information and matters relating to capital expenditure**

A *Revenue Proposal* must contain at least the following information and matters relating to capital expenditure:

- (1) a forecast of the required capital expenditure that complies with the requirements of clause 6A.6.7 of the *Rules* and identifies the forecast capital expenditure by reference to well accepted categories such as:

- (i) asset class (eg. *transmission lines, substations* etc); or
- (ii) category driver (eg. *regulatory obligations or requirements, replacement, reliability, net market benefit, business support* etc),

and identifies, in respect of proposed material assets:

- (iii) the location of the proposed asset;
  - (iv) the anticipated or known cost of the proposed asset; and
  - (v) the categories of *transmission services* which are to be provided by the proposed asset;
- (2) the methodology used for developing the capital expenditure forecast;
  - (3) the forecasts of load growth relied upon to derive the capital expenditure forecasts and the methodology used for developing those forecasts of load growth;
  - (4) the key assumptions that underlie the capital expenditure forecast;
  - (5) a certification of the reasonableness of the key assumptions by the directors of the *Transmission Network Service Provider*;
  - (6) capital expenditure for each of the first three *regulatory years* of the current *regulatory control period*, and the expected capital expenditure for each of the last two *regulatory years* of that *regulatory control period*, categorised in the same way as for the capital expenditure forecast; and
  - (7) an explanation of any significant variations in the forecast capital expenditure from historical capital expenditure.

### **S6A.1.2 Information and matters relating to operating expenditure**

A *Revenue Proposal* must contain at least the following information and matters relating to operating expenditure:

- (1) a forecast of the required operating expenditure that complies with the requirements of clause 6A.6.6 of the *Rules* and identifies the forecast operating expenditure by reference to well accepted categories such as:
  - (i) particular programs; or
  - (ii) types of operating expenditure (eg. maintenance, payroll, materials etc),

and identifies in respect of each such category:

- (iii) to what extent that forecast expenditure is on costs that are fixed and to what extent it is on costs that are variable; and
  - (iv) the categories of *transmission services* to which that forecast expenditure relates;
- (2) the methodology used for developing the operating expenditure forecast;
  - (3) the forecasts of key variables relied upon to derive the operating expenditure forecast and the methodology used for developing those forecasts of key variables;
  - (4) the methodology used for determining the cost associated with planned maintenance programs designed to improve the performance of the relevant *transmission system* for the purposes of any *service target performance incentive scheme* that is to apply to the *Transmission Network Service Provider* in respect of the relevant *regulatory control period*;
  - (5) the key assumptions that underlie the operating expenditure forecast;
  - (6) a certification of the reasonableness of the key assumptions by the directors of the *Transmission Network Service Provider*;
  - (7) operating expenditure for each of the first three *regulatory years* of the current *regulatory control period*, and the expected operating expenditure for each of the last two *regulatory years* of that *regulatory control period*, categorised in the same way as for the operating expenditure forecast; and
  - (8) an explanation of any significant variations in the forecast operating expenditure from historical operating expenditure.

### **S6A.1.3 Additional information and matters**

A *Revenue Proposal* must contain at least the following additional information and matters:

- (1) an identification and explanation of any significant interactions between the forecast capital expenditure and forecast operating expenditure programs;
- (2) the values that the *Transmission Network Service Provider* proposes are to be attributed to the *performance incentive scheme parameters* for the purposes of the application to the provider of the *service target performance incentive scheme* that applies in respect of the relevant

*regulatory control period*, and an explanation of how the values proposed to be attributed to those parameters comply with any requirements relating to them set out in that scheme;

- (3) the values that the provider proposes are to be attributed to the *efficiency benefit sharing scheme parameters* for the purposes of the application to the provider of the *efficiency benefit sharing scheme* that applies in respect of the relevant *regulatory control period*, and an explanation of how the values proposed to be attributed to those parameters comply with any relevant requirements set out in that scheme;
- (4) the provider's calculation of:
  - (i) the estimated *total revenue cap* for it for the relevant *regulatory control period*; and
  - (ii) the *maximum allowed revenue* for it for each *regulatory year* of the relevant *regulatory control period*,

using the *post-tax revenue model* referred to in rule 6A.5 of the *Rules*, together with:

- (iii) details of all amounts, values and other inputs used by the provider for that purpose;
  - (iv) a demonstration that any such amounts, values and other inputs comply with the relevant requirements of Part C of Chapter 6A of the *Rules*; and
  - (v) an explanation of the calculation of the amounts referred to in subparagraphs (i) and (ii) and of the amounts, values and inputs referred to in subparagraph (iii);
- (5) the provider's calculation of the regulatory asset base for the relevant *transmission system* for each *regulatory year* of the relevant *regulatory control period* using the *roll forward model* referred to in clause 6A.6.1 of the *Rules*, together with:
  - (i) details of all amounts, values and other inputs used by the provider for that purpose;
  - (ii) a demonstration that any such amounts, values and other inputs comply with the relevant requirements of Part C of Chapter 6A of the *Rules*; and
  - (iii) an explanation of the calculation of the regulatory asset base for each *regulatory year* of the relevant *regulatory control period*

and of the amounts, values and inputs referred to in subparagraph (i);

- (6) the commencement and length of the period nominated by the *Transmission Network Service Provider* for the purposes of clause 6A.6.2(c)(2) of the *Rules*;
- (7) the depreciation schedules nominated by the *Transmission Network Service Provider* for the purposes of clause 6A.6.3 of the *Rules*, which categorise the relevant assets for these purposes by reference to well accepted categories such as:
  - (i) asset class (eg *transmission lines* and *substations*); or
  - (ii) category driver (eg *regulatory obligations or requirements*, replacement, *reliability*, net market benefit, and business support),

and also by location, together with:

- (iii) details of all amounts, values and other inputs used by the provider to compile those depreciation schedules;
  - (iv) a demonstration that those depreciation schedules conform with the requirements set out in clause 6A.6.3(b) of the *Rules*; and
  - (v) an explanation of the calculation of the amounts, values and inputs referred to in subparagraph (iii);
- (8) the X factors nominated by the provider for each *regulatory year* of the relevant *regulatory control period* for the purposes of clause 6A.6.8(a) of the *Rules*, together with a demonstration that those X factors comply with the requirements set out in clause 6A.6.8(b) of the *Rules*;
  - (9) the commencement and length of the *regulatory control period* proposed by the *Transmission Network Service Provider*; and
  - (10) if the *Transmission Network Service Provider* is seeking a determination by the AER that a *proposed contingent project* is a *contingent project* for the purposes of the relevant *revenue determination*:
    - (i) a description of the *proposed contingent project*, including reasons why the provider considers the project should be accepted as a *contingent project* for the *regulatory control period*;

- (ii) a forecast of the capital expenditure which the provider considers is reasonably required for the purpose of undertaking the *proposed contingent project*;
- (iii) the methodology used for developing that forecast and the key assumptions that underlie it;
- (iv) information that demonstrates that the undertaking of the *proposed contingent project* is reasonably required in order to achieve one or more of the *capital expenditure objectives*;
- (v) information that demonstrates that the *proposed contingent capital expenditure* for the *proposed contingent project* complies with the requirements set out in clause 6A.8.1(b)(2) of the *Rules*; and
- (vi) the *trigger events* which are proposed in relation to the *proposed contingent project* and an explanation of how each of those conditions or events addresses the matters referred to in clause 6A.8.1(c) of the *Rules*.

## **Schedule 6A.2 - Regulatory Asset Base**

### **S6A.2.1 Establishment of opening regulatory asset base for a regulatory control period**

#### **(a) Application of this clause**

This clause S6A.2.1:

- (1) applies to the establishment of the value of the regulatory asset base for a *transmission system* as at the beginning of a *regulatory control period* on the roll forward of the regulatory asset base to that *regulatory control period* from the previous *regulatory control period*; and
- (2) also applies to the establishment of the value of the regulatory asset base for a *transmission system* as at the beginning of a *regulatory control period* where the *transmission system* was not immediately before that time the subject of a *revenue determination*.

#### **(b) Roll forward model to comply with this clause**

The *roll forward model* referred to in clause 6A.6.1 of the *Rules* must provide for those values to be established in accordance with the requirements of clauses S6A.2.1, S6A.2.2 and S6A.2.3.

#### **(c) Transmission systems of specific providers**

- (1) In the case of a *transmission system* owned, controlled or operated by one of the following *Transmission Network Service Providers* as at 16 February 2006, the value of the regulatory asset base for that *transmission system* as at the beginning of that first *regulatory year* must be determined by rolling forward the regulatory asset base for that *transmission system*, as set out in the table below, in accordance with this schedule:

<b>Transmission Network Service Provider</b>	<b>Regulatory Asset Base (\$m)</b>
EnergyAustralia	635.6 (as at 1 July 2004)
TransGrid	3,012.76 (as at 1 July 2004)
Powerlink	As per transitional revenue determination in accordance with clause 11.6.12
ElectraNet	823.75 (as at 1 January 2003)
Transend	603.6 (as at 31 December 2003)
SP AusNet	1,835.60 (as at 1 January 2003)
Murraylink Transmission Company	102.96 (as at 1 October 2003)
Directlink	116.68 (as at 1 July 2005)

- (2) The values in the table above are to be adjusted for the difference between:
- (i) any estimated capital expenditure that is included in those values for any part of a previous *regulatory control period*; and
  - (ii) the actual capital expenditure for that part of the previous *regulatory control period*.

This adjustment must also remove any benefit or penalty associated with any difference between the estimated and actual capital expenditure.

**(d) Other transmission systems**

- (1) This paragraph (d) applies to a *transmission system* not referred to in paragraphs (c) or (e), when *prescribed transmission services* that are provided by means of, or in connection with, that system are to be regulated under a *revenue determination*.
- (2) The value of the regulatory asset base for that *transmission system* as at the beginning of the first *regulatory year* of the first *regulatory control period* for the relevant *Transmission Network Service Provider* is the prudent and efficient value of the assets that are used by the provider to provide those *prescribed transmission services* (but only to the extent that they are used to provide such services), as determined by the *AER*. In determining this value, the *AER* must have regard to the matters referred to in clause S6A.2.2.

- (3) The value of the regulatory asset base for that *transmission system* as at the beginning of the first *regulatory year* of any subsequent *regulatory control period* must be determined by rolling forward the value of the regulatory asset base for that *transmission system* as at the beginning of the first *regulatory year* of the first *regulatory control period* in accordance with this schedule.

**(e) Former Market Network Services**

- (1) This paragraph (e) applies to a *transmission system* where any services provided by means of, or in connection with, that *transmission system* are determined to be *prescribed transmission services* under clause 2.5.2(c).
- (2) The value of the regulatory asset base for that *transmission system*, as at the beginning of the first *regulatory year* of the first *regulatory control period* for which those services are to be regulated under a *revenue determination*, is the amount that is determined by the *AER* as the lesser of:
- (i) the prudent and efficient value of the assets that are used by the relevant *Transmission Network Service Provider* to provide those prescribed services (but only to the extent they are used to provide such services), such value being determined by the *AER* having regard to the matters referred to in clause S6A.2.2; and
  - (ii) the sum of:
    - (A) the net present value of the revenue that it is expected would be earned by the provider from the provision of those services, over the remaining life of the assets that are used by the provider to provide those services, if those services had not been determined to be *prescribed transmission services*; and
    - (B) to the extent that such market benefit is not included in the expected revenue referred to in clause S6A.2.1(e)(2)(ii)(A), the net present value of the market benefit to *Registered Participants* of the services being determined to be *prescribed transmission services* compared to being continued to be treated as services that are not *prescribed transmission services*,  
  
reduced by the net present value of the total operating expenditure over the remaining life of the *transmission system* which the *AER* considers to be reasonably required in order to achieve the *operating expenditure objectives*.

For the purposes of clause S6A.2.1(e)(2)(ii)(B), the net present value of the market benefit is the present value of the market benefit less the present value of costs, as those terms are defined for the purposes of the *regulatory test* or *regulatory investment test for transmission (as the case may be)*.

- (3) The value of the regulatory asset base for that *transmission system* as at the beginning of the first *regulatory year* of any subsequent *regulatory control period* must be determined by rolling forward the value of the regulatory asset base for that *transmission system* as at the beginning of the first *regulatory year* of the first *regulatory control period* in accordance with this schedule.

(f) **Method of adjustment of value of regulatory asset base**

Except as otherwise provided in paragraph (c), (d) or (e), the value of the regulatory asset base for a *transmission system* as at the beginning of the first *regulatory year* of a *regulatory control period* must be calculated by adjusting the value (the ‘**previous value**’) of the regulatory asset base for that *transmission system* as at the beginning of the first *regulatory year* of the immediately preceding *regulatory control period* (the ‘**previous control period**’) as follows:

- (1) The previous value of the regulatory asset base must be increased by the amount of all capital expenditure incurred during the previous control period, including any capital expenditure determined for that period under clause 6A.8.2(e)(1)(i) in relation to *contingent projects* where the *revenue determination* has been amended by the *AER* in accordance with clause 6A.8.2(h) (regardless of whether such capital expenditure is above or below the forecast capital expenditure for the period that is adopted for the purposes of the *transmission determination* (if any) for that period).
- (2) The previous value of the regulatory asset base must be increased by the amount of the estimated capital expenditure approved by the *AER* for any part of the previous control period for which actual capital expenditure is not available, including any capital expenditure in relation to *contingent projects* where the *total revenue cap* has been amended by the *AER* in accordance with clause 6A.8.2(h).
- (3) The previous value of the regulatory asset base must be adjusted for the difference between:
  - (i) the estimated capital expenditure for any part of a previous *regulatory control period* where that estimated capital expenditure has been included in that value; and

- (ii) the actual capital expenditure for that part of the previous *regulatory control period*.

This adjustment must also remove any benefit or penalty associated with any difference between the estimated and actual capital expenditure.

- (4) The previous value of the regulatory asset base must only be increased by actual or estimated capital expenditure to the extent that all such capital expenditure is properly allocated to the provision of *prescribed transmission services* in accordance with the *Cost Allocation Methodology* for the relevant *Transmission Network Service Provider*.
- (5) The previous value of the regulatory asset base must be reduced by the amount of actual depreciation of the regulatory asset base during the previous control period, calculated in accordance with the rates and methodologies allowed in the *transmission determination* (if any) for that period.
- (6) The previous value of the regulatory asset base must be reduced by the disposal value of any asset where that asset has been disposed of during the previous control period.
- (7) The previous value of the regulatory asset base must be reduced by the value of any asset where the *AER* determines that the value of that asset should be removed in accordance with clause S6A.2.3.
- (8) Without prejudice to the application of any other provision of this paragraph (f), the previous value of the regulatory asset base may be increased by the inclusion of:
  - (i) past capital expenditure that has not been included in that value because that capital expenditure was incurred in connection with the provision of services that are not *prescribed transmission services*, and in these circumstances, such capital expenditure must only be included to the extent the asset in respect of which that capital expenditure was incurred is subsequently used for the provision of *prescribed transmission services*; and
  - (ii) past capital expenditure that has not been included in that value, but only to the extent that such past capital expenditure:
    - (A) relates to an asset that is used for the provision of *prescribed transmission services*;
    - (B) is considered by the *AER* to be reasonably required in order to achieve one or more of the *capital expenditure objectives*;

- (C) is properly allocated to *prescribed transmission services* in accordance with the principles and policies set out in the *Cost Allocation Methodology* for the relevant *Transmission Network Service Provider*; and
- (D) has not otherwise been recovered.

### **S6A.2.2 Prudency and efficiency of capital expenditure**

In determining the prudency or efficiency of capital expenditure under clause S6A.2.1(d)(2) or S6A.2.1(e)(2), the *AER* must have regard to:

- (1) the need to provide a reasonable opportunity for the relevant *Transmission Network Service Provider* to recover the efficient costs of complying with all applicable *regulatory obligations or requirements* associated with the provision of *prescribed transmission services*;
- (2) the need to provide effective incentives to the provider to promote economic efficiency in the provision of *prescribed transmission services*;
- (3) whether the relevant project in respect of which capital expenditure was made was evaluated against, and satisfied, the *regulatory test* or [\*regulatory investment test for transmission \(as the case may be\)\*](#);
- (4) whether the provider undertook the capital expenditure in a manner consistent with good business practice and so as to practicably achieve the lowest sustainable cost of delivering the *prescribed transmission services* to be provided as a consequence of that capital expenditure;
- (5) the desirability of minimising investment uncertainty for the provider; and
- (6) the need to provide incentives to the provider to avoid undertaking inefficient capital expenditure.

In determining the prudency or efficiency of capital expenditure the *AER* must only take into account information and analysis that the provider could reasonably be expected to have considered or undertaken at the time that it undertook the relevant capital expenditure.

### **S6A.2.3 Removal of assets from regulatory asset base**

- (a) For the purposes of rolling forward the regulatory asset base for a *transmission system* as described in clause 6A.6.1 of the *Rules* and this schedule, the *AER* may only determine to remove, from the regulatory asset base for a *transmission system*, the value of an asset (or group of assets):

- (1) to the extent that:
  - (i) the asset (or group of assets) is dedicated to one *Transmission Network User* (not being a *Distribution Network Service Provider*) or a small group of *Transmission Network Users*; and
  - (ii) the value of the asset (or group of assets), as included in the value of that regulatory asset base as at the beginning of the first *regulatory year* of the current *regulatory control period*, exceeds the *indexed amount*, as at the time of the *AER's* determination, of \$10 million;
- (2) if the *AER* determines that the asset (or group of assets) is no longer contributing to the provision of *prescribed transmission services*; and
- (3) if the *AER* determines that the relevant *Transmission Network Service Provider* has not adequately sought to manage the risk of that asset (or that group of assets) no longer contributing to the provision of *prescribed transmission services* by:
  - (i) seeking to negotiate the payment of a lower price by the relevant *Transmission Network Users* for those *prescribed transmission services* in accordance with the *Rules*; or
  - (ii) in the case of assets committed to be constructed on or after 16 February 2006, seeking to enter into arrangements which provide for a reasonable allocation of the risks of the value of that asset (or that group of assets) no longer contributing to the provision of *prescribed transmission services*.

For the purposes of clause S6A.2.3(a)(3)(ii), an asset is, and is only, to be taken to be committed to be constructed if it satisfies the criteria which a project needs to satisfy to be a "committed project" for the purposes of the *regulatory test* or *regulatory investment test for transmission (as the case may be)*.

- (b) The *AER* may determine a separate amount which is to be included in the *annual building block revenue requirement* for a *Transmission Network Service Provider* for each *regulatory year* of a *regulatory control period* so as to compensate the provider for the risk of the value of assets being removed from the regulatory asset base for the relevant *transmission system*, but only if it is satisfied that:
  - (1) the risk is not otherwise addressed through another provision of the *Rules*;
  - (2) the provider has taken all the steps that a prudent *Transmission Network Service Provider* would take to manage the risk; and

- (3) the *total revenue cap* for the provider for that *regulatory control period* does not adequately reflect risks that cannot be reasonably managed.

#### **S6A.2.4 Roll forward of regulatory asset base within the same regulatory control period**

(a) **Application of this clause**

This clause S6A.2.4 applies to the establishment of the value of the regulatory asset base for a *transmission system* as at the beginning of one *regulatory year* in a *regulatory control period* on the roll forward of the regulatory asset base to that *regulatory year* from the immediately preceding *regulatory year* (if any) in that *regulatory control period*.

(b) **Roll forward model to comply with this clause**

The *roll forward model* referred to in clause 6A.6.1 of the *Rules* must provide for that value to be established in accordance with the requirements of this clause S6A.2.4.

(c) **Method of adjustment of value of regulatory asset base**

The value of the regulatory asset base for a *transmission system* as at the beginning of the second or a subsequent year ('the **later year**') in a *regulatory control period* must be calculated by adjusting the value ('the **previous value**') of the regulatory asset base for that *transmission system* as at the beginning of the immediately preceding *regulatory year* ('the **previous year**') in that *regulatory control period* as follows:

- (1) The previous value of the regulatory asset base must be increased by the amount of forecast capital expenditure accepted or substituted by the *AER* for the previous year in accordance with clause 6A.6.7(c) or clauses 6A.13.2(b)(4) and (5) (as the case may be).
- (2) The previous value of the regulatory asset base must be reduced by the amount of depreciation included in the *annual building block revenue requirement* for the previous year.
- (3) The previous value of the regulatory asset base must be reduced by the disposal value of any asset included in that value where the asset is forecast to be disposed of during the previous year.
- (4) The previous value of the regulatory asset base must be increased by an amount necessary to maintain the real value of the regulatory asset base as at the beginning of the later year by adjusting that value for inflation.

(d) **Allowance for working capital**

If the *AER* determines that it is appropriate to do so, it may include an allowance for working capital in the regulatory asset base for a *transmission system* which is rolled forward in accordance with this clause S6A.2.4.

## **Schedule 6A.3 –CRNP methodology and modified CRNP methodology**

### **S6A.3.1 Meaning of optimised replacement cost**

For the purposes of this schedule 6A.3, references to “optimised replacement cost” include an accepted equivalent to optimised replacement cost that is referable to values contained in the accounts of the *Transmission Network Service Provider*.

### **S6A.3.2 CRNP methodology**

*CRNP Methodology* (or *cost reflective network pricing*) is an allocation process that involves the following steps:

- (1) Attributing network ‘costs’ to *transmission system* assets: the locational component of the *ASRR* allocated to *prescribed TUOS services* is allocated to each asset used to provide *prescribed TUOS services* based on the ratio of the optimised replacement cost of that asset, to the optimised replacement cost of all *transmission system* assets used to provide *prescribed use of system services*. The allocation to each *transmission system* asset is the ‘**locational network asset cost**’.
- (2) Determining the baseline allocation of *generation* to *loads* using a ‘fault contribution matrix’.
- (3) Determining the allocation of dispatched *generation* to *loads* over a range of actual operating conditions from the previous *financial year*. The range of operating scenarios is chosen so as to include the conditions that result in most stress on the *transmission network* and for which *network* investment may be contemplated. For each operating scenario selected:
  - (i) a constrained allocation of *generation* to *loads* matrix must be developed, in which *generation* is allocated to serving *loads* on the basis of the fault contribution matrix;
  - (ii) load flow analysis techniques are used to solve for *network* flows and to calculate the sensitivity of flows on each *network element* resulting from incremental changes in each *load*;
  - (iii) the sensitivities are weighted by *load* to derive a ‘flow component’ magnitude in each *network element* due to each *load* for that hour;

- (iv) the relative utilisation of each *network* element by each *load* is calculated from the ‘flow component’ magnitudes, using only the flow components in the direction of the prevailing line flow.
- (4) When all the selected operating scenarios have been assessed, allocating the individual locational *network* asset costs to *loads* on a pro rata basis using the maximum ‘flow component’ that each *load* has imposed on each *network* asset across the range of operating conditions considered.
- (5) Summing the individual locational *network* asset costs allocated to each *load* to give the total amounts allocated to that *load*.

### **S6A.3.3 Modified CRNP methodology**

*Modified CRNP methodology* is an allocation process that involves replacing step 1 of the CRNP methodology referred to in clause S6A.3.2(1) with the following 3 steps:

- (1) Allocating the *ASRR* allocated to *prescribed use of system services* to each *transmission system* asset used to provide *prescribed TUOS services* based on the ratio of the optimised replacement cost of the that asset to the optimised replacement cost of all *transmission system* assets used to provide *prescribed TUOS services*. The amount so allocated to each asset is the asset’s gross network asset cost.
- (2) Adjusting individual gross *network* asset costs: the individual gross *network* asset costs determined in subparagraph (1) must each be multiplied by a factor (between 0 and 1) that depends on the utilisation of each asset. The resulting amount for each asset is the locational network asset cost while the remainder is the non-locational network asset cost.
- (3) Determining the non-locational component: the sum of the non-locational *network* asset cost represents the pre-adjusted non-locational component of the *ASRR* for *prescribed TUOS services*.



**CHAPTER 8**

## 8. Administrative Functions

### 8.1 Administrative functions

#### 8.1.1 [Deleted]

#### 8.1.2 [Deleted]

#### 8.1.3 Purpose

This Chapter describes some of the key processes associated with the administration of the *Rules*, being the following:

- (a) the procedures for resolving certain disputes;
- (b) [Deleted]
- (c) [Deleted]
- (d) [Deleted]
- (e) confidentiality provisions governing *Registered Participants* and *NEMMCO*;
- (f) monitoring and reporting requirements; and
- (g) the structure and responsibilities of the *Reliability Panel*.

### 8.2 Dispute Resolution

#### 8.2.1 Application and guiding principles

- (a) This rule 8.2 applies to any dispute which may arise between two or more *Registered Participants* about:
  - (1) the application or interpretation of the *Rules*;
  - (2) the failure of any *Registered Participants* to reach agreement on a matter where the *Rules* require agreement or require the *Registered Participants* to negotiate in good faith with a view to reaching agreement;
  - (3) [Deleted]
  - (4) the proposed access arrangements or *connection agreements* of an *Intending Participant* or a *Connection Applicant*;

- (5) the payment of moneys under or concerning any obligation under the *Rules*;
- (6) any other matter relating to or arising out of the *Rules* to which a contract between two or more *Registered Participants* provides that the dispute resolution procedures under the *Rules* are to apply;
- (7) any other matter relating to or arising out of the *Rules* in respect of which two or more *Registered Participants* have agreed in writing that this rule 8.2 should apply; or
- (8) any other matter that the *Rules* provide may or must be dealt with under this rule 8.2,

but does not apply to those disputes described in clause 8.2.1(h).

- (a1) For the purposes of this rule 8.2 only, "*Registered Participant*" is deemed to include not just *Registered Participants* but also *NEMMCO* and *Connection Applicants* who are not otherwise *Registered Participants*, except that this will not be the case where the term "*Registered Participant*":
  - (1) is used in clauses 8.2.2(b)(4), 8.2.2(d), 8.2.3(a), 8.2.3(b)(5) and 8.2.5(e);
  - (2) first occurs in clauses 8.2.3(b), (b)(3), (b)(4) or (c); or
  - (3) last occurs in clauses 8.2.4(a) or 8.2.9(c).
- (b) **[Deleted]**
- (c) **[Deleted]**
- (d) The dispute resolution regime in this rule 8.2 provides procedures to resolve disputes between parties, not sanctions for breach of the *Rules*. The dispute resolution processes may indicate that a breach of the *Rules* has occurred and the resolution or determination of the dispute may take account of the damage thereby caused to a party. Any action for breach of the *Rules* may only be taken by the *AER* acting in accordance with the *National Electricity Law*.
- (e) It is intended that the dispute resolution regime set out in or implemented in compliance with the *Rules* and described in detail in this rule 8.2 should to the extent possible:
  - (1) be guided by the *national electricity objective*;
  - (2) be simple, quick and inexpensive;
  - (3) preserve or enhance the relationship between the parties to the dispute;

- (4) take account of the skills and knowledge that are required for the relevant procedure;
  - (5) observe the rules of natural justice;
  - (6) place emphasis on conflict avoidance; and
  - (7) encourage resolution of disputes without formal legal representation or reliance on legal procedures.
- (f) Except as provided in the *National Electricity Law* and clause 8.2.1(g), where any dispute of a kind set out in clause 8.2.1(a) arises, the parties concerned must comply with the procedures set out in clauses 8.2.4 to 8.2.10 and 8.2.12 and, where the dispute is referred to a *DRP*, a determination of the *DRP* is final and binding on the parties.
- (g) Notwithstanding clause 8.2.1(f), a party may seek an urgent interlocutory injunction from a court of competent jurisdiction.
- (h) Rule 8.2 does not apply to:
- (1) a decision by *NEMMCO* regarding an exemption under clause 2.2.1(c);
  - (2) a decision by *NEMMCO* under clause 2.2.2 not to approve the classification of a *generating unit* as a *scheduled generating unit*;
  - (3) a decision by *NEMMCO* under clause 2.2.3 not to approve the classification of a *generating unit* as a *non-scheduled generating unit*;
  - (4) a decision by *NEMMCO* under clause 2.9.2(c);
  - (5) a decision by *NEMMCO* to reject a notice from a *Market Customer* under clause 2.10.1(d);
  - (6) a determination by *NEMMCO* under clause 3.3.8 of the *maximum credit limit* for a *Market Participant*;
  - (7) a decision by *NEMMCO* under clause 3.8.3 to refuse an application for aggregation;
  - (8) a decision by *NEMMCO* under clause 3.15.11 to reject a *reallocation request*;
  - (9) a decision by *NEMMCO* to issue a notice under clause 4.11.1(d);
  - (10) a decision by *NEMMCO* under clause 7.1.2(b) to refuse to permit a *Market Participant* to participate in the *market* in respect of a *connection point*;

- (11) a decision by *NEMMCO* whether or not to deregister a *Metering Provider* under clause 7.4.3(a), (aa) or (b), to suspend a *Metering Provider* from a category of registration under clause 7.4.3(aa) or to impose agreed constraints on the continued operation of a *Metering Provider*;
- (12) A dispute concerning the price of a *SRAS* agreement or a tender conducted by *NEMMCO* for the acquisition of *system restart ancillary services* under clause 3.11.5;
- (13) [a dispute of a kind referred to in clause 5.6.6A](#)
- ~~(13) a dispute of a kind referred to in clause 5.6.6;~~
- (14) a *transmission services access dispute* to which Part K of Chapter 6A applies;
- (15) a *distribution services access dispute* to which Part L of Chapter 6 applies; or
- (16) a decision by *NEMMCO* under clause 2.2.7 not to approve the classification of a *semi-scheduled generating unit*.

## 8.2.2 The Dispute Resolution Adviser

- (a) The *AER* must appoint a person or persons from time to time to perform the functions of the Dispute Resolution Adviser (the "*Adviser*"), on such terms and conditions as the *AER* may determine.
- (b) The *Adviser* must:
  - (1) have a detailed understanding and experience of dispute resolution practice and procedures which do not involve litigation (alternative dispute resolution);
  - (2) have the capacity to determine the most appropriate alternative dispute resolution procedures in particular circumstances;
  - (3) have an understanding of the electricity industry or the capacity to quickly acquire such an understanding; and
  - (4) not be a *Registered Participant* or *NEMMCO* or be associated, directly or indirectly, with a *Registered Participant*, *NEMMCO* or the *AER*.
- (c) The primary function of the *Adviser* is to attend to any matters necessary to ensure the effective operation of:
  - (1) the Stage 1 dispute resolution process set out in clause 8.2.4; and

- (2) the Stage 2 dispute resolution process set out in clauses 8.2.5 and 8.2.6A to 8.2.6D.
- (d) The *Adviser* must take reasonable steps to keep *Registered Participants* and *NEMMCO* informed, and in any case must report at least quarterly to *Registered Participants* and *NEMMCO*, about the operation of the dispute resolution processes established under the *Rules*.
- (e) The *Adviser* must establish and maintain a pool of persons from which members of a *dispute resolution panel* (“*DRP*”) may be selected in accordance with clause 8.2.6A.
- (f) In selecting persons for the pool, the *Adviser* must have regard to:
  - (1) the need for members of a *DRP* to have an appropriate range of skills; and
  - (2) the need for persons in the pool to be drawn from all *participating jurisdictions*.
- (g) The *Adviser* must review the composition of the pool at least every two years.
- (h) The *Adviser* may issue guidance notes relating to:
  - (1) the form and content of a *dispute management system* (“*DMS*”); and
  - (2) the use and conduct of mediation in the Stage 1 dispute resolution process.

### **8.2.3 Dispute management systems of Registered Participants and NEMMCO**

- (a) Each *Registered Participant* and *NEMMCO* must adopt and implement a *DMS*.
- (b) The *DMS* of a *Registered Participant* or *NEMMCO* must:
  - (1) be consistent with guidance notes of the *Adviser* relating to the form and content of a *DMS*;
  - (2) nominate a *DMS Contact* to be the first point of contact for the notification of disputes;

- (3) provide that the *Registered Participant* or *NEMMCO* (as the case may be) must respond to a request for information (being information that is relevant to any of the matters set out in clause 8.2.1(a)) from another *Registered Participant* within 5 *business days* of receiving the request;
  - (4) set out the procedures of the *Registered Participant* or *NEMMCO* (as the case may be) for responding to requests for information from other *Registered Participants*; and
  - (5) set out any requirements and procedures necessary to ensure that the *Registered Participant* or *NEMMCO* (as the case may be) is able to comply with the requirements and time limits set out in clause 8.2.4.
- (c) A *Registered Participant* or *NEMMCO* must provide a copy of its *DMS* upon being requested to do so by another *Registered Participant* or the *Adviser*.

#### **8.2.4 Stage 1 - dispute resolution through Registered Participants' DMS**

- (a) A *Registered Participant* may activate the dispute resolution mechanisms in this clause by serving a *DMS referral notice* on the *DMS Contact* of one or more other *Registered Participants* or *NEMMCO* (as the case may be).
- (b) Except where the *Rules* provides for another time period to apply, and subject to clause 8.2.4(k), a *DMS referral notice* must be served no later than 60 *business days* after the date on which the making of a disputed decision or the occurrence of disputed conduct could reasonably have become known to a *Registered Participant* affected by it.
- (c) A *DMS referral notice*:
  - (1) must be in a form approved and *published* by the *Adviser*;
  - (2) must contain a statement setting out the circumstances giving rise to the dispute; and
  - (3) may request the person on whom it is to be served to provide information that is relevant to any of the matters set out in clause 8.2.1(a).
- (d) Within 5 *business days* of service of a *DMS referral notice*, representatives of:
  - (1) the *Registered Participant* that served the notice; and
  - (2) every person on whom the notice was served,must meet to determine, by agreement, the further conduct of the dispute.

- (e) A meeting of *Registered Participants*' representatives:
  - (1) may be conducted in person, by telephone, video-conference or like method of real time communication;
  - (2) may agree that the dispute should be conducted by any consensual means, including by direct discussions between *Registered Participants* or by mediation; and
  - (3) must consider whether any other *Registered Participant* should be served with a *DMS referral notice*.
- (f) Subject to clause 8.2.4(g), a meeting of *Registered Participants*' representatives may agree to keep confidential:
  - (1) the fact that a dispute exists between them; and
  - (2) any information exchanged between them for the purposes of attempting to resolve the dispute.
- (g) *NEMMCO* must immediately notify the *Adviser* if:
  - (1) it serves a *DMS referral notice* on the *DMS Contact* of another *Registered Participant*, or
  - (2) it is served with a *DMS referral notice* by another *Registered Participant*.

The notification to the *Adviser* must include a list setting out each *Registered Participant* that *NEMMCO* considers may have an interest in the dispute, together with an indication as to whether *NEMMCO* has served a *DMS referral notice* in relation to the dispute on that *Registered Participant*, or has otherwise made the *Registered Participant* aware of the dispute.

- (h) If *Registered Participants*' representatives, meeting in accordance with clauses 8.2.4(d) and (e), all agree that a *Registered Participant* that was not previously a party to the dispute should be served with a *DMS referral notice*, any one or more of them may serve a *DMS referral notice* on that other *Registered Participant*. Where a *Registered Participant* is served with such a notice, that *Registered Participant* must meet with the other parties to the dispute to determine the further conduct of the dispute in accordance with clauses 8.2.4(d), (e) and (f).
- (i) If:
  - (1) a *Registered Participant* on whom a *DMS referral notice* is served does not agree to become a party to the dispute; or

- (2) the dispute is not resolved within 20 *business days* (or such lesser period as is agreed by all the parties) after the day on which a *DMS referral notice* was last served on a *Registered Participant*,

any *Registered Participant* that has served a *DMS referral notice* in relation to the dispute or that has agreed to become a party to the dispute may, no later than 60 *business days* after the day on which a *DMS referral notice* was last served on a *Registered Participant*, refer the matter to the *Adviser* in accordance with clause 8.2.5.

- (j) If the dispute has not been referred to the *Adviser* within 60 *business days* after the day on which a *DMS referral notice* was last served on a *Registered Participant*, any obligations or requirements arising under this clause 8.2.4 in relation to that dispute cease to have effect.
- (k) Despite clauses 8.2.4(b) and 8.2.4(i) and any other provision of the *Rules* that specifies a time limit for the raising of a dispute, where:
  - (1) a *DMS referral notice* has not been served within the period specified in clause 8.2.4(b);
  - (2) a dispute has not been referred to the *Adviser* within the time specified in clause 8.2.4(i); or
  - (3) any other dispute to which rule 8.2 applies has not been raised within the time limit specified in the *Rules* for the raising of such a dispute,

the dispute may be referred to the *Adviser*, and a *DRP* may determine the dispute if, in the opinion of the *DRP*, any prejudice suffered by any *Registered Participant* as a result of the dispute being referred outside the specified period would not, having regard to the circumstances giving rise to the failure to refer the dispute within the specified period, be unreasonable.

## 8.2.5 Stage 2 - dispute resolution process

- (a) A dispute may be referred to the *Adviser* by serving on the *Adviser* an *Adviser referral notice* in accordance with this clause 8.2.5. An *Adviser referral notice* must:
  - (1) be in a form approved and published by the *Adviser*;
  - (2) contain the names of all the parties to the dispute; and
  - (3) if the *Registered Participant* serving the *Adviser referral notice* does not agree to the *Adviser* attempting to resolve the dispute in accordance with clause 8.2.5(c)(1) and requires the *Adviser* to refer the dispute to a *DRP* for determination, must contain a statement to that effect.

- (b) Where a dispute is referred to the *Adviser*, the *Adviser* must immediately notify each *Registered Participant* that is party to the dispute of that fact. Each *Registered Participant* must, within 5 *business days* of being so notified, provide to the *Adviser* a statement setting out:
  - (1) a brief history of the dispute and the circumstances giving rise to it; and
  - (2) a statement of its issues in relation to the dispute.
- (c) The *Adviser* must, within 10 *business days* of being served with the *Adviser referral notice*, either:
  - (1) if the parties so agree, attempt to resolve the dispute by any means the *Adviser*, having regard to the principles set out in clause 8.2.1(e), considers appropriate; or
  - (2) if the parties do not agree to the *Adviser* attempting to resolve the dispute in accordance with clause 8.2.5(c)(1), refer the dispute to a *DRP* for determination in accordance with clauses 8.2.6A to 8.2.6D.
- (d) If the *Adviser*, having attempted to resolve the dispute in accordance with clause 8.2.5(c)(1), considers that such attempt is unlikely to result in resolution of the dispute within a reasonable time, the *Adviser* may, at any time, refer the dispute to a *DRP* for determination in accordance with clauses 8.2.6A to 8.2.6D.
- (e) Where the *Adviser* refers a dispute to a *DRP*, the *Adviser* must promptly *publish* to all *Registered Participants*, as well as promptly notify *NEMMCO*, the *AER* and the *AEMC* of, the fact that the referral has been made.

### **8.2.6A Establishment of Dispute Resolution Panel**

- (a) Where the *Adviser* decides to refer a dispute for resolution by a *DRP*, the *Adviser* must establish the *DRP* to determine the dispute.
- (b) **[Deleted]**
- (c) The *Adviser* must consult with the parties to the Stage 1 dispute resolution process on the composition of the *DRP*. For the avoidance of doubt, the requirement to consult on the composition of the *DRP* does not apply with respect to a party that is later joined as, or that later opts to become, a party to the dispute.
- (d) Despite the requirement to consult set out in clause 8.2.6A(c), a decision of the *Adviser* as to the composition of the *DRP* is final and binding upon all parties to the dispute.

- (e) A *DRP* must comprise three members or, if the parties agree that the circumstances and nature of the dispute warrant a panel comprised of one or two members, the number so agreed.
- (f) The *Adviser* may appoint as a member of the *DRP* any person who is a member of the pool established under clause 8.2.2(e) and who in the reasonable opinion of the *Adviser* is either:
  - (1) expert in the field to which the dispute relates; or
  - (2) experienced or trained in dispute resolution techniques.
- (g) A person, whether a member of the pool established under clause 8.2.2(e) or not, is not eligible for appointment to a *DRP* if that person has any interest which may conflict with, or which may be seen to conflict with, the impartial resolution of the dispute. Where a person becomes aware of such a conflict after the *DRP* commences the determination of a dispute, the person must advise the parties to that effect.
- (h) Where:
  - (1) a *Registered Participant* who is a party to the dispute believes that a person appointed to a *DRP* has an interest which may conflict with the impartial resolution of the dispute; or
  - (2) a person appointed to a *DRP* discloses the existence of such an interest:

the person must not continue as a member of the *DRP*, except with the written consent of all parties to the dispute.
- (i) The *Adviser* may, if in his or her reasonable opinion no member of the pool established under clause 8.2.2(e) is:
  - (1) eligible for appointment to a *DRP*; or
  - (2) sufficiently skilled and experienced to resolve the dispute,

appoint to the *DRP* another person whom he or she considers to be eligible and sufficiently skilled and experienced, but who is not a member of the pool. A person so appointed is deemed to be a member of the pool on and from his or her appointment to the *DRP*.
- (j) Any person who has previously been a member of a *DRP* is eligible for appointment to another *DRP*.
- (k) The *Adviser* must nominate one of the *DRP* members to be the chairperson.

### 8.2.6B Parties to DRP Proceedings

- (a) The following persons are parties to the dispute before a *DRP*:
- (1) the parties to the Stage 1 dispute resolution process referred by the *Adviser* to the *DRP*;
  - (2) any other *Registered Participant* that the *DRP* directs to become a party to the dispute in accordance with clause 8.2.6B(b); and
  - (3) any other *Registered Participant* that has opted to become a party to the dispute in accordance with clause 8.2.6B(c).
- (b) If the *DRP* considers that a *Registered Participant* should become a party to the dispute, it may direct the *Registered Participant* to become a party by giving that *Registered Participant's DMS Contact* written notice setting out:
- (1) the names of the other parties to the dispute;
  - (2) a brief history of the dispute and the circumstances giving rise to it;
  - (3) the results of any previous dispute resolution processes undertaken pursuant to the *Rules* in respect of the dispute; and
  - (4) the grounds on which the *DRP* considers the *Registered Participant* should be made a party to the dispute.
- (c) Any *Registered Participant* that has an interest in a dispute may opt to become a party to the dispute by giving notice to the *DRP* that it wishes to do so. When a *Registered Participant* opts to become a party to the dispute in accordance with this clause 8.2.6B(c), the *DRP* must give that *Registered Participant's DMS Contact* written notice setting out:
- (1) the names of the other parties to the dispute;
  - (2) a brief history of the dispute and the circumstances giving rise to it; and
  - (3) the results of any previous dispute resolution processes undertaken pursuant to the *Rules* in respect of the dispute.

### 8.2.6C Proceedings of the DRP

- (a) The *DRP* may give to the parties such directions as it considers necessary for the proper conduct of the proceedings, including, without limitation, a direction:
- (1) that the proceedings be conducted at a specified venue or venues (including the premises of a party) at a specified time or times;

- (2) requiring the parties to prepare and exchange written submissions;
  - (3) requiring the parties to exchange documents; and
  - (4) limiting or prohibiting the cross examination of witnesses.
- (b) The *DRP* may direct the parties that the proceedings, or part of the proceedings, are to be conducted solely on the basis of documentary evidence and written submissions.
  - (c) The *DRP* may give to the parties such directions relating to the use and disclosure of information obtained from other parties to the dispute (including a direction to keep information confidential) as it considers necessary in the circumstances.
  - (d) At any time before it determines a dispute, the *DRP* may, with the consent of all parties, refer the dispute for mediation.
  - (e) The *DRP* must observe the rules of natural justice.
  - (f) Subject to clause 8.2.6C(e), the *DRP* is not bound by the rules of evidence and may inform itself in any manner it thinks fit.

#### **8.2.6D Decisions of the DRP**

- (a) A decision of a *DRP* on any matter may be made by a majority of the members comprising the *DRP*. Where a *DRP* comprising two members is unable to reach a unanimous decision, the decision of the chairperson will be the decision of the *DRP*.
- (b) Subject to clause 8.2.6D(c), a *DRP* must determine a dispute as quickly as possible, and in any case must do so:
  - (1) in the case of disputes involving two parties, within 30 *business days* after the dispute is referred to the *DRP*; and
  - (2) in the case of disputes involving more than two parties, within 70 *business days* after the dispute is referred to the *DRP*.
- (c) A *DRP* may extend either of the periods specified in clause 8.2.6D(b) for determination of a dispute if:
  - (1) all parties to the dispute agree in writing;
  - (2) the *AER* agrees in writing; or
  - (3) the dispute is referred to mediation under clause 8.2.6C(d).

- (d) A determination of the *DRP* may, without limitation of the *DRP*'s power, require a party to do any or all of the following in such manner and within such time or times as is specified in the determination:
  - (1) take specified action;
  - (2) refrain from taking specified action; or
  - (3) pay a monetary amount to another party.
- (e) Each party to a dispute that is required by a determination of the *DRP* to take specified action, to refrain from taking specified action or to pay a monetary amount must:
  - (1) do so within such period after being notified of the determination as is specified in the determination; and
  - (2) report to the *Adviser* as soon as practicable after doing so.

#### **8.2.6 [Deleted]**

#### **8.2.7 Legal representation**

- (a) In any meeting, negotiation or mediation forming part of the Stage 1 dispute resolution process, a party is entitled to be legally represented, but must not use a legal representative as its primary advocate except with the agreement of all other parties.
- (b) A *DRP* may give any direction it considers appropriate in relation to the role the parties' legal representatives may take in the proceedings.

#### **8.2.8 Cost of dispute resolution**

- (a) The costs of any dispute resolution processes (other than legal costs of one or more parties), including the costs incurred by the *Adviser* in performing functions of the *Adviser* under clauses 8.2.5, 8.2.6A, 8.2.6B, 8.2.6C or 8.2.6D and the costs of the *DRP* and its members, are to be borne equally by the parties to the dispute unless:
  - (1) clause 8.2.8(b) applies; or
  - (2) otherwise agreed between the parties.
- (b) Costs of the dispute resolution processes (including legal costs of one or more parties) may be allocated by the *DRP* for payment by one or more parties as part of any determination. Subject to clause 8.2.8(c), in deciding to allocate costs against one or more parties to a dispute, the *DRP* may have regard to any relevant matters, including (but not limited to) whether the

conduct of that party or those parties unreasonably prolonged or escalated the dispute or otherwise increased the costs of the *DRP* proceedings.

- (c) A party that disagrees with another party about the number of persons comprising a *DRP* is not to be taken, by reason only of that disagreement, to have unreasonably prolonged or escalated a dispute or otherwise increased the costs of the *DRP* proceedings.

### **8.2.9 Effect of resolution**

- (a) Where the parties to a dispute reach agreement (whether or not the matter is before a *DRP*), the parties may execute a written agreement recording that a party has or parties have agreed:
  - (1) to take certain action;
  - (2) not to take certain action; or
  - (3) to make a monetary payment.
- (b) An agreement that is recorded in accordance with clause 8.2.9(a) and a determination of the *DRP* are binding on the parties to the dispute.
- (c) A requirement that a *Registered Participant* pay moneys, imposed on the *Registered Participant* under:
  - (1) a determination of the *DRP*; or
  - (2) an agreement that is recorded in accordance with clause 8.2.9(a),is an obligation under the *Rules* to pay such amounts. A *Registered Participant* or *NEMMCO* entitled to such amount may recover the amount in accordance with section 72 of the *National Electricity Law*.
- (d) A *Registered Participant* must comply with a requirement or determination of the *DRP* and any agreement that is recorded in accordance with clause 8.2.9(a). Failure to do so is a breach of the *Rules* in respect of which the *AER* may take action in accordance with the *National Electricity Law*.

### **8.2.10 Recording and publication**

- (a) Where a *DRP* makes a determination, a copy of the determination must be forwarded to the *Adviser*.
- (b) The *DRP* must provide a copy of its determination (save to the extent that it contains confidential information), to the *AER* for publication.
- (c) The *AER* must, in accordance with the *Rules consultation procedures*, develop and issue guidelines relating to the confidentiality of information

obtained, used or disclosed for the purposes of resolving a dispute to which rule 8.2 applies.

### **8.2.11 Appeals on questions of law**

A party to a dispute may appeal on a question of law against a decision or determination of a *DRP* in accordance with section 71 of the *National Electricity Law*.

### **8.2.12 Limitation of Liability**

- (a) To the extent permitted by law, none of:
- (1) the *Adviser*;
  - (2) **[Deleted]**
  - (3) a person serving as a member of a *DRP*; or
  - (4) a person to whom a dispute is referred for mediation or other form of resolution under a provision of rule 8.2,

is liable for any loss, damage or liability suffered or incurred by a *Registered Participant* or any other person as a consequence of any act or omission of those persons which was done in good faith in connection with the dispute.

- (b) Each of the *Adviser*, a person serving as a member of a *DRP* and a person to whom a dispute is referred for mediation or other form of resolution may, before acting in relation to the dispute, require the parties to the dispute (or any one of them) to execute a release and indemnity in relation to any loss, damage or liability that that person would, but for the release or indemnity, suffer or incur as a consequence of any act or omission done in good faith in connection with the dispute.

## **8.2A B2B Determination Disputes**

### **8.2A.1 Application of rule 8.2**

Rule 8.2 applies to *B2B Determination Disputes* but with the modifications set out in clause 8.2A.2.

### **8.2A.2 How rule 8.2 applies**

For the purposes of its application to a *B2B Determination Dispute*, rule 8.2 is modified as follows:

- (a) For clause 8.2.1(a) substitute:

"(a) This clause 8.2 applies to a *B2B Determination Dispute*."

(b) In clause 8.2.1(a1) delete "and *Connection Applicants* who are otherwise *Registered Participants*" and substitute "clause 8.2.9(c)" for "clauses 8.2.4(a) or 8.2.9(c)".

(c) For clause 8.2.1(e)(1) substitute:

"(1) be guided by the *B2B Objective* and the *B2B Principles*;"

(d) In clause 8.2.1(f):

(i) after "clause 8.12" insert "(as modified by clause 8.2A.2)"; and

(ii) insert a new sentence at the end of the clause as follows:

"The subject matter of a *B2B Determination Dispute* which has been determined by the *DRP* cannot be the subject of further review."

(e) For the avoidance of doubt, clause 8.2.3 does not apply to the *Information Exchange Committee*.

(f) The contact for the *Information Exchange Committee* in relation to disputes will be the *DMS Contact* for *NEMMCO*.

(g) Clause 8.2.4 does not apply.

(h) Clauses 8.2.5(a), (b), (c) and (d) do not apply.

(i) Insert new clauses 8.2.5(d1) to (d4) as follows:

"(d1) A *Market Customer*, *Local Retailer* or *Distribution Network Service Provider* adversely affected by an *Information Exchange Committee Recommendation* or a *B2B Decision* may apply to the *Adviser* for review of that *Information Exchange Committee Recommendation* or that *B2B Decision*. The application must be made within 10 *business days* of *publication* of the *Information Exchange Committee Recommendation* or the *B2B Decision*, state grounds for the review and give full particulars of where the applicant believes the *Information Exchange Committee Recommendation* or *B2B Decision* is in error.

(d2) Where an application for review of an *Information Exchange Committee Recommendation* is made, *NEMMCO* must not take any further action in relation to that *Information Exchange Committee Recommendation* until the *DRP* has made its decision in relation to the dispute.

(d3) An application for review of a *B2B Decision* stays the *B2B Decision*.

- (d4) On receiving the application the *Adviser* must refer the dispute to a *DRP* for determination in accordance with clauses 8.2.6A to 8.2.6D.”.
- (j) In clause 8.2.6A(a), for “decides to refer” substitute “refers”.
- (k) In clause 8.2.6A(c), for “the parties to the Stage 1 dispute resolution process” substitute “the parties to the dispute”.
- (l) In clause 8.2.6A(h)(1) before “a *Registered Participant*” insert “the *Information Exchange Committee* or”.
- (m) For clause 8.2.6B(a)(1) substitute:
- “(1) the *Registered Participant* making application for a review of the *Information Exchange Committee Recommendation* or the *B2B Decision*, a *Registered Participant* affected by the *Information Exchange Committee Recommendation* or the *B2B Decision* the subject of the application for review and the *Information Exchange Committee* or, if the *Information Exchange Committee* is unable to act as a party, any other *Registered Participant* wishing to support the position of the *Information Exchange Committee*.”.
- (n) At the end of clause 8.2.6B(a) insert:
- "*NEMMCO* is a party to an application for review of a *B2B Decision* and may be a party, in accordance with clauses 8.2.6B(b) and 8.6.2(B)(c), to an application for review of an *Information Exchange Committee Recommendation*. In addition:
- (1) where the *Information Exchange Committee* is unable to act as a party to a *B2B Determination Dispute*, and another *Registered Participant* is a party to support the position of the *Information Exchange Committee*, the *Information Exchange Committee* must give to that party all assistance including access to both documents and *Members*. A *Registered Participant* of which a *Member* is an employee must ensure that *Member* is available to provide such assistance; and
- (2) where *NEMMCO* is a party to a *B2B Determination Dispute*, the *Information Exchange Committee* must give *NEMMCO* all assistance including access to both documents and *Members*. A *Registered Participant* of which a *Member* is an employee must ensure that *Member* is available to provide such assistance.”.
- (o) Clause 8.2.6C(d) does not apply.
- (p) Insert a new clause 8.2.6C(g) as follows:

- “(g) In considering a *B2B Determination Dispute*, the *DRP* must conduct a full reconsideration of the *Information Exchange Committee Recommendation* or *B2B Decision* and:
- (1) can rely on any material available and is not confined to only considering material that was before the *Information Exchange Committee* in relation to an *Information Exchange Committee Recommendation* or *NEMMCO* in relation to a *B2B Decision*; and
  - (2) may exercise all powers and discretions that are conferred on the *Information Exchange Committee* in relation to an *Information Exchange Committee Recommendation* or *NEMMCO* in relation to a *B2B Decision*.”.
- (q) Insert a new clause 8.2.6D(da) as follows:
- “(da)The *DRP* must make a decision in writing:
- (1) affirming the *Information Exchange Committee Recommendation* or the *B2B Decision*;
  - (2) varying the *Information Exchange Committee Recommendation* or the *B2B Decision*; or
  - (3) setting aside the *Information Exchange Committee Recommendation* or the *B2B Decision* and substituting its own decision.”.
- (r) Clause 8.2.7(a) does not apply.
- (s) In clause 8.2.8(a) after "8.2.6D" insert "(as modified by clause 8.2A.2)".
- (t) Clauses 8.2.9(a), (b) and (c)(2) do not apply.
- (u) In clause 8.2.9(d) after "*Registered Participant*" insert "and the *Information Exchange Committee*", and delete "and any agreement that is recorded in accordance with clause 8.2.9(a)".
- (v) In clause 8.2.12(a), after "*Registered Participant*" insert "or the *Information Exchange Committee*".

**8.3 [Deleted]**

**8.4 [Deleted]**

**8.5 [Deleted]**

## 8.6 Confidentiality

### 8.6.1 Confidentiality

- (a) Each *Registered Participant* and *NEMMCO* (each being a "Recipient" for the purposes of this rule 8.6) must use all reasonable endeavours to keep confidential any *confidential information* which comes into the possession or control of that Recipient or of which that Recipient becomes aware.
- (b) A Recipient:
  - (1) must not disclose *confidential information* to any person except as permitted by the *Rules*;
  - (2) must only use or reproduce *confidential information* for the purpose for which it was disclosed or another purpose contemplated by the *Rules*; and
  - (3) must not permit unauthorised persons to have access to *confidential information*.
- (c) Each Recipient must use all reasonable endeavours:
  - (1) to prevent unauthorised access to *confidential information* which is in the possession or control of that Recipient; and
  - (2) to ensure that any person to whom it discloses *confidential information* observes the provisions of this rule 8.6 in relation to that information.
- (d) The officers of a *Transmission Network Service Provider* participating in *transmission service* pricing must not be involved in or associated with competitive electricity trading activities of any other *Registered Participant*.
- (e) A *Transmission Network Service Provider* participating in *transmission service* pricing must provide to any *Transmission Network Service Provider* or *Registered Participant* which supplies information for *transmission service* pricing an undertaking that the *Transmission Network Service Provider* to which that information was supplied will comply with the confidentiality requirements set out in clause 6.9.2.

### 8.6.2 Exceptions

This rule 8.6 does not prevent:

- (a) **(public domain)**: the disclosure, use or reproduction of information if the relevant information is at the time generally and publicly available other than as a result of breach of confidence by the Recipient who wishes to

disclose, use or reproduce the information or any person to whom the Recipient has disclosed the information;

- (b) **(employees and advisers)**: the disclosure of information by a Recipient or the Recipient's *Disclosees* to:
  - (1) an employee or officer of the Recipient or a *related body corporate* of the Recipient; or
  - (2) a legal or other professional adviser, auditor or other consultant (in this clause 8.6.2(b) called "Consultants") of the Recipient,which require the information for the purposes of the *Rules*, or for the purpose of advising the Recipient or the Recipient's *Disclosee* in relation thereto;
- (c) **(consent)**: the disclosure, use or reproduction of information with the consent of the person or persons who provided the relevant information under the *Rules*;
- (d) **(law)**: the disclosure, use or reproduction of information to the extent required by law or by a lawful requirement of:
  - (1) any government or governmental body, authority or agency having jurisdiction over a Recipient or its *related bodies corporate*; or
  - (2) any stock exchange having jurisdiction over a Recipient or its *related bodies corporate*;
- (d1) **(ombudsman scheme)**: the disclosure, use or reproduction of information, but not end-use consumer information, if required by an Ombudsman acting under a duly constituted industry dispute resolution ombudsman scheme of which a *Registered Participant* is a participant, for the purpose of carrying out a function of that scheme in respect of a complaint made by a customer of the *Registered Participant* against a *Registered Participant* under that scheme;
- (e) **(disputes)**: the disclosure, use or reproduction of information if required in connection with legal proceedings, arbitration, expert determination or other dispute resolution mechanism relating to the *Rules*, or for the purpose of advising a person in relation thereto;
- (f) **(trivial)**: the disclosure, use or reproduction of information which is trivial in nature;

- (g) **(safety)**: the disclosure of information if required to protect the safety of personnel or equipment;
- (h) **(potential investment)**: the disclosure, use or reproduction of information by or on behalf of a Recipient to the extent reasonably required in connection with the Recipient's financing arrangements, investment in that Recipient or a disposal of that Recipient's assets;
- (i) **(regulator)**: the disclosure of information to the *AER*, the *AEMC* or the *ACCC* or any other regulatory authority having jurisdiction over a Recipient, pursuant to the *Rules* or otherwise;
- (j) **(reports)**: the disclosure, use or reproduction of information of an historical nature in connection with the preparation and giving of reports under the *Rules*;
- (k) **(aggregate sum)**: the disclosure, use or reproduction of information as an unidentifiable component of an aggregate sum;
- (l) **(profile)**: the publication of a *profile*;
- (m) **[Deleted]**
- (n) **(compliance monitoring)** the disclosure of a *performance standard* to a *Network Service Provider* for the purpose of establishing a compliance monitoring program, or if *connection* at that *performance standard*, in *NEMMCO's* opinion, affects, or is likely to affect, the performance of that *Network Service Provider's network*; or
- (o) **(region determinations)**: the disclosure, use or reproduction of information of a historical nature generated by *NEMMCO* to a *Registered Participant* (being an applicant or alternative proponent (other than *NEMMCO*) under Chapter 2A) which is necessary for the preparation of a technically competent application under clause 2A.2.4 or supplementary economic analysis under rule 2A.5 subject to:
  - (1) the information not being information that:
    - (i) has been provided to *NEMMCO* by a *Registered Participant* on a confidential basis; or
    - (ii) the *AER* or the *AEMC* has stated to be *confidential information*.
  - (2) the recipient of the information disclosed under this paragraph (o) having executed a confidentiality agreement with *NEMMCO* that requires the applicant or the alternative proponent referred to in clause 2A.4.3 (as the case may be), not to disclose, use or reproduce the information except for the purpose of preparing and providing a

technically competent application or supplementary economic analysis to the *AEMC*.

### **8.6.3 Conditions**

In the case of a disclosure under clauses 8.6.2(b), 8.6.2(d1) or 8.6.2(h), prior to making the disclosure the Recipient who wishes to make the disclosure must inform the proposed recipient of the confidentiality of the information and must take appropriate precautions to ensure that the proposed recipient keeps the information confidential in accordance with the provisions of this rule 8.6 and does not use the information for any purpose other than that permitted under clause 8.6.1.

### **8.6.4 [Deleted]**

### **8.6.5 Indemnity to AER, AEMC and NEMMCO**

Each *Registered Participant* must indemnify the *AER*, the *AEMC* and *NEMMCO* against any claim, action, damage, loss, liability, expense or outgoing which the *AER*, the *AEMC* or *NEMMCO* pays, suffers, incurs or is liable for in respect of any breach by that *Registered Participant* or any officer, agent or employee of that *Registered Participant* of this rule 8.6.

### **8.6.6 NEMMCO information**

*NEMMCO* must develop and, to the extent practicable, implement a policy:

- (a) to protect information which it acquires pursuant to its various functions from use or access which is contrary to the provisions of the *Rules*;
- (b) to disseminate such information in accordance with its rights, powers and obligations in a manner which promotes the orderly operation of any *market*; and
- (c) to ensure that *NEMMCO*, in undertaking any trading activity except the procurement of *ancillary services*, does not make use of such information unless the information is also available to other *Registered Participants*.

### **8.6.7 Information on Rules Bodies**

*NEMMCO* must, in consultation with the *AEMC*, develop and implement policies concerning:

- (a) the protection of information which *Rules bodies* acquire pursuant to their various functions from use or access by *Registered Participants* or *Rules bodies* which is contrary to the provisions of the *Rules*; and

- (b) the dissemination of such information where appropriate to *Registered Participants*.

## **8.7 Monitoring and Reporting**

### **8.7.1 Monitoring**

- (a) **[Deleted]**
- (b) The *AER* must, for the purpose of performing its monitoring functions:
  - (1) determine whether *Registered Participants* and *NEMMCO* are complying with the *Rules*;
  - (2) assess whether the dispute resolution and *Rules* enforcement mechanisms are working effectively in the manner intended; and
  - (3) **[Deleted]**
  - (4) collect, analyse and disseminate information relevant and sufficient to enable it to comply with its reporting and other obligations and powers under the *Rules*.
- (c) The *AER* must ensure that, to the extent practicable in light of the matters set out in clause 8.7.1(b), the monitoring processes which it implements under this rule 8.7:
  - (1) are consistent over time;
  - (2) do not discriminate unnecessarily between *Registered Participants*;
  - (3) are cost effective to both the *AER*, all *Registered Participants* and *NEMMCO*; and
  - (4) are publicised or information relating thereto is available to any person, subject to any requirements as a result of the confidentiality obligations in rule 8.6.

### **8.7.2 Reporting requirements and monitoring standards for Registered Participants and NEMMCO**

- (a) For the purpose of performing its monitoring functions, the *AER* must establish:
  - (1) reporting requirements which apply to all or particular categories of *Registered Participants* in relation to matters relevant to the *Rules*;
  - (2) reporting requirements for *NEMMCO* in relation to matters relevant to the *Rules*;

- (3) procedures and standards generally applicable to *Registered Participants* relating to information and data received by them in relation to matters relevant to the *Rules*;
  - (4) procedures and standards applicable to *NEMMCO* relating to information and data received by it in relation to matters relevant to the *Rules*; and
  - (5) procedures and standards applicable to the *AER* relating to information and data received by the *AER* from *Registered Participants* or *NEMMCO* in relation to matters relevant to the *Rules*.
- (b) The *AER* must:
- (1) after consultation with the *AEMC*, *NEMMCO* and *Registered Participants* in accordance with the *Rules consultation procedures*, establish the requirements and standards and procedures referred to in clause 8.7.2(a)(1), (3), (4) and (5); and
  - (2) after consultation with the *AEMC*, *NEMMCO* and such *Registered Participants* as the *AER* considers appropriate, establish the requirements referred to in clause 8.7.2(a)(2).

In formulating such requirements or procedures and standards, the *AER* must take into consideration the matters set out in clause 8.7.1(c).

- (c) Subject to clause 8.7.2(d), the *AER* must notify to *NEMMCO* and all *Registered Participants* particulars of the requirements and procedures and standards which it establishes under this clause 8.7.2.
- (d) For the purpose of performing its monitoring functions, the *AER* may establish additional or more onerous requirements or procedures and standards which do not apply to all or a particular category of *Registered Participants*. In formulating such requirements or procedures and standards, the *AER* must take into consideration the matters set out in clause 8.7.1(c) and is not required to consult in accordance with the *Rules consultation procedures* but must consult with the relevant *Registered Participants*. In such a case, and if the *AER* considers it appropriate to do so, the *AER* may choose to notify only those *Registered Participants* to whom these additional or more onerous requirements or procedures and standards apply.
- (e) Each *Registered Participant* and *NEMMCO* must comply with all requirements, procedures and standards established by the *AER* under this rule 8.7 to the extent that they are applicable to it within the time period specified for the requirement, procedure or standard or, if no such time period is specified, within a reasonable time. Each *Registered Participant*

and *NEMMCO* must bear its own costs associated with complying with these requirements, procedures and standards.

- (f) In complying with its obligations or pursuing its rights under the *Rules*, neither a *Registered Participant* nor *NEMMCO* must recklessly or knowingly provide, or permit any other person to provide on behalf of that *Registered Participant* or *NEMMCO* (as the case may be), misleading or deceptive data or information to any other person (including the *AER*).
- (g) Any *Registered Participant* or *NEMMCO* may ask the *AER* to impose additional or more onerous requirements, procedures or standards under clause 8.7.2(d) on a *Registered Participant* in order to monitor or assess compliance with the *Rules* by that *Registered Participant*. When such a request is made, the *AER* may but is not required to impose the additional or more onerous requirements, procedures or standards.

If the *AER* decides to impose additional or more onerous requirements, procedures or standards on a *Registered Participant*, the *AER* may determine the allocation of costs of any additional compliance monitoring undertaken between the relevant *Registered Participants* and/or *NEMMCO* (as the case may be). The relevant *Registered Participants* and (to the extent relevant) *NEMMCO* must pay such costs as allocated. In the absence of such allocation, the *Registered Participant* which is subject to the additional or more onerous requirements, procedures or standards must bear its own costs of compliance.

- (h) The *AER* must develop and implement guidelines in accordance with the *Rules consultation procedures* governing the exercise of the powers conferred on it by clause 8.7.2(g) which guidelines must set out the matters to which the *AER* must have regard prior to deciding the allocation of costs of any additional or more onerous requirements, procedures or standards imposed pursuant to clause 8.7.2(g) between the relevant *Registered Participants* and/or *NEMMCO* (as the case may be).

### **8.7.3 Consultation required for making general regulatory information order (Section 28H of the NEL)**

- (a) Before the *AER* makes a *general regulatory information order*, it must publish:
  - (1) the proposed order;
  - (2) an explanatory statement that sets out objectives of the proposed order; and
  - (3) an invitation for written submissions on the proposed order.

- (b) The invitation must allow no less than 30 *business days* for the making of submissions (and the *AER* is not required to consider any submission made after the period has expired).
- (c) The *AER* may *publish* such issues, consultation and discussion papers, and hold such conferences and information sessions, in relation to the proposed order as it considers appropriate.
- (d) Within 80 *business days* of *publishing* the documents referred to in paragraph (a), the *AER* must:
  - (1) consider any submissions made in response to the invitation within the period allowed in the invitation;
  - (2) make a final decision on the order; and
  - (3) *publish* the final decision including:
    - (i) a statement of the reasons for the final decision (including a summary of each material issue raised in the submissions and the *AER*'s response to it); and
    - (ii) if the final decision is to make the order (either in the terms in which it was proposed or in modified terms) – the order in its final form.
- (e) The *AER* may extend the time within which it is required to publish its final decision if:
  - (1) the consultation involves questions of unusual complexity or difficulty; or
  - (2) the extension has become necessary because of circumstances beyond the *AER*'s control.

#### **8.7.4 Preparation of network service provider performance report (Section 28V of the NEL)**

- (a) Before the *AER* embarks on the preparation of *network service provider performance reports*, the *AER* must consult with:
  - (1) *network service providers*; and
  - (2) bodies representative of the *network service providers* and *network service users*; and
  - (3) the public generally;

in order to determine appropriate priorities and objectives to be addressed through the preparation of *network service provider performance reports*.

- (b) In the course of preparing a *network service provider performance report*, the *AER*:
  - (1) must consult with the *network service provider* or *network service providers* to which the report is to relate; and
  - (2) must consult with the authority responsible for the administration of relevant *jurisdictional electricity legislation* about relevant safety and technical obligations; and
  - (3) may consult with any other persons who have, in the *AER*'s opinion, a proper interest in the subject matter of the report; and
  - (4) may consult with the public.
- (c) A *network service provider* to which the report is to relate:
  - (1) must be allowed an opportunity, at least 30 business days before publication of the report, to submit information and to make submissions relevant to the subject matter of the proposed report; and
  - (2) must be allowed an opportunity to comment on material of a factual nature to be included in the report.

#### **8.7.5 [Deleted]**

#### **8.7.6 Recovery of reporting costs**

Where, under the *Rules*, *NEMMCO* is entitled or required to publish or give information, notices or reports to:

- (a) any *Registered Participant*, any court, the *ACCC* or the *AER*, unless the context otherwise requires, *NEMMCO* must not charge those persons a separate fee for providing them with a copy of the information or report and the costs in providing that service must be recovered through the *Participant fees* described in rule 2.12;
- (b) any other person, *NEMMCO* may charge that person a fee which is appropriate to cover the costs of providing that service.

### **8.8 Reliability Panel**

#### **8.8.1 Purpose of Reliability Panel**

- (a) The functions of the *Reliability Panel* are to:

- (1) monitor, review and report on the performance of the *market* in terms of *reliability* of the *power system*;
- (1a) on the advice of *NEMMCO*, determine the *system restart standard*;
- (2) review and, on the advice of *NEMMCO*, determine the *power system security and reliability standards*;
- (2a) for the purposes of clause 4.2.6(b), develop and *publish* principles and guidelines that determine how *NEMMCO* should maintain *power system security* while taking into account the costs and benefits to the extent practicable;
- (2b) determine, and modify as necessary, and *publish* the *template for generator compliance programs*;
- (3) while *NEMMCO* has power to issue *directions* in connection with maintaining or re-establishing the *power system* in a *reliable operating state*, determine guidelines governing the exercise of that power;
- (4) while *NEMMCO* has power to enter into contracts for the provision of *reserves*, determine policies and guidelines governing *NEMMCO*'s exercise of that power;
- (5) report to the *AEMC* and *participating jurisdictions* on overall *power system reliability* matters concerning the *power system* and on the matters referred to in clauses 8.8.1(a)(2) and (3), and make recommendations on *market* changes or changes to the *Rules* and any other matters which the *Reliability Panel* considers necessary;
- (6) monitor, review and *publish* a report on the *system standards* in terms of whether they appropriately and adequately describe the expected technical performance conditions of the *power system*;
- (7) monitor, review and *publish* a report on the implementation of *automatic access standards* and *minimum access standards* as *performance standards* in terms of whether:
  - (i) their application is causing, or is likely to cause, a material adverse effect on *power system security*; and
  - (ii) the *automatic access standards* and *minimum access standards* should be amended or removed;
- (8) consider requests made in accordance with clause 5.3.3(b2) and, if appropriate, determine whether an existing Australian or international standard, or a part thereof, is to be adopted as a *plant standard* for a particular class of *plant*; and

- (9) determine guidelines identifying or providing for the identification of operating incidents and other incidents that are of significance for the purposes of the definition of “Reviewable operating incident” in clause 4.8.15.
- (b) In performing its functions set out in clause 8.8.1(a)(1) the *Reliability Panel* must not monitor, review or report on the performance of the *market* in terms of *reliability* of *distribution networks*, although it may collate, consider and report information in relation to the *reliability* of *distribution networks* as measured against the relevant standards of each *participating jurisdiction* in so far as the *reliability* of those *networks* impacts on overall *power system reliability*.
- (c) The principles and guidelines *published* under clause 8.8.1(a)(2a):
  - (1) must be developed, and may only be amended, in accordance with the consultation process set out in clause 8.8.3;
  - (2) must include transitional arrangements which take into account the need to allow for the development and testing of an appropriate methodology by *NEMMCO*; and
  - (3) must take into account the results of any decision to revise *network constraints*.

## 8.8.2 Constitution of the Reliability Panel

- (a) The *Reliability Panel* must consist of:
  - (1) a commissioner of the *AEMC* appointed by the *AEMC* to act as chairperson for a period of up to three years;
  - (2) the chief executive officer or a delegate of *NEMMCO*; and
  - (3) at least 5 but not more than 8 other persons appointed by the *AEMC* for a period of up to three years, such persons to include:
    - (A) a person representing *Generators*;
    - (B) a person representing *Market Customers*;
    - (C) a person representing *Transmission Network Service Providers*;
    - (D) a person representing *Distribution Network Service Providers*; and
    - (E) a person representing the interests of end use customers for electricity.

- (b) Subject to clause 8.8.2(d) any person who has previously served on the *Reliability Panel* is eligible for reappointment to the *Reliability Panel* in accordance with this clause 8.8.2.
- (c) In making appointments to the *Reliability Panel* under clause 8.8.2(a)(3), the *AEMC* must, to the extent reasonably practicable and subject to clause 8.8.2(c1), give effect to the intention that the persons so appointed:
  - (1) should be broadly representative, both geographically and by reference to *Registered Participants* and *participating jurisdictions*, of those persons with direct interests in *reliability* of electricity *supply* under the *market* arrangements;
  - (2) may include *Registered Participants* or their *representatives* or *participating jurisdictions*;
  - (3) must be independent of *NEMMCO*; and
  - (4) must, except in the case of the person representing *Transmission Network Service Providers* appointed under clause 8.8.2(a)(3)(C), be independent of all *System Operators*,

and if at any time:

- (5) a person on the *Reliability Panel*, other than the chief executive officer or a delegate of *NEMMCO*, ceases to be independent of *NEMMCO*; or
- (6) a person on the *Reliability Panel*, other than the person representing *Transmission Network Service Providers* appointed under clause 8.8.2(a)(3)(C), ceases to be independent of any *System Operator*,

the *AEMC* must remove that person from the *Reliability Panel*.

- (c1) The persons referred to in clauses 8.8.2(a)(3)(A), (B), (C) and (D) must be appointed and removed by the *AEMC* after consultation with the class of *Registered Participants* the person is to represent, and the *AEMC* must:
  - (1) appoint a person agreed to by at least one third in number of the relevant class of *Registered Participants*; and
  - (2) commence consultation on the removal of such a person if requested to do so by a member of the relevant class of *Registered Participants*, and must remove that person if so agreed by at least one third in number of the relevant class of *Registered Participants*.
- (d) The *AEMC* may remove any member of the *Reliability Panel*, including the chairperson, at any time during his or her term in the following circumstances:

- (1) the person becomes insolvent or under administration;
  - (2) the person becomes of unsound mind or his or her estate is liable to be dealt with in any way under a law relating to mental health;
  - (3) the person resigns or dies;
  - (4) the *AEMC* is required to remove the person under clause 8.8.2(c) or 8.8.2(c1)(2); or
  - (5) the person fails to discharge the obligations of that office imposed by the *Rules*.
- (d1) The person referred to in clause 8.8.2(a)(3)(E) must be appointed and removed by the *AEMC* after consultation with such bodies representing the interests of end use customers for electricity and other persons as the *AEMC* considers appropriate and, subject to such consultation, may be removed at any time for any reason.
- (e) A person may resign from the *Reliability Panel* by giving notice in writing to that effect to the *AEMC*.
- (f) The *Reliability Panel* must meet and regulate its meetings and conduct its business in accordance with the *Rules*.
- (g) A decision of the *Reliability Panel* on any matter may be made by a majority of the members comprising the *Reliability Panel*. Where the members of the *Reliability Panel* are equally divided on any matter, the chairperson has a casting vote.

### **8.8.3 Reliability review process**

- (a) As soon as practicable, the *Reliability Panel* must determine:
- (1) the *power system security and reliability standards*;
  - (2) the guidelines referred to in clause 8.8.1(a)(3);
  - (3) the policies and guidelines referred to in clause 8.8.1(a)(4);
  - (4) the guidelines referred to in clause 8.8.1(a)(9);
  - (5) the *system restart standard*; and
  - (6) the *template for generator compliance programs*,
- in accordance with this clause 8.8.3.
- (aa) The *system restart standard* must:

- (1) be consistent with the *SRAS* objective referred to in clause 3.11.4A(a);
  - (2) apply equally across all *regions*, unless the *Reliability Panel* varies the *system restart standard* between *electrical sub-networks* to the extent necessary:
    - (A) to reflect any technical system limitations or requirements; or
    - (B) if the benefits of adopting the *system restart standard* would be outweighed by the costs of implementing such a standard;
  - (3) identify the maximum amount of time within which *system restart ancillary services* are required to restore *supply* to a specified level;
  - (4) include guidelines on the required reliability of *primary restart services* and *secondary restart services*;
  - (5) include guidelines to be followed by *NEMMCO* in determining *electrical sub-networks*, including the determination of the appropriate number of *electrical sub-networks* and the characteristics required within an *electrical sub-network* (such as the amount of generation or load, or electrical distance between *generation centres*, within an *electrical sub-network*);
  - (6) include guidelines specifying the diversity and strategic locations required of *primary restart services* and *secondary restart services*;
- (b) At least once each calendar year and at such other times as the *AEMC* may request, the *Reliability Panel* must conduct a review of the performance of the *market* in terms of *reliability* of the *power system*, the *power system security and reliability standards*, the *system restart standard*, the guidelines referred to in clause 8.8.1(a)(3), the policies and guidelines referred to in clause 8.8.1(a)(4) and the guidelines referred to in clause 8.8.1(a)(9) in accordance with this clause 8.8.3.
- (ba) At least every 3 years from the date the *template for generator compliance programs* is determined pursuant to clause 8.8.3(a) and at such other times as the *AEMC* may request, the *Reliability Panel* must conduct a review of the *template for generator compliance programs* in accordance with this clause 8.8.3. Following such a review, the *Reliability Panel* may amend the *template for generator compliance programs* in accordance with its report to the *AEMC* submitted under clause 8.8.3(j).
- (c) The *AEMC* must advise the *Reliability Panel* of the terms of reference for any determination or review by the *Reliability Panel*. The *AEMC* may advise the *Reliability Panel* of standing terms of reference in relation to the reviews described in clauses 8.8.3(b) and 8.8.3(ba) from time to time.

- (d) The *Reliability Panel* must give notice to all *Registered Participants* of a determination or review. The notice must give particulars of the terms of reference for the determination or review (as the case may be), the deadline for the receipt of any submissions to the *Reliability Panel* and the date and place for the meeting referred to in clause 8.8.3(f). The notice must be given at least 8 weeks prior to the meeting or such other time specified by the *AEMC* in any request for a review.
- (e) The deadline for receipt of submissions must not be earlier than 4 weeks prior to the meeting or such other time specified by the *AEMC* in any request for a review.
- (f) The *Reliability Panel* must hold a meeting open to all *Registered Participants*.
- (g) The meeting referred to in clause 8.8.3(f) must be held in the capital city of one of the *participating jurisdictions*. Selection of the relevant capital city in a particular case will be determined by the *Reliability Panel* on a rotating basis.
- (h) The *Reliability Panel* may obtain such technical advice or assistance from time to time as it thinks appropriate including, without limitation, advice or assistance from *NEMMCO* and any *Registered Participant*.
- (i) In undertaking any review and preparing any report and recommendations, the *Reliability Panel* must take into consideration the policy statements, directions or guidelines published by the *AEMC* from time to time.
- (j) Following the conclusion of the meeting and consideration by the *Reliability Panel* of any submissions or comments made to it, the *Reliability Panel* must submit a written report to the *AEMC* on the review setting out its recommendations or determinations, its reasons for those recommendations or determinations and the procedure followed by the *Reliability Panel* in undertaking the review or determination. The report must be submitted to the *AEMC* no later than 6 weeks after the meeting referred to in clause 8.8.3(f) or such other deadline for reporting specified by the *AEMC* in any request for a review.
- (k) The *AEMC* must, within 10 *days* of receiving the written report of the *Reliability Panel*, make the report publicly available, subject to the confidentiality provisions of rule 8.6.
- (l) The recommendations of the *Reliability Panel* may include (without limitation) recommended *changes* to the *Rules* in relation to matters concerning *reliability* of the *power system*.

## 8.9 Rules Consultation Procedures

- (a) These provisions apply wherever in the *Rules* any person (“the *consulting party*”) is required to comply with the *Rules consultation procedures*. For the avoidance of doubt, the *Rules consultation procedures* are separate from, and do not apply to, the process for changing the *Rules* under Part 7 of the *National Electricity Law*.
- (b) The *consulting party* must give a notice to all persons nominated (including *Intending Participants* in the class of persons nominated) by the relevant provision as those with whom consultation is required or, if no persons are specifically nominated, *NEMMCO*, all *Registered Participants* and *interested parties*, (“Consulted Persons”) giving particulars of the matter under consultation.
- (c) Except where the *consulting party* is the *AEMC*, or the *AER*, the *consulting party* must provide a copy of the notice referred to in rule 8.9(b) to *NEMMCO*. Within 3 *business days* of receipt of the notice *NEMMCO* must *publish* the notice on its website. Where the *AEMC* is the *consulting party*, the *AEMC* must *publish* the notice referred to in rule 8.9(b) on its website. Where the *AER* is the *consulting party*, the *AER* must *publish* the notice referred to in rule 8.9(b) on its website.
- (d) The notice must invite interested Consulted Persons to make written submissions to the *consulting party* concerning the matter.
- (e) A written submission may state whether a Consulted Person considers that a meeting is necessary or desirable in connection with the matter under consultation and, if so, the reasons why such a meeting is necessary or desirable. To be valid, a submission must be received not later than the date specified in the notice (not to be less than 25 *business days* after the notice referred to in rule 8.9(b) is given).
- (f) The *consulting party* must consider all valid submissions within a period of not more than a further 20 *business days*. If the *consulting party*, after having considered all valid submissions, concludes that it is desirable or necessary to hold any meetings, the *consulting party* must use its best endeavours to hold such meetings with Consulted Persons who have requested meetings within a further 25 *business days*.
- (g) Following the conclusion of any meetings held in accordance with rule 8.9(f) and the *consulting party’s* consideration of a matter under consultation, the *consulting party* must publish a draft report, available to all Consulted Persons, setting out:
  - (1) the conclusions and any determinations of the *consulting party*;
  - (2) its reasons for those conclusions;

- (3) the procedure followed by the *consulting party* in considering the matter;
- (4) summaries of each issue, that the *consulting party* reasonably considers to be material, contained in valid written submissions received from Consulted Persons or in meetings, and the *consulting party's* response to each such issue; and
- (5) in a notice at the front of the draft report, an invitation to Consulted Persons to make written submissions to the *consulting party* on the draft report,

and, subject to the provisions of rule 8.6, the *consulting party* must make available to all Consulted Persons, on request, copies of any material submitted to the *consulting party*.

- (h) Except where the *consulting party* is the *AEMC*, or the *AER*, the *consulting party* must provide a copy of the draft report referred to in rule 8.9(g) to *NEMMCO*. Within 3 *business days* of receipt of the draft report *NEMMCO* must *publish* the draft report on its website. Where the *AEMC* is the *consulting party*, the *AEMC* must *publish* the draft report referred to in rule 8.9(g) on its website. Where the *AER* is the *consulting party*, the *AER* must *publish* the draft report referred to in rule 8.9(g) on its website.
- (i) To be valid, a submission invited in a notice referred to in rule 8.9(g)(5) must be received not later than the date specified in the notice (not to be less than 10 *business days* after the publication of the draft report pursuant to rule 8.9(h) or such longer period as is reasonably determined by the *consulting party* having regard to the complexity of the matters and issues under consideration).
- (j) The *consulting party* must consider all valid submissions within a period of not more than a further 30 *business days*.
- (k) Following the conclusion of the *consulting party's* consideration of all valid submissions the *consulting party* must publish a final report, available to all Consulted Persons, setting out:
  - (1) the conclusions and any determinations of the *consulting party* on the matter under consultation;
  - (2) its reasons for those conclusions;
  - (3) the procedure followed by the *consulting party* in considering the matter;
  - (4) summaries required pursuant to rule 8.9(g)(4); and

- (5) summaries of each issue, that the *consulting party* reasonably considers to be material, contained in valid written submissions received from Consulted Persons on the draft report and the *consulting party's* response to each such submission,

and, subject to the provisions of rule 8.6, the *consulting party* must make available to all Consulted Persons, on request, copies of any material submitted to the *consulting party*.

- (l) Except where the *consulting party* is the *AEMC*, or the *AER*, the *consulting party* must provide a copy of the final report referred to in rule 8.9(k) to *NEMMCO*. Within 3 *business days* of receipt of the final report *NEMMCO* must *publish* the final report on its website. Where the *AEMC* is the *consulting party*, the *AEMC* must *publish* the final report referred to in rule 8.9(k) on its website. Where the *AER* is the *consulting party*, the *AER* must *publish* the final report referred to in rule 8.9(k) on its website.
- (m) The *consulting party* must not make the decision or determination in relation to which the *Rules consultation procedures* apply until the *consulting party* has completed all the procedures set out in this clause.
- (n) Notwithstanding rule 8.9(m), substantial compliance by a *consulting party* with the procedures set out in this clause is sufficient.

## 8.10 Consumer Advocacy Panel

- (a) In this rule:

***consumer advocacy funding obligation*** for *NEMMCO* means the share of the costs of administration and funding allocated to *NEMMCO* under a budget prepared by the *Consumer Advocacy Panel* and approved by the *MCE* under Part 4 of the relevant Act.

***Consumer Advocacy Panel*** means the Consumer Advocacy Panel established under the relevant Act.

***former Advocacy Panel*** means the Advocacy Panel established under the former rule 8.10 of the Rules.

***relevant Act*** means the *Australian Energy Market Commission Establishment Act 2004* (SA).

- (b) *NEMMCO* must pay to the *AEMC*, as required under the relevant Act, the amount of its consumer advocacy funding obligation for each financial year.
- (c) *NEMMCO* may recover the cost of meeting its consumer advocacy funding obligation from *Participant fees* and may allocate the costs to *Market Customers*.

- (d) An amount budgeted or raised by NEMMCO before the commencement of this rule to meet costs associated with the former Advocacy Panel that had not been expended at the commencement of this rule, will be taken to be an amount budgeted or raised for meeting the cost of *NEMMCO's* consumer advocacy funding obligation under this rule.

**CHAPTER 8A**



## 8A. Participant Derogations

### Note

This Chapter contains the *participant derogations* for the purposes of the *National Electricity Law* and the *Rules*.

## Part 1 – Derogations Granted to TransGrid

### 8A.1 Derogation for the Treatment of Contingent Projects under Revenue Determination

#### 8A.1.1 Expiry date

This derogation expires on 1 July 2009.

#### 8A.1.2 Definitions

In this *participant derogation*:

**contingent project** means a project approved by the ACCC and identified in the Determination as a contingent project.

**current regulatory control period** means the period 1 July 2004 to 30 June 2009.

**Determination** means the “Final Decision, NSW and ACT Transmission Network Revenue Cap TransGrid 2004-05 to 2008-09” dated 27 April 2005 determined by the ACCC pursuant to clause 6.2.4(b) of the National Electricity Code.

**maximum allowed revenue** means the maximum allowed revenue in the Determination.

**TransGrid** means the energy services corporation constituted under section 6A of the Energy Services Corporations Act 1995 (NSW).

**trigger event** means an event identified as a trigger in Attachment G of the Determination in respect of a contingent project.

#### 8A.1.3 Treatment of contingent projects

(a) Where the trigger event identified in respect of a contingent project occurs prior to 1 July 2009, the *AER* must, in accordance with the Determination:

(1) determine:

(i) the total capital expenditure which the *AER* considers is reasonably required for the purpose of undertaking the contingent project;

(ii) the forecast capital and incremental operating expenditure for that contingent project for each remaining regulatory year of the current regulatory control period, which the *AER* considers is

- reasonably required for the purpose of undertaking the contingent project in accordance with Appendix F of the Determination;
- (iii) the likely commencement and completion dates for the contingent project;
  - (iv) the incremental revenue which is likely to be earned by TransGrid in each remaining regulatory year of the current regulatory control period as a result of the contingent project being undertaken; and
  - (v) the maximum allowed revenue for each regulatory year in the remainder of the current regulatory control period by adding the incremental revenue for that regulatory year; and
- (2) calculate the estimate referred to in subparagraph (1)(iii) in accordance with the Determination, including:
- (i) on the basis of the rate of return for TransGrid for the current regulatory control period; and
  - (ii) consistently with the manner in which depreciation is calculated under the Determination; and
- (3) vary the Determination to apply for the remainder of the current regulatory control period in accordance with paragraph (b).
- (b) The *AER* may only vary the Determination to the extent necessary:
- (1) to adjust the forecast capital expenditure for the current regulatory control period to accommodate the amount of additional capital expenditure determined under paragraph (a)(1)(i); and
  - (2) to adjust the forecast operating expenditure for the current regulatory control period to accommodate the amount of additional operating expenditure determined under paragraph (a)(1)(ii); and
  - (3) to reflect the effect of any resultant increase in forecast capital expenditure and incremental operating expenditure on the maximum allowed revenue for each regulatory year in the remainder of the current regulatory control period.
- (c) The intended date for commencing the contingent project must be during the current regulatory control period.

## Part 2 - Derogations Granted to EnergyAustralia

### 8A.2 Derogation from clause 3.18.2(g)(2) - Auctions and eligible persons

#### 8A.2.1 Definitions

In this *participant derogation*, rule 8A.2:

**commencement date** means the day the National Electricity Amendment (EnergyAustralia Participant Derogation (Settlement Residue Auctions)) Rule 2006 commences operation.

**EnergyAustralia** means the energy distributor known as EnergyAustralia and established under the Energy Services Corporations Act 1995 (NSW).

#### 8A.2.2 Expiry date

This *participant derogation* expires on the earlier of:

- (1) 30 June 2009;
- (2) the date that EnergyAustralia's retail business is transferred to a new legal entity pursuant to a NSW Government restructure of EnergyAustralia or by any other means;
- (3) the date that EnergyAustralia ceases to engage in the activity of owning, controlling or operating a *transmission system*;
- (4) the first date after the commencement date on which EnergyAustralia engages in the activity of owning, controlling or operating a *transmission system* that *NEMMCO* determines, in accordance with the criteria developed pursuant to clause 5.6.3(i), is capable of having a material impact on *interconnector* capability; or
- (5) the date that EnergyAustralia is not excluded from entering into *SRD agreements* under clause 3.18.2(g)(2).

#### 8A.2.3 Derogation

- (a) The reference in clause 3.18.2(g)(2) to *Transmission Network Service Provider* does not include EnergyAustralia.
- (b) If this *participant derogation* expires due to the occurrence of the event in clause 8A.2.2(4) of clause 8A.2.2, then any *SRD agreement* between *NEMMCO* and EnergyAustralia which is in existence on that date, will terminate on that date.

## 8A.2A Derogation from inspection and testing of metering installations

### 8A.2A.1 Definitions

In this *participant derogation*, rule 8A.2A:

**EnergyAustralia** means the energy distributor known as EnergyAustralia and established under the Energy Services Corporations Act 1995 (NSW).

**EnergyAustralia transmission metering installations** means any type 2 and type 3 *metering installation* located at the interface between EnergyAustralia's *transmission network* and EnergyAustralia's *distribution network* in New South Wales on the date that the National Electricity Amendment (EnergyAustralia Participant Derogation (Metering Installations)) Rule 2006 commences operation.

**expiry date** means 1 July 2009 or the publishing of an expiration notice by the *AEMC* under clause 8A.2A.2(h) of this *participant derogation*.

**report** means a report in writing submitted by EnergyAustralia at 6 monthly intervals, which is prepared as soon as practicable after the EnergyAustralia transmission metering installations are tested, that outlines compliance of the EnergyAustralia transmission metering installations with the requirements of the derogated provisions of the *Rules* as identified in clause 8A.2A.2.

**type 2 and type 3 metering installation** means the meaning given to type 2 and type 3 *metering installations* in Chapter 7 of the *Rules*.

### 8A.2A.2 Derogation

- (a) Until the expiry date, the following clauses of the *Rules* (referred to as the '**derogated provisions of the Rules**') do not apply to EnergyAustralia transmission *metering installations*:
  - (1) clause 7.3.1(a)(2);
  - (2) clause 7.3.4(a); and
  - (3) clause 7.6.1(a)(2).
- (b) Until the expiry date, the EnergyAustralia transmission *metering installations* and the *metering data* generated from them is taken to comply with the requirements of the derogated provisions of the *Rules*.
- (c) Until the expiry date, EnergyAustralia must provide a report to *NEMMCO*.
- (d) If *NEMMCO* is not satisfied that a report is satisfactory, *NEMMCO* may give notice to EnergyAustralia that it will recommend to the *AEMC* the

issue of a notice under paragraph (f) if the next report continues to be unsatisfactory.

- (e) Where a report is unsatisfactory, *NEMMCO* may make appropriate adjustments to the *metering data* in the report to take account of errors in that data, in order to minimise adjustments to the final *settlements* account or for any other requirement of the *Rules*.
- (f) If notice was given to EnergyAustralia under paragraph (d) and *NEMMCO* considers that the next report continues to be unsatisfactory, *NEMMCO* may recommend to the *AEMC* the issue of an expiration notice under paragraph (g).
- (g) If *NEMMCO* recommends to the *AEMC* the issue of an expiration notice, the *AEMC* may issue a notice having regard to that recommendation and the *national electricity objective*.
- (h) A notice must be published in the South Australian Government Gazette and takes effect 4 weeks after it is published.

## **Part 3 [Deleted]**

**Part 4 [Deleted]**

## **Part 5 [Deleted]**

## **Part 6 - Derogations Granted to Victorian Market Participants**

**[Deleted]**

**Part 7 - [Deleted]**

## **Part 8 [Deleted]**

**Part 9 [Deleted]**

## **Part 10 [Deleted]**

**Part 11 - [Deleted]**

## Part 12 - Ancillary Services Provisions

### 1. Transitional Arrangements

- (a) The Invitation to Tender issued by *NEMMCO* on 18 October 2000 (as amended from time to time) (called the "Third ITT") is to be taken as having been a call for offers under clause 3.11.5 notwithstanding anything else in the *Rules* or the fact that the description and the procedure contemplated by clause 3.11.3 did not exist at the time the Third ITT was issued.
- (b) Notwithstanding anything else in the *Rules*:
  - (1) the description of each *ancillary service* included in the Third ITT is deemed to be the description contemplated by clause 3.11.3; and
  - (2) the quantities specified as indicative *NEMMCO* requirements in schedule A to the Third ITT in respect of the *power system* are to be taken to have been determined by applying a procedure developed under clause 3.11.3.

2.[Deleted]

**CHAPTER 9**

## **9. Jurisdictional Derogations and Transitional Arrangements**

### **9.1 Purpose and Application**

#### **9.1.1 Purpose**

- (a) This Chapter contains the *jurisdictional derogations* that apply in relation to each *participating jurisdiction*.
- (b) This Chapter prevails over all other Chapters of the *Rules*.

#### **9.1.2 Jurisdictional Derogations**

The *jurisdictional derogations* that apply in relation to each *participating jurisdiction* are set out in this Chapter as follows:

- (a) Part A - Victoria;
- (b) Part B - New South Wales;
- (c) Part C - Australian Capital Territory;
- (d) Part D - South Australia;
- (e) Part E - Queensland; and
- (f) Part F – Tasmania.

Part G sets out the Schedules to this Chapter 9.

## Part A – Jurisdictional Derogations for Victoria

### 9.2 [Deleted]

### 9.3 Definitions

#### 9.3.1 General Definitions

For the purposes of this Part A:

- (1) a word or expression defined in the glossary in Chapter 10 has the meaning given to it in the glossary unless it is referred to in column 1 of the following table; and
- (2) a word or expression referred to in column 1 of the following table has the meaning given to it in column 2 of the table:

Column 1	Column 2
<b>Counterparties</b>	In relation to the <i>Smelter Agreements</i> , means Portland Smelter Services Pty Ltd, Alcoa of Australia Limited or any other party to one or more of the <i>Smelter Agreements</i> (other than <i>SEC</i> ).
<b>CPI</b>	The Consumer Price Index: All Groups Index Number Melbourne compiled by the Australian Bureau of Statistics.
<b>distribution licence</b>	A <i>licence</i> to distribute and supply electricity.
<b>Distributor</b>	A person who holds a <i>distribution licence</i> .
<b>EI Act</b>	Electricity Industry Act 2000 (Vic).
<b>EI (RP) Act</b>	Electricity Industry (Residual Provisions) Act 1993 (Vic).
<b>ESC</b>	The Essential Services Commission established under section 7 of the <i>ESC Act</i> .
<b>ESC Act</b>	The Essential Services Commission Act 2001 (Vic).
<b>Information requirements guidelines</b>	The <i>submission guidelines</i> referred to in clause 6A.10.2.
<b>licence</b>	A licence within the meaning of the <i>EI Act</i> or deemed to be issued under the <i>EI Act</i> by operation of clause 5 of Schedule 4 to the <i>EI (RP) Act</i> .
<b>maximum allowable aggregate revenue</b>	The maximum allowable aggregate revenue for a <i>financial year</i> or <i>relevant regulatory period</i> (as the case may be) determined under clause 9.8.4C(d), as adjusted from time to time under clause 9.8.4C(g3) or (g4).
<b>Quarter</b>	The respective 3 monthly periods adopted by the Australian Bureau of Statistics for the compilation and issue of the CPI.

<b>Column 1</b>	<b>Column 2</b>
<b>Regulated owner</b>	An owner (whether <i>SPI PowerNet</i> or any other person) of the <i>Victorian Transmission Network</i> or a part of the <i>Victorian Transmission Network</i> : (a) who transmits electricity pursuant to a <i>transmission exemption</i> or <i>transmission licence</i> ; (b) who is subject to the operation of the <i>Rules</i> ; and (c) whose <i>aggregate annual revenue requirement</i> for <i>transmission services</i> is regulated under Chapter 6.
<b>relevant regulatory period</b>	A period comprising not less than 5 <i>financial years</i> .
<b>SEC</b>	State Electricity Commission of Victoria established under the State Electricity Commission Act 1958 (Vic).
<b>shared network services</b>	Services relating to the use of the <i>Victorian Transmission Network</i> or a part of the <i>Victorian Transmission Network</i> provided by a <i>Regulated owner</i> to <i>VENCorp</i> , whether in accordance with a <i>transmission exemption</i> or <i>transmission licence</i> or under an agreement with <i>VENCorp</i> .
<b>shared transmission network use charges</b>	Charges for the locational and non-locational components of <i>prescribed TUOS services</i> and/or <i>prescribed common transmission services</i> and any other charges through which <i>VENCorp</i> is allowed, under Part J of Chapter 6A as modified by clause 9.8.4F, to recover any proportion of its <i>maximum allowable aggregate revenue</i> .
<b>Smelter Agreements</b>	Agreements, contracts and deeds referred to in Part A of schedule 3 to the <i>EI (RP) Act</i> in their form as at 1 July 1996 other than the Portland and Point Henry Flexible Tariff Deeds between <i>SEC</i> and the State Trust Corporation of Victoria.
<b>Smelter Trader</b>	<i>SEC</i> in its capacity as <i>Smelter Trader</i> .
<b>SPI PowerNet</b>	<i>SPI PowerNet Pty Ltd</i> (ACN 079 798 173), or any successor or assignee of any asset of <i>SPI PowerNet</i> used for the provision of <i>transmission services</i> .

Column 1	Column 2
<b>statutory electricity transmission-related costs</b>	<p>In relation to <i>VENCorp</i>, the sum of the following costs for a <i>relevant regulatory period</i>:</p> <ol style="list-style-type: none"> <li>(1) <i>VENCorp</i>'s aggregate actual costs in operating and planning the <i>Victorian Transmission Network</i>;</li> <li>(2) all <i>network</i> charges payable by <i>VENCorp</i> to <i>SPI PowerNet</i> or any other owner of the <i>Victorian Transmission Network</i> or a part of the <i>Victorian Transmission Network</i>, including charges relating to <i>augmentations</i>;</li> <li>(3) all other charges payable by <i>VENCorp</i> to providers of <i>network</i> support services and other services which <i>VENCorp</i> uses to provide <i>network services</i> that are <i>transmission services</i>; and</li> <li>(4) any other costs that directly arise out of <i>VENCorp</i>'s functions under the <i>EI Act</i> relating to the transmission of electricity, the application of the <i>Rules</i> to <i>VENCorp</i> or the conditions imposed on <i>VENCorp</i> under its <i>transmission licence</i> relating to the transmission of electricity, for which there is no alternative method (legislative or contractual) for the recovery of those costs.</li> </ol>
<b>System Code</b>	The code of that name sealed by the Office of the Regulator-General under the Office of the Regulator-General Act 1994 (Vic) on 3 October 1994 and saved and continued in operation by section 67 of the <i>ESC Act</i> .
<b>Tariff Order</b>	Has the same meaning as in the <i>EI Act</i> .
<b>transmission exemption</b>	An exemption granted under section 17 of the <i>EI Act</i> under which the person to whom it has been granted is exempted from the requirement to obtain a <i>licence</i> to transmit electricity.
<b>transmission licence</b>	A <i>licence</i> to transmit electricity.
<b>VENCorp</b>	Victorian Energy Networks Corporation established under Division 2A of Part 2 of the Gas Industry Act 1994 (Vic) and continued under Part 8 of the Gas Industry Act 2001 (Vic).
<b>Victorian Distribution Network</b>	In relation to a person that holds a <i>distribution licence</i> , the <i>distribution systems</i> in Victoria to which that <i>licence</i> relates and includes any part of those systems.
<b>Victorian Minister</b>	The Minister who, for the time being, administers the National Electricity (Victoria) Act 1997 (Vic).
<b>Victorian Switching Operator</b>	The person or persons who operate the Victorian Network Switching Centre.

Column 1	Column 2
<b>Victorian Transmission Network</b>	The <i>transmission systems</i> situated in whole or in part in Victoria in respect of which <i>VENCorp</i> (or any successor entity appointed by Victoria to carry out those functions) exercises the functions specified in clause 9.3.2(a)(1)(i) and part 1 of the table in clause 9.3.2, and includes any part of those <i>transmission systems</i> .
<b>Wholesale Metering Code</b>	The code of that name sealed by the Office of the Regulator-General under the Office of the Regulator-General Act 1994 (Vic) on 3 October 1994, as in force immediately before <i>market commencement</i> .

### 9.3.2 Network Service Provider

- (a) For a provision of the *Rules* that refers to a *Network Service Provider*, in determining the *Network Service Provider* in relation to the *Victorian Transmission Network* or a part of the *Victorian Transmission Network*, the following rules apply:
- (1) subject to this clause and to anything to the contrary in the *Rules* or this Part A, the *Network Service Provider* is:
    - (i) *VENCorp*, if the provision relates to:
      - (A) the planning, development or *augmentation* of a *transmission network* or part of a *transmission network*; or
      - (B) the provision of *common services* or *network services* that are *transmission services* (other than *entry services* or *exit services*);
    - (ii) *SPI PowerNet* or any other owner of the *Victorian Transmission Network* or a part of the *Victorian Transmission Network*, if the provision relates to:
      - (A) the *connection* to, or modification of a *connection* to, a *transmission system*; or
      - (B) the provision of *connection services*;

- (iii) *SPI PowerNet*, if the provision relates to any function of, or service provided by, the *Victorian Switching Operator* in respect of the *Victorian Transmission Network* or a part of the *Victorian Transmission Network*;
- (2) in the case of each clause of the *Rules* referred to in part 1 of the following table, as modified by the description in that table, the *Network Service Provider* is *VENCorp*;
- (3) in the case of each clause of the *Rules* referred to in part 2 of the following table, as modified by the description in that table, the *Network Service Provider* is *SPI PowerNet* or any other owner of the *Victorian Transmission Network* or part of the *Victorian Transmission Network*; and
- (4) in the case of each clause of the *Rules* referred to in part 3 of the following table, as modified by the description in that table, the *Network Service Provider* is the *Victorian Switching Operator*.

Clause	Clause Description
<b>Part 1 (VENCorp)</b>	
3.13.3(d), (e), (f)(1), (f)(2), (g)(so far as it applies to clauses 3.13.3(f)(1) and (f)(2) and (i))	Standing data concerning expected network capability
4.5.1(b) and (c)	Determining the limits of the operation of the <i>power system</i> associated with <i>voltage</i> failure and translation of limits into key location operational settings or limits
4.7.1(a)	Submission of settings for <i>plant</i> required to maintain <i>power system</i> stability
5.2.3(b)	<i>Power system</i> performance and quality of <i>supply</i> standards of <i>transmission network</i>
5.2.3(d)(12), 5.6.2(n)	Reports about <i>network augmentation</i>
5.6.1	Forecasts for <i>connection points</i> to <i>transmission network</i>
5.6.2	Development of <i>networks</i> within a <i>region</i>
5.6.2A (except 5.6.2A(b)(2))	<i>Annual Planning Reports</i> for that part of the <i>transmission network</i> used for the provision of <i>common services</i> or <i>network services</i> that are <i>transmission services</i> (other than <i>entry services</i> or <i>exit services</i> )
5.6.6	Planning for the development, construction or <i>augmentation of <a href="#">transmission investments that</a></i>

Clause	Clause Description
	are subject to the <i>regulatory investment test for transmission <del>new large transmission network assets</del></i> that are not <i>connection assets</i>
<del>5.6.6A</del>	<del>Planning for the development, construction or augmentation of new small transmission network assets that are not connection assets</del>
5.6.6B	Planning for the development, construction or <i>augmentation of funded augmentations</i> that are not <i>connection assets</i>
5.7.6	Tests of <i>generating units</i> requiring changes to normal operation
5.7.7 (except 5.7.7(e))	Inter-regional <i>power system tests</i>
Schedule 5.1, clause S5.1.2.3	<i>Power transfer capability between regions</i>
Schedule 5.3, clause S5.3.5	Power factor requirements of <i>loads</i>

Clause	Clause Description
<b>Part 2 (SPI PowerNet or any other owner of the Victorian Transmission Network or part of the Victorian Transmission Network)</b>	
4.6.5	Partial outage of power protection systems
4.11.1	Remote control and monitoring devices
4.11.2(a) and (d)	Provision and maintenance of communications facilities for control, operational metering and indications from local sites
5.2.3(e) and (e1) (except 5.2.3(e1)(2))	Management, maintenance, operation and restoration of <i>network</i>

Clause	Clause Description
<b>Part 3 (Victorian Switching Operator)</b>	
4.3.1(d)	High voltage switching procedures and arrangements
5.9.3	Involuntary disconnection
5.9.4	Disconnection to implement a court order
5.9.6	Obligation to reconnect
Schedule 5.1, clause S5.1.10.3(a)	Functional testing of <i>load shedding facilities</i>
Schedule 5.2, clause S5.2.3(8)	Switching and <i>isolation facilities</i>

- (b) Notwithstanding anything in clause 9.3.2(a), the obligations of *VENCorp*, *SPI PowerNet* and any other owner of the *Victorian Transmission Network* or part of the *Victorian Transmission Network* under the *Rules* are several, and not joint nor joint and several.
- (c) *VENCorp*:
  - (1) is a *Network Service Provider* in respect of the provisions of the *Rules* as set out in clause 9.3.2(a), even when *VENCorp* does not own, control or operate a *transmission system*; and
  - (2) is required to be registered by *NEMMCO* as a *Network Service Provider* under clause 2.5, even when *VENCorp* does not own, control or operate a *transmission system*.
- (d) *VENCorp* must obtain the information from *SPI PowerNet* which *VENCorp* is required by clause 5.6.2A to publish in the *Annual Planning Report* in relation to *replacement transmission network assets*. *SPI PowerNet* must provide that information to *VENCorp* by 28 February in each year.

## **9.4 Transitional Arrangements for Chapter 2 - Registered Participants, Registration and Cross Border Networks**

### **9.4.1 [Deleted]**

### **9.4.2 Smelter Trader**

- (a) For the purposes of the *Rules*:
  - (1) *Smelter Trader* is deemed to be entitled to register as a *Customer* in respect of the *connection points* used to supply the electricity supplied under the *Smelter Agreements*;
  - (2) *Smelter Trader* is deemed to be registered as a *Customer* and as a *Market Customer* in relation to the electricity supplied under the *Smelter Agreements*;
  - (3) the electricity supplied under the *Smelter Agreements* is deemed to have been classified as a *market load* and the *connection points* used to supply that electricity are deemed to have been classified as *Smelter Trader's market connection points*;
  - (4) *Smelter Trader* is deemed to be the person that must register as the *Generator* in relation to the *generating systems* forming part of Anglesea Power Station;

- (5) *Smelter Trader* is deemed to be registered as a *Generator* and a *Market Generator* in relation to the *generating systems* forming part of the Anglesea Power Station;
  - (6) *Smelter Trader* is only a *Market Generator* in respect of the *generating systems* forming part of the Anglesea Power Station to the extent to which the electricity generated by those *generating systems* is available to the *Smelter Trader* for sale under the *Smelter Agreements*;
  - (7) none of the *Counterparties* is or is to be taken to be entitled to become a *Market Participant*, an *Intending Participant* or a *Customer* in respect of the electricity supplied under the *Smelter Agreements*;
  - (8) none of the *Counterparties* or any person that operates or controls the *generating systems* forming part of the Anglesea Power Station (other than *Smelter Trader*) is or is to be taken to be entitled to register as a *Generator* in relation to the *generating systems* forming part of the Anglesea Power Station; and
  - (9) each of the *Counterparties* and any person that owns, controls or operates the *generating systems* forming part of the Anglesea Power Station (other than *Smelter Trader*) is taken to have been exempted from the requirement to register as a *Generator* in relation to the *generating systems* forming part of the Anglesea Power Station.
- (b) This clause 9.4.2 ceases to have effect upon the termination of the last of the *Smelter Agreements*.

### **9.4.3 Smelter Trader: compliance**

- (a) If complying with a requirement of the *Rules* (the “Rules Requirement”) would result in the *Smelter Trader* being in breach of a provision of one or more of the *Smelter Agreements* (the “Contractual Requirement”), then the *Smelter Trader* is not required to comply with the Rules Requirement to the extent of the inconsistency between the Rules Requirement and the Contractual Requirement.
- (b) If the *Smelter Trader* does not comply with a Rules Requirement in the circumstances described in clause 9.4.3(a), then the *Smelter Trader* must:
  - (1) give written notice to the *AER* of:
    - (i) the Rules Requirement which has not been complied with;
    - (ii) details of each act or omission which partly or wholly constitutes non-compliance with that Rules Requirement; and

- (iii) details of each Contractual Requirement which is said by the *Smelter Trader* to be inconsistent with the Rules Requirement,  
  
as soon as practicable and in any event within 30 *days* after the non-compliance with the Rules Requirement occurs or commences; and
  - (2) provide the *AER* with any documents or information in the possession or control of the *Smelter Trader* which evidence the matters referred to in clause 9.4.3(b)(1) within 14 *days* (or any longer period agreed by the *AER*) of receiving a written request from the *AER*.
- (c) If:
  - (1) the *Smelter Trader* requires the co-operation of a *Counterparty* to a *Smelter Agreement* to comply with a requirement of the *Rules*;
  - (2) the *Smelter Trader* has used reasonable endeavours to obtain the *Counterparty's* co-operation in order to enable the *Smelter Trader* to comply with that requirement; and
  - (3) under the *Smelter Agreements*, *SEC* has no ability to require the *Counterparty* to so co-operate with *SEC* and the *Counterparty* is not in breach of the *Smelter Agreements* by refusing to so co-operate with *SEC*,then the *Smelter Trader* is not required to comply with that requirement.
- (d) If the *Smelter Trader* does not comply with a requirement of the *Rules* in the circumstances described in clause 9.4.3(c), then the *Smelter Trader* must:
  - (1) give written notice to the *AER* of:
    - (i) the requirement of the *Rules* that has not been complied with;
    - (ii) details of each act or omission which partly or wholly constitutes non-compliance with that requirement of the *Rules*; and
    - (iii) details of the endeavours made by the *Smelter Trader* to obtain the co-operation of the *Counterparty* to enable the *Smelter Trader* to comply with the requirement of the *Rules*,as soon as reasonably practical and in any event before the expiration of 30 *days* after the non-compliance with the requirement of the *Rules* occurs or commences; and
  - (2) provide the *AER* with any documents or information in the possession or control of the *Smelter Trader* which evidence the matters referred

to in clause 9.4.3(d)(1) within 14 *days* (or any longer period agreed by the *AER*) of receiving a written request from the *AER*.

- (e) To avoid any doubt, if:
- (1) after reviewing any written notice provided by the *Smelter Trader* under clause 9.4.3(b)(1) and any additional documents or information provided by the *Smelter Trader* under clause 9.4.3(b)(2), the *AER* forms the view that compliance with the relevant Rules Requirement would not have resulted in the *Smelter Trader* being in breach of the relevant Contractual Requirement; or
  - (2) after reviewing any written notice provided by the *Smelter Trader* under clause 9.4.3(d)(1) and any additional documents or information provided by the *Smelter Trader* under clause 9.4.3(d)(2), the *AER* forms the view that any of the requirements of clause 9.4.3(c) were not satisfied in respect of the subject of the notice,

then the matter may be dealt with by the *AER* as a breach of the *Rules*.

- (f) The *Smelter Trader* must give any notice or other information required to be given under this clause 9.4.3 (called in this clause “required information”) in advance if it becomes aware of the potential for the circumstances giving rise to its obligation to give the required information to arise. If any required information is given under this clause 9.4.3(f), then:
- (1) the required information is taken to have been given in accordance with this clause 9.4.3; and
  - (2) notwithstanding clause 9.4.3(f)(1), notice must be given of the non-compliance and further information provided to the *AER* upon request under clause 9.4.3(b) or clause 9.4.3(d) (as the case may be) after the non-compliance occurs or commences.
- (g) If non-compliance with the *Rules* is continuing, the notice of non-compliance with the *Rules* provided under clause 9.4.3(b) or clause 9.4.3(d) (as the case may be) will be effective in relation to that non-compliance until that non-compliance ends if the relevant notice specifies that the non-compliance is continuing. The *Smelter Trader* must notify the *AER* of the end of the non-compliance no later than 30 *days* after the non-compliance ends.
- (h) Clauses 9.4.3(a) and 9.4.3(c) do not affect *SEC*’s obligations with respect to registration with *NEMMCO* or making payments in respect of *Participant fees, prudential requirements* or *settlement amounts*.

#### 9.4.4 Report from AER

Within 30 *days* of the end of each *Quarter*, the *AER* must prepare a report for the previous *Quarter* and make it available on request to all *Registered Participants* and to those *participating jurisdictions* that participated in the *market* during the *Quarter* covered by the report. The report must include:

- (a) a summary of the acts or omission of the *Smelter Trader* constituting non-compliance with any requirement of the *Rules*, as disclosed in written notices received by the *AER* under clause 9.4.3 during the *Quarter* covered by the report; and
- (b) an assessment by the *AER* of the effect that those acts or omissions have had on the efficient operation of the *market* during the *Quarter* covered by the report.

#### 9.4.5 Cross Border Networks

- (a) If:
  - (1) the *Victorian Minister* considers that a *transmission network* or *distribution network* situated in Victoria is a continuation of a *network* situated in another *participating jurisdiction* and should be considered to be part of the *network* of that other *participating jurisdiction*; and
  - (2) the *Minister* for that other *participating jurisdiction* consents,then the *Victorian Minister* and the *Minister* for that other *participating jurisdiction* may nominate that the *network* is deemed to be entirely in that other *participating jurisdiction* and the *Rules* including any relevant *jurisdictional derogations* for the other *participating jurisdiction* are deemed to apply to the *network* as if the *network* were located entirely within that other *participating jurisdiction*.
- (b) If a nomination is made under clause 9.4.5(a), then the *jurisdictional derogations* for Victoria do not apply to the extended part of the relevant *network* which is situated in Victoria.
- (c) If the *Minister* of another *participating jurisdiction* nominates that the *jurisdictional derogations* for Victoria should apply to a *network* part of which is situated in that other *participating jurisdiction*, then if the *Victorian Minister* consents, the *jurisdictional derogations* for Victoria are also to apply to that part of the *network* situated in the other *participating jurisdiction*.

**9.5 [Deleted]**

**9.6 Transitional Arrangements for Chapter 4 - System Security**

**9.6.1 Operating Procedures (clause 4.10.1)**

- (a) For the purposes of clause 4.10.1(b), the System Operating Procedures as defined in the *System Code* as at 13 December 1998 (with the necessary changes to be made by *VENCorp*) are the *regional specific power system operating procedures* that apply from that date in respect of the *Victorian Transmission Network*.
- (b) This clause is not to be taken as limiting in any way the operation of any other provision of the *Rules* relating to the review, updating and amendment of the *regional specific power system operating procedures*.

**9.6.2 Nomenclature Standards (clause 4.12)**

For the purposes of clause 4.12, the Nomenclature Standards as defined in the *System Code* as at 13 December 1998 are taken to be the *nomenclature standards* agreed between a *Network Service Provider* in respect of the *Victorian Transmission Network* or a *Victorian Distribution Network* and *NEMMCO* until *NEMMCO* and the relevant *Network Service Provider* agree otherwise under clause 4.12(a) or *NEMMCO* determines otherwise under clause 4.12(a).

**9.7 Transitional Arrangements for Chapter 5 - Network Connection**

**9.7.1 [Deleted]**

**9.7.2 Application for Connection**

- (a) This clause applies in respect of a *transmission network* (including a part of a *transmission network*) situated in Victoria in respect of which *VENCorp* and one or more other persons that hold a *transmission licence* is a *Network Service Provider*. In this clause, such a person (not *VENCorp*) is called a “*Connection Service Provider*”.

- (b) The requirements of Chapter 5 in relation to access to, *connection* to, *augmentation* of, the modification of a *connection* to, the provision of *network services* or *transmission use of system services*, or a modification to the provision of *network services* or *transmission use of system services*, in respect of, a *transmission network* to which this clause applies are subject to this clause 9.7.2.
- (c) If a *Connection Service Provider* receives a *connection* enquiry or an *application to connect* in respect of a *transmission network* to which this clause applies and the *connection* enquiry or *application to connect* relates in whole or part to the provision of *network services* or *transmission use of system services*, or a modification to the provision of *network services* or *transmission use of system services*, in respect of, a *transmission network* to which this clause applies, then the *Connection Service Provider* must give *VENCorp* the information provided by the person making the enquiry or the application under Chapter 5 in relation to the enquiry or application.
- (d) For the purposes of determining under clause 5.3.2(e) whether *VENCorp* or a *Connection Service Provider* is the *Network Service Provider* that should process and respond to a *connection* enquiry and provide the information required under clauses 5.3.3(b)(3) and 5.3.3(b)(4) in response to a *connection* enquiry in relation to a *transmission network* to which this clause applies, regard must be had to the following:
  - (1) *VENCorp* is the *Network Service Provider* in respect of those aspects of the *application* that relate to the provision of *network services* or *transmission use of system services*; and
  - (2) the relevant *Connection Service Provider* is the *Network Service Provider* in respect of the provision of *connection services*.
- (e) For the purposes of the following provisions of the *Rules*:
  - (1) responses to a *connection* enquiry under clause 5.3.3;
  - (2) provision of information about *connection* requirements under clause 5.3.4(b);
  - (3) an offer to *connect* under clauses 5.3.5 and 5.3.6;
  - (4) the terms of a *connection agreement* under clause 5.3.7; and
  - (5) the requirement to enter into a *connection agreement* under clause 5.3.7(a);

the *Network Service Provider* in respect of a *transmission network* to which this clause applies is:

- (6) *VENCorp*, in respect of the provision of *network services* or *transmission use of system services*; and
- (7) the relevant *Connection Service Provider*, in respect of the provision of *connection services*.

### 9.7.3 [Deleted]

### 9.7.4 Regulation of Distribution Network Connection

- (a) In this clause:

*appropriate regulator* means:

- (1) if there has been no transfer of regulatory responsibility to the *AER* under a law of Victoria – the *ESC*;
- (2) if there has been a transfer of regulatory responsibility to the *AER* under a law of Victoria – the *AER*.

- (b) This clause 9.7.4:

- (1) applies in respect of the regulation of access to, *connection* to, the modification of a *connection* to, the *augmentation* of, the provision of *network services* or *distribution use of system services*, and the modification of the provision of *network services* or *distribution use of system services*, in respect of, a *distribution network* (including any part of a *distribution network*) situated in Victoria; and
- (2) expires on the date fixed under the *National Electricity (Victoria) Act 2005* as the Victorian distribution pricing determination end date.

*Note:*

*The date is 31 December 2010 or a later date fixed in a Victorian distribution pricing determination as the date on which the determination will cease to have effect.*

- (c) Notwithstanding anything to the contrary in the *Rules*, the appropriate regulator is responsible for the regulation of access to, *connection* to, the modification of a *connection* to, the *augmentation* of, the provision of *network services* and *distribution use of system services*, and the modification of the provision of *network services* and *distribution use of system services*, in respect of, any *distribution network* to which this clause applies.
- (d) For the purposes of clause 5.3.6(c), any question as to the fairness and reasonableness of an offer to *connect* in relation to a *distribution network* to which this clause applies is to be decided by the appropriate regulator on the

basis of the appropriate regulator’s opinion of the fairness and reasonableness of the offer.

- (e) If a dispute arises in relation to any of access to, *connection* to, the modification of a *connection* to, the *augmentation* of, the provision of *network services* or *distribution use of system services*, or the modification of the provision of *network services* or *distribution use of system services*, in respect of, any *distribution network* to which this clause applies, then that dispute must be resolved in accordance with procedures specified by the appropriate regulator and clause 8.2 does not apply to that dispute.

**9.7.5 [Deleted]**

**9.7.6 [Deleted]**

**9.7.7 [Deleted]**

## **9.8 Transitional Arrangements for Chapter 6 - Network Pricing**

**9.8.1 [Deleted]**

**9.8.2 [Deleted]**

**9.8.3 [Deleted]**

### **9.8.4 Transmission Network Pricing**

- (a) Notwithstanding Chapter 6A, in determining *transmission service* pricing and revenues in respect of the *Victorian Transmission Network* or a part of the *Victorian Transmission Network*, the *AER* must:
  - (1) **[Deleted]**
  - (2) apply, as the case requires and subject to clauses 9.8.4A to 9.8.4F, Parts A – H of Chapter 6A; and
  - (3) ensure that each *Distributor* has the benefit or burden of an equalisation adjustment for each *financial year* equal to the amount of the adjustment specified for that *Distributor* in the column headed “Equalisation Adjustment” in the following table:

<b>TABLE</b>	
<b>Business</b>	<b>Equalisation Adjustment (\$'000) Note 2)</b>
TXU Electricity Ltd	(4,939)
Powercor Australia Ltd	(19,011)
AGL Electricity Limited	5,171
CitiPower Pty Ltd	5,920
United Energy Ltd	12,859

multiplied by the relevant factor determined in accordance with the following table:

<b>TABLE</b>	
<b>If the <i>financial year</i> falls within the period:</b>	<b>then the relevant factor is:</b>
1 July 2001 - 30 June 2005	.80
1 July 2005 - 30 June 2010	.60
1 July 2010 - 30 June 2015	.40
1 July 2015 - 30 June 2020	.20
thereafter	0

(b) [Deleted]

#### **9.8.4A Modification of Chapter 6A in its application to Victoria**

The application of Chapter 6A in respect of the *Victorian Transmission Network* or a part of the *Victorian Transmission Network* is subject to the modifications set out in clauses 9.8.4B to 9.8.4F.

#### **9.8.4B Transmission service revenues**

(a) Despite anything to the contrary in Chapter 6A or in this Chapter 9, the applicable *transmission* revenue regulatory regime for the regulation of *transmission service* revenues in respect of the *Victorian Transmission Network* or a part of the *Victorian Transmission Network* is:

- (1) in relation to any *transmission services* provided by a *Regulated owner*, the *transmission* revenue regulatory regime set out in Chapter 6A and, for that purpose, every reference in Chapter 6A to a

*Transmission Network Service Provider* is to be read as a reference to a *Regulated owner*; and

- (2) in relation to any *transmission services* provided by *VENCorp*, the *transmission* revenue regulatory regime set out in Chapter 6A as modified by clauses 9.8.4B to 9.8.4E, and for that purpose every reference in Chapter 6A to:
  - (i) a *Transmission Network Service Provider* is to be read as a reference to *VENCorp*;
  - (ii) the *maximum allowed revenue* for a *Transmission Network Service Provider* for a *regulatory year* of a *regulatory control period* is to be read as a reference to the *maximum allowable aggregate revenue*;
  - (iii) a *regulatory control period* is to be read as a reference to a *relevant regulatory period*; and
  - (iv) *prescribed transmission services* is to be read as a reference to services in respect of which *VENCorp* may determine *shared transmission network use charges*.
- (b) In clause 9.8.4B(a)(1), *transmission services* includes *shared network services*.

#### **9.8.4C Transmission revenue regulatory regime for transmission services provided by VENCorp**

- (a) The *transmission* revenue regulatory regime that applies to *VENCorp* must comply with the following principles:
  - (1) the amount of *VENCorp's maximum allowable aggregate revenue* for a *relevant regulatory period* must not exceed *VENCorp's statutory electricity transmission-related costs*; and
  - (2) *VENCorp's maximum allowable aggregate revenue* must be determined on a full cost recovery but no operating surplus basis.
- (a1) For the avoidance of doubt, *transmission services* offered by *VenCorp* are not taken to be offered on a contestable basis by reason only of *VENCorp* having procured those services through a competitive tender or similar process.
- (a2) The procedure set out paragraphs (b)-(g4) applies in relation to *transmission services* provided by *VenCorp* and Part E of Chapter 6A is modified in so far as it applies to the regulation of revenues.

- (b) Not less than 7 months before the commencement of a *relevant regulatory period*, *VENCorp* must, for the purpose of enabling the *AER* to determine *VENCorp's maximum allowable aggregate revenue* for a *relevant regulatory period*, submit its revenue application for that *relevant regulatory period* to the *AER* that sets out:
- (1) its proposed *maximum allowable aggregate revenue* for each *financial year* in that *relevant regulatory period*;
  - (2) its forecast *statutory electricity transmission-related costs* for each *financial year* in that *relevant regulatory period*; and
  - (3) **[Deleted]**
  - (4) a statement reconciling its most recent forecast of:
    - (i) the revenue that will be recovered by way of *shared transmission network use charges*; and
    - (ii) the *statutory electricity transmission-related costs*,  
  
for the *relevant regulatory period* immediately preceding the *relevant regulatory period* to which the application relates.
- (c) The application must be:
- (1) consistent with the principles set out in clause 9.8.4C(a); and
  - (2) in a form that meets the *Information requirements guidelines* but only to the extent to which those guidelines are relevant and applicable to *VENCorp*.
- (d) Subject to clause 9.8.4C(e), (f), (g), (g3) and (g4), the *AER* must determine *VENCorp's maximum allowable aggregate revenue* for a *relevant regulatory period*.
- (e) A determination under clause 9.8.4C(d):
- (1) must apply the principles set out in clause 9.8.4C(a);
  - (2) must comply with the requirements set out in clause 6A.14.2, modified as necessary to apply to the revenue regulatory regime under this clause 9.8.4C;
  - (3) must take into account:
    - (i) *VENCorp's* functions under the *EI Act*, the application of the *Rules* to *VENCorp* and the conditions imposed on *VENCorp* under its *transmission licence*; and

- (ii) **[Deleted]**
- (iii) the difference (if any) between the forecasts referred to in clause 9.8.4C(b)(4); and
- (4) must set out the *maximum allowable aggregate revenue* for each *financial year* in that *relevant regulatory period*.
- (f) If, after considering the application, the AER finds that there is a difference of the kind referred to in clause 9.8.4C(e)(3)(iii), the AER must apply that difference in any determination it makes under clause 9.8.4C(d).
- (g) If the AER does not make a determination under clause 9.8.4C(d) before the commencement of the *relevant regulatory period* in respect of which the application was made, the AER is to be taken to have made a determination as to *VENCorp's maximum allowable aggregate revenue* in respect of each *financial year* in that *relevant regulatory period* on the same terms as the application.
- (g1) If, at any time during a *relevant regulatory period*, a *Regulated owner* proposes to send a notice to the AER which could have the effect (directly or indirectly) of varying a charge, or introducing a new charge, payable by *VENCorp* to the *Regulated owner* during that *relevant regulatory period* for *shared network services*, the *Regulated owner* must first provide a copy of that notice to *VENCorp*.
- (g2) If *VENCorp's statutory electricity transmission-related costs* for a *financial year* have exceeded, or *VENCorp* anticipates (as a result of receiving a notice from a *Regulated owner* under clause 9.8.4C(g1) or otherwise) that they will exceed, the amount of the *statutory electricity transmission-related costs* for that *financial year* assumed by the AER in making the determination of *VENCorp's maximum allowable aggregate revenue*, *VENCorp* may apply to the AER for an adjustment to the *maximum allowable aggregate revenue* for each affected *financial year* in the *relevant regulatory period* of an amount, set out in the application, equal to the amount required to ensure that the *maximum allowable aggregate revenue* complies with the principles in clause 9.8.4C(a).
- (g3) Following an application by *VENCorp* under clause 9.8.4C(g2), the AER must determine the amount, if any, by which *VENCorp's maximum allowable aggregate revenue* for each affected *financial year* in the *relevant regulatory period* is to be adjusted so that it complies with the principles in clause 9.8.4C(a).
- (g4) If the AER does not make a determination under clause 9.8.4C(g3) within 30 *business days* after the application by *VENCorp* under clause 9.8.4C(g2), the AER is to be taken to have made a determination that *VENCorp's maximum allowable aggregate revenue* for each affected *financial year* in

the *relevant regulatory period* is to be adjusted by the amount set out in *VENCorp's* application.

(h) **[Deleted]**

#### **9.8.4D Information disclosure by VENC Corp**

*VENCorp* must comply with Part F of Chapter 6A, but only to the extent to which it is relevant and applicable to *VENCorp*.

**9.8.4E [Deleted]**

#### **9.8.4F Pricing for connection to and use of Victorian transmission network**

(a) The operation of Part J of Chapter 6A, as it operates in respect the *Victorian Transmission Network* or a part of the *Victorian Transmission Network*, is modified by this clause 9.8.4F so that the allocation of the *aggregate annual revenue requirement* and its equivalent determined under clause 9.8.4C, and the allocation of transmission costs and the conversion of those allocated *transmission costs* to *prescribed transmission service* prices and charges as provided for under Part J of Chapter 6A, reflects the arrangements in place in relation to the *Victorian Transmission Network* or a part of the *Victorian Transmission Network* under the *EI Act*, the *ESC Act* and the *Tariff Order*.

(b) **[Deleted]**

(c) Part J of Chapter 6A applies in respect of the *Victorian Transmission Network* or a part of the *Victorian Transmission Network* in the following manner:

(1) references to *prescribed transmission services* are to be read (as applicable) as including *shared network services*;

(2) subject to clauses 9.8.4F(d), (f) and (h) (as the case requires), applies to:

(i) where a provision relates to the provision of *prescribed TUOS services* or *prescribed transmission common services*, a *Regulated owner* and *VENCorp* and, for that purpose, references in Part J to:

(A) a *Transmission Network Service Provider* are to be read as a reference to the *Regulated owner* or *VENCorp* (as the case requires); and

(B) *prescribed TUOS services* or *prescribed common transmission services* are to be read as, in the case of a

*Regulated owner*, a reference to *shared network services*;  
and

(C) the *aggregate annual revenue requirement* are to be read as, in the case of *VENCorp*, a reference to the *maximum allowable aggregate revenue* for the relevant *financial year*;

(ii) where a provision of Part J of Chapter 6A relates to the provision of *prescribed entry services* or *prescribed exit services*, a *Regulated owner* and, for that purpose, every reference in that provision to a *Transmission Network Service Provider* is to be read as a reference to the *Regulated owner*;

(3) rules 6A.27-6A.28 apply to:

(i) where a provision of any of these rules relates to the provision of *prescribed entry services* or *prescribed exit services*, a *Regulated owner* and, for that purpose, every reference in that provision to a *Transmission Network Service Provider* is to be read as a reference to the *Regulated owner*;

(ii) where a provision of any of these clauses relates to the provision of *prescribed TUOS services* or *prescribed common transmission services*, *VENCorp* and, for that purpose, every reference in that provision to a *Transmission Network Service Provider* is to be read as a reference to *VENCorp*.

(d) A *Regulated owner* must, on allocating its *aggregate annual revenue requirement* amongst all of its assets utilised in the provision of *shared network services*, immediately notify *VENCorp* of the actual amount of the *aggregate annual revenue requirement* allocated in respect of each of its assets utilised in the provision of those services.

(e) In addition to the modifications set out in clause 9.8.4F(c)(3), clause 6A.23.4 applies to a *Regulated owner* as if:

(1) there were substituted: “(3) *shared network services* cost” for the words in clause 6A.23.4(b)(3)-(5); and

(2) there were inserted in clause 6A.23.4, the following words:

“The portion of the *aggregate annual revenue requirement* referable to *shared network services* is recoverable by a *Regulated owner* from *VENCorp*.”

(f) *VENCorp* is to be taken to be:

- (1) the *Co-ordinating Network Service Provider* appointed under rule 6A.29 responsible for the allocation of all relevant *aggregate annual revenue requirements* relating to the provision of *transmission services* which are *transmission use of system services* or *common services* within the *Victorian region* in accordance with the relevant clauses of Part J of Chapter 6A; and
  - (2) the *Transmission Network Service Provider* referred to in clause 6A.29.2 which must liaise with *Network Service Providers* in other *interconnected regions* which are similarly responsible for the allocation of all relevant *aggregate annual revenue requirements* relating to the provision of *transmission services* which are *transmission use of system services* or *common services*.
- (g) **[Deleted]**
- (h) *VENCorp* must, in allocating the portion of its *shared transmission network use charges* that is to be recovered from each *Distributor* to which it provides *prescribed TUOS services* and *prescribed transmission common services* in each *financial year* of a *relevant regulatory period*, adjust that portion in accordance with clause 9.8.4(a)(3).

#### **9.8.4G Transitional provisions**

Despite anything to the contrary in clauses 9.8.4A to 9.8.4D, any determination of the *ACCC* setting *VENCorp's revenue cap* that is in force immediately before 1 January 2003 is deemed to be a determination of the *AER* under clause 9.8.4C(d), and for that purpose, clauses 9.8.4A to 9.8.4D and the provisions of Part B of Chapter 6 as modified by clauses 9.8.4A to 9.8.4D, apply accordingly.

#### **9.8.5 Distribution Network Pricing – Victorian Jurisdictional Regulator**

- (a) The *ESC* remains as the *Jurisdictional Regulator* for Victoria until a transfer of regulatory responsibility is made to the *AER* under a law of Victoria.
- (b) This clause expires on 1 January 2011.

#### **9.8.6 [Deleted]**

#### **9.8.7 Distribution network pricing – transitional application of former Chapter 6**

- (a) Subject to this clause, the former Chapter 6 continues to apply in relation to Victorian distribution networks during the transitional period.
- (b) The appropriate regulator has the powers and functions of the *Jurisdictional Regulator* under the former Chapter 6 as if appointed for Victoria as the

*Jurisdictional Regulator* for the purposes of clause 6.2.1(b) of the former Chapter 6.

- (c) The following apply only to the extent they are consistent with clause 2.1 of the *Tariff Order*:
- (1) national guidelines for *distribution service* pricing (so far as applicable to Victorian distribution networks) formulated under clause 6.2.1(c) of the former Chapter 6;
  - (2) guidelines and rules formulated for Victoria under clause 6.2.1(f) of the former Chapter 6,
- (d) The arrangements outlined in Parts D and E of the former Chapter 6 must also be applied by the appropriate regulator subject to clause 2.1 of the *Tariff Order*.
- (e) The value of sunk assets determined under clause 6.2.3(e)(5)(ii) of the former Chapter 6 must be consistent with clause 2.1 of the *Tariff Order*.
- (f) In regulating *distribution service* pricing for a Victorian distribution network:
- (1) the appropriate regulator must specify explicit price capping as the form of economic regulation to be applied in accordance with clause 6.2.5(b) of the former Chapter 6; and
  - (2) the appropriate regulator must comply with clause 2.1 of the *Tariff Order*.
- (g) Neither this clause, nor the provisions of former Chapter 6 as continued in force by this clause, are relevant to a distribution determination that is to have effect after the end of the transitional period.
- (h) In this clause:

*appropriate regulator* means:

- (1) if there has been no transfer of regulatory responsibility to the *AER* under a law of Victoria – the *ESC*;
- (2) if a transfer of regulatory responsibility has been made to the *AER* under a law of Victoria – the *AER*.

*transitional period* means the period commencing on the commencement of this clause and ending on its expiry.

*Victorian distribution network* means a *distribution network* situated wholly or partly in Victoria.

- (i) This clause expires on the date fixed under the *National Electricity (Victoria) Act 2005* as the Victorian distribution pricing determination end date.

*Note:*

*The date is 31 December 2010 or a later date fixed in a Victorian distribution pricing determination as the date on which the determination will cease to have effect.*

### **9.8.8 Exclusion of AER's power to aggregate distribution systems and parts of distribution systems**

The following provisions of Chapter 6 apply to *distribution systems* situated in Victoria as if, in each case, the words “unless the AER otherwise determines” were omitted:

- (a) clause 6.2.4(c);
- (b) clause 6.2.4(d);
- (c) clause 6.8.2(e);
- (d) clause 6.8.2(f).

*Note:*

*The effect of these modifications is to exclude the AER's power to consolidate, under the ambit of a single distribution determination, 2 or more distribution systems, or 2 or more parts of a single distribution system that had, before the commencement of Chapter 6, been separately regulated.*

## **9.9 Transitional Arrangements for Chapter 7 - Metering**

### **9.9.1 Metering Installations To Which This Schedule Applies**

The transitional arrangements set out in this clause 9.9 apply in relation to a *metering installation* (including a *check metering installation*) in use at *market commencement* that was required to comply with, and did comply with, the *Wholesale Metering Code* at *market commencement*.

**9.9.2** [Deleted]

**9.9.3** [Deleted]

**9.9.4** [Deleted]

**9.9.5** [Deleted]

**9.9.6** [Deleted]

**9.9.7** [Deleted]

**9.9.8** [Deleted]

**9.9.9 Periodic Energy Metering (clause 7.9.3)**

- (a) Subject to clause 9.9.9(b), for the purposes of clause 7.9.3, *NEMMCO*, the *Local Network Service Provider* and the *Market Participant* are taken to have agreed that the data referred to in clause 7.9.3 which is obtained from a *metering installation* to which this clause 9.9 applies may be collated in 15 minute intervals.
- (b) This clause 9.9.9 ceases to apply in respect of a *metering installation* if *NEMMCO*, the relevant *Local Network Service Provider* or the relevant *Market Participant* gives notice requiring an agreement to be reached under clause 7.9.3.

**9.9.10 Use of Alternate Technologies (clause 7.13)**

- (a) Subject to this clause 9.9.10, if at *market commencement* the *Wholesale Metering Code* provides for the use of alternate technologies or processes for the purpose of calculating the consumption of energy by a non-franchise customer (as defined in the *EI (RP) Act* and in force immediately before the commencement of section 39(a) of the *Electricity Industry Act 1995 (Vic)*), then the use of these technologies or processes is taken to have been agreed for the purposes of clause 7.13(a) but only to the extent to which the alternate technology or process was in use at *market commencement* in relation to that non-franchise customer.
- (b) *NEMMCO*, the relevant *Local Network Service Provider* or the relevant *Market Participant* may give notice requiring agreement to be reached under clause 7.13(a) in respect of a technology or process referred to in clause 9.9.10(a) and clause 9.9.10(a) ceases to apply to that technology or process from the date specified in the notice.

**9.9A** [Deleted]

**Schedule 9A1.1 – [Deleted]**

**Schedule 9A1.2 – [Deleted]**

**Schedule 9A1.3 – [Deleted]**

**Schedule 9A2 – [Deleted]**

## Schedule 9A3 – Jurisdictional Derogations Granted to Generators

### 1. Interpretation of tables

In this schedule 9A3:

- (a) a reference to a *Generator* listed in a table is a reference to a *Generator* listed in column 1 of the relevant table;
- (b) a reference to a *generating unit* listed in a table in relation to a *Generator* is a reference to each *generating unit* listed opposite the *Generator* in the relevant table;
- (c) a reference to a *Network Service Provider* in relation to a *generating unit* or a *Generator* listed in a table is to be taken to be:
  - (1) in the case of a *generating unit connected to a transmission network*, a reference to *VENCorp*; and
  - (2) in the case of a *generating unit connected to a distribution network*, a reference to the person that is the *Network Service Provider* in relation to that *distribution network*; and
- (d) a reference to a modification or variation of the *Rules* or an item taken to have been agreed for the purposes of the *Rules* listed in a table applies in respect of each *generating unit* listed opposite that modification, variation or agreed item in the table.

### 2. Continuing effect

In this schedule 9A3, a reference to:

- (a) a particular *Generator* in relation to a *generating unit*; or
- (b) a particular *Network Service Provider* in relation to a *Generator*,

at any time after the 13 December 1998 is to be taken as a reference to the person or persons who is or are (or who is or are deemed to be) from time to time registered with *NEMMCO* as the *Generator* in respect of that *generating unit* for the purposes of the *Rules* or the *Network Service Provider* from time to time in respect of the *transmission network* or *distribution network* to which the *generating unit* is connected.

### 3. Subsequent agreement

Where, under a provision of this schedule 9A3, a particular matter is taken to have been agreed for the purposes of schedule 5.2 of the *Rules* in relation to a *generating unit*, then that provision ceases to apply in respect of that *generating*

*unit* if all the parties required to reach agreement in relation to that matter under the *Rules* so agree expressly in writing.

**4. Additional services that may be required (clause S5.2.2 of schedule 5.2)**

4.1 A *Generator* listed in Table 1 is taken to have been required by the relevant *Network Service Provider* to provide *power system stabilising facilities* for the *generating units* listed in Table 1.

4.2 Clause 4.1 ceases to apply in respect of a *generating unit* if the relevant *Generator*, *NEMMCO* and the relevant *Network Service Provider* so agree expressly in writing.

**Table 1:**

<b>Generator</b>	<b>Generating Units</b>
Generation Victoria	Jeeralang Power Station A, Units 1 to 4
Generation Victoria	Jeeralang Power Station B, Units 1 to 3

**5. Reactive Power Capability (clause S5.2.5.1 of schedule 5.2)**

Clause S5.2.5.1 of schedule 5.2 of the *Rules* is replaced for a *Generator* listed in Table 2 in respect of those *generating units* listed in column 2 of Table 2 by the following:

For the purpose of this clause S5.2.5.1:

'*rated active power output*' means the 'Rated MW (Generated)' (as defined in the *Generating System Design Data Sheet*) for the relevant *synchronous generating unit*; and

'*nominal terminal voltage*' means the 'Nominal Terminal Voltage' (as defined in the *Generating System Design Data Sheet*) for the relevant *synchronous generating unit*.

- (a) Each of the *synchronous generating units*, while operating at any level of *active power* output, must be capable of:
  - (1) supplying at its terminals an amount of *reactive power* of at least the amount that would be supplied if the *generating unit* operated at *rated active power output*, *nominal terminal voltage* and a lagging power factor of 0.9; and
  - (2) absorbing at its terminals an amount of *reactive power* of at least the amount that would be absorbed if the *generating unit* operated at *rated*

*active power output, nominal terminal voltage* and a leading power factor set out in respect of that *generating unit* in column 3 of Table 2.

- (b) In the event that any of the relevant power factors referred to in paragraph (a) above cannot be provided in respect of a *generating unit*, the relevant *Generator* must reach a commercial arrangement under its *connection agreement* with the relevant *Network Service Provider*, or with another *Registered Participant*, for the supply of the deficit in *reactive power* as measured at that *generating unit's* terminals.

**Table 2:**

<b>Generator</b>	<b>Generating Units</b>	<b>Leading Power Factor</b>
Loy Yang Power Ltd	Loy Yang Power Station A Units 1, 3 and 4	0.944
Loy Yang Power Ltd	Loy Yang Power Station A Unit 2	0.952
Yallourn Power Ltd	Yallourn Power Station W Units 1 and 2	0.954
Yallourn Power Ltd	Yallourn Power Station W Units 3 and 4	0.941
Hazelwood Power Corporation Ltd	Hazelwood Power Station Units 1 to 8	0.989
Smelter Trader	Anglesea Power Station Unit 1	0.991
Energy Brix Australia Corporation Pty Ltd	Morwell Power Station Unit 1	(-)
Energy Brix Australia Corporation Pty Ltd	Morwell Power Station Units 2, 3 and 4	(-)
Energy Brix Australia Corporation Pty Ltd	Morwell Power Station Unit 5	0.979
Generation Victoria	Jeeralang A Power Station Units 1 to 4	0.978
Southern Hydro Ltd	Dartmouth Power Station Unit 1	0.972
Edison Mission Energy	Loy Yang B Power Station	0.941

Australia Limited	Units 1 and 2	
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**6. Generating unit response to disturbances (clauses S5.2.5.3, S5.2.5.4 and S5.2.5.5 of schedule 5.2)**

- 6.1 A *Generator* listed in Table 3.1 is, in respect of a *generating unit* listed in column 2 of Table 3.1, taken to comply with the requirements of clause S5.2.5.3, S5.2.5.4 and S5.2.5.5 of schedule 5.2 of the *Rules* if the *generating unit* complies with clause 6.3 below.
- 6.2 A *Generator* listed in Table 3.2 is, in respect of a *generating unit* listed in column 2 of Table 3.2, taken to comply with the requirements of clause S5.2.5.3, S5.2.5.4 and S5.2.5.5 of schedule 5.2 of the *Rules* if the *generating unit* complies with clause 6.4 below.
- 6.3 The *generating unit* must be able to maintain continuous uninterrupted operation in the event of:
- (a) *disconnection* of the single largest *generating unit* on the *power system* provided that system *frequency* does not fall below 49.5 Hz and recovers to above 49.9 Hz within four minutes; and
  - (b) a two-phase to ground line fault adjacent to the power station switch yard cleared in primary protection time.
- 6.4 The *generating unit* must be able to maintain continuous uninterrupted operation in the event of *disconnection* of the single largest *generating unit* on the *power system* provided that system *frequency* does not fall below 49.5 Hz and recovers to above 49.9 Hz within four minutes.

**Table 3.1:**

Generator	Generating Units
Loy Yang Power Ltd	Loy Yang A Power Station Units 1 to 4
Generation Victoria	Newport D Power Station Unit 1

**Table 3.2:**

Generator	Generating Units
Yallourn Energy Ltd	Yallourn W Power Station Units 1 to 4
Hazelwood Power Corporation Ltd	Hazelwood Power Station Units 1 to 8
Energy Brix Australia Corporation Pty Ltd	Morwell Power Station Units 1 to 5

Generation Victoria	Jeeralang A Power Station Units 1 to 4
Generation Victoria	Jeeralang B Power Station Units 1 to 3
Southern Hydro Ltd	Dartmouth Power Station Unit 1 Eildon Power Station Units 1 and 2 Clover Power Station Units 1 and 2 McKay Creek Power Station Units 1 to 6 West Kiewa Power Station Units 1 to 4
Edison Mission Energy Australia Limited	Loy Yang B Power Station Units 1 and 2

## 7. Partial load rejection (clause S5.2.5.7 of schedule 5.2)

7.1 For a *Generator* listed in Table 4.1, in respect of those *generating units* listed in column 2 of Table 4.1, clause S5.2.5.7(c) of schedule 5.2 of the *Rules* is modified by the addition of the following after “*nameplate rating*”:

“and system *frequency* remains within 47 Hz to 52 Hz provided that system *frequency* returns to:

- (i) within the range 48.5 Hz to 50.5 Hz within 60 seconds; and
- (ii) within the range 49.5 Hz to 50.5 Hz within 60 minutes,”

**Table 4.1:**

Power Station	Generating Units
Loy Yang Power Ltd	Loy Yang A Power Station Units 1 to 4
Generation Victoria	Newport D Power Station Unit 1
Yallourn Energy Ltd	Yallourn W Power Station Units 1 to 4
Hazelwood Power Corporation Ltd	Hazelwood Power Station Units 1 to 8
Energy Brix Australia Corporation Pty Ltd	Morwell Power Station Units 1 to 5
Generation Victoria	Jeeralang A Power Station Units 1 to 4 Jeeralang B Power Station Units 1 to 3

Edison Mission Energy Australia Limited	Loy Yang B Power Station Units 1 and 2
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7.2 For a *Generator* listed in Table 4.2, the application of clause S5.2.5.4(a) of schedule 5.2 of the *Rules* to those *generating units* listed in column 2 of Table 4.2 is varied by replacing “30%” with “25%”.

**Table 4.2**

<b>Generator</b>	<b>Generating Units</b>
Loy Yang Power Ltd	Loy Yang A Power Station Units 1 to 4
Yallourn Energy Ltd	Yallourn W Power Station Units 1 to 4
Hazelwood Power Corporation	Hazelwood Power Station Units 1 to 8
Energy Brix Australia Corporation	Morwell Power Station Units 1 to 5
Edison Mission Energy Australia Limited	Loy Yang B Power Station Units 1 and 2

7.3 For a *Generator* listed in Table 4.3, in respect of a *generating units* listed in column 2 of Table 4.3, clause S5.2.5.4(a) of schedule 5.2 of the *Rules* is modified by the addition of the following after “*nameplate rating*”: “and allowing that the *generating unit's* output may be manually adjusted to avoid rough running bands following automatic control action”.

**Table 4.3:**

<b>Generator</b>	<b>Generating Units</b>
Southern Hydro Ltd	Dartmouth Power Station Unit 1 Eildon Power Station Units 1 and 2 Clover Power Station Units 1 and 2 West Kiewa Power Station Units 1 to 4

**8. [Deleted]**

**9. [Deleted]**

**10. Protection systems that impact on system security (clause S5.2.5.9 of schedule 5.2)**

For the purposes of clause S5.2.5.9 of schedule 5.2 of the *Rules*, in the case of a *Generator* listed in Table 7, in respect of those *generating units* listed in column 2 of Table 7:

- (a) the relevant *Network Service Provider* is taken to have agreed that the *Generator* is to provide protections for those *generating units* to perform the following functions except where indicated otherwise in column 3 of Table 7:
  - (1) protection for faults on the line and connections to the unit transformer of the *generating unit* and *transmission network* or *distribution network* (as the case may be);
  - (2) protection for faults within the generator transformer of the *generating unit*;
  - (3) protection for faults within the *generating unit*;
  - (4) protection for excitation system faults;
  - (5) protection for faults in the phase isolated bus or its terminations between the *generating unit* and the generator transformer of the *generating unit*; and
  - (6) protection for faults within the generator transformer of the *generating unit*;
- (b) where indicated in column 3 of Table 7, the protection system is not required to be duplicated; and
- (c) the *Generator* must ensure that only settings approved by the relevant *Network Service Provider* in writing are applied on the *protection systems* of the *generating unit* and must not change any of those settings without the prior written approval of the relevant *Network Service Provider*.

**Table 7:**

<b>Power Station</b>	<b>Generating Units</b>	<b>Derogations</b>
Hazelwood Power Corporation Ltd	Hazelwood Power Station Units 1 to 8	Not required to duplicate protections for excitation system faults.
Generation	Jeeralang A Power	Not required to duplicate protections

Victoria	Station Units 1 to 4	for faults in the unit transformers of the <i>generating unit</i> .
Generation Victoria	Jeeralang B Power Station Units 1 to 3	Not required to duplicate protection for excitation system faults or for faults in the unit transformers of the <i>generating unit</i> .
Energy Brix Australia Corporation Pty Ltd	Morwell Power Station Units 1 to 5	Not required to duplicate any protections. Not required to provide protection for faults within transformers (and connections thereto) which do not form part of the power station.

Power Station	Generating Units	Derogations
Southern Hydro Ltd	Eildon Power Station Units 1 and 2	Not required to duplicate protections for faults within the unit transformers of the <i>generating unit</i> .
Southern Hydro Ltd	Clover Power Station Units 1 and 2	Not required to duplicate any of the protections.

**11. Asynchronous operation (clause S5.2.5.10 of schedule 5.2)**

A *Generator* listed in Table 8 is not required to have protection to prevent pole slipping or asynchronous operation in respect of those *generating units* listed in column 2 of Table 8.

**Table 8:**

Generator	Generation units
Southern Hydro Ltd	Clover Power Station Units 1 and 2

**12. [Deleted]**

**13. Governor Systems (load control) (clause S5.2.5.11 of schedule 5.2)**

For the purposes of clause S5.2.5.11 of schedule 5.2 of the *Rules*, a *Generator* listed in Table 10 is not required to include *facilities* for *load* control for those *generating units* listed in column 2 of Table 10.

**Table 10:**

Generator	Generating Unit
Hazelwood Power Corporation Ltd	Hazelwood Power Station Units 1 to 8
Smelter Trader	Anglesea Power Station Unit 1

**14. Governor control equipment (clause S5.2.5.11 of schedule 5.2)**

14.1 For the purposes of clause S5.2.5.11 of schedule 5.2 of the *Rules*, a *Generator* listed in Tables 11.1 to 11.4 is taken to have agreed the overall response requirements set out in clause 14.2 below with the relevant *Network Service Provider* in respect of those *generating units* listed in column 2 of Tables 11.1 to 11.4.

14.2 For a *Generator* listed in Tables 11.2 to 11.4, the overall response of a *generating unit* listed in the relevant Table to system *frequency* excursions must achieve an increase in the *generating unit's* generated output of 5% for a 0.1 Hz reduction in system *frequency* and a reduction in the *generating unit's* generated output of 5% for a 0.1 Hz increase in system *frequency*, subject to the following:

- (a) for those *generating units* listed in Table 11.1, this clause only applies when operating in speed control mode;
- (b) for those *generating units* listed in Table 11.2, the *generating unit* is only required to achieve a change in the *generating unit's* generated output in accordance with the requirements of British Standard BS EN 60045-1: 1993 with a droop setting of 4%;
- (c) for those *generating units* listed in Table 11.3, the *generating unit* is only required to achieve a change in the *generating unit's* generated output in accordance with the requirements of the relevant British Standard for governors for hydro-electric generating units with an overall droop setting of 4% and a deadband of not more than 0.1 Hz; and
- (d) for those *generating units* listed in Table 11.4, the requirements of this clause are subject to requirements for steam pressure control for briquette plant operation.

**Table 11.1:**

<b>Generator</b>	<b>Generating Unit</b>
Generation Victoria	Jeeralang A Power Station Units 1 to 4
Generation Victoria	Jeeralang B Power Station Units 1 to 3

**Table 11.2:**

<b>Generator</b>	<b>Generating Unit</b>
Yallourn Energy Ltd	Yallourn W Power Station Units 1 to 4
Hazelwood Power Corporation Ltd	Hazelwood Power Station Units 1 to 8
Energy Brix Australia Corporation Pty Ltd	Morwell Power Station Units 1 to 4

**Table 11.3:**

<b>Generator</b>	<b>Generating Unit</b>
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Southern Hydro Ltd	Eildon Power Station Units 1 and 2 McKay Power Station Units 1 to 6 West Kiewa Power Stations Units 1 to 4
Southern Hydro Ltd	Clover Power Station Units 1 and 2

**Table 11.4:**

Generator	Generating Unit
Energy Brix Australia Corporation Pty Ltd	Morwell Power Station Units 2 to 4

**15. Reactive current compensation (clause S5.2.5.13 schedule 5.2)**

For the purposes of clause S5.2.5.13(b)(3)(x) of schedule 5.2 of the *Rules*, a *Generator* listed in Table 12 is taken to have agreed with the relevant *Network Service Provider* that in respect of those *generating units* listed in column 2 of Table 12, the *excitation control system* of the *generating unit* need not be capable of providing reactive current compensation settable for boost or droop.

**Table 12:**

Generator	Generating Units
Yallourn Power Ltd	Yallourn Power Station W Units 1 to 4

**16. Excitation Control System (clause S5.2.5.13 of schedule 5.2)**

For the purposes of clause S5.2.5.13(b) of schedule 5.2 of the *Rules*, a *Generator* listed in Table 13 is not required to provide *power system* stabilising action in relation to those *generating units* listed in column 2 of Table 13.

**Table 13:**

Power Station	Generating Units
Energy Brix Australia Corporation Pty Ltd	Morwell Power Station Units 1 to 5
Hazelwood Power Corporation Ltd	Hazelwood Power Station Units 1 to 8
Smelter Trader	Anglesea Power Station Unit 1

## Part B – Jurisdictional Derogations for New South Wales

### 9.10 [Deleted]

### 9.11 Definitions

#### 9.11.1 Definitions used in this Part B

For the purposes of this Part B:

- (a) a word or expression defined in the glossary in Chapter 10 has the meaning given to it in the glossary unless it is referred to in column 1 of the following table; and
- (b) a word or expression referred to in column 1 of the following table has the meaning given to it in column 2 of the table:

Column 1	Column 2
<b>EnergyAustralia</b>	The energy distributor known as "EnergyAustralia" and established under the Energy Services Corporations Act 1995 (NSW).
<b>ES Act</b>	Electricity Supply Act 1995 (NSW).
<b>IPART</b>	The New South Wales Independent Pricing and Regulatory Tribunal established under the <i>IPART Act</i> .
<b>IPART Act</b>	Independent Pricing and Regulatory Tribunal Act 1992 (NSW).
<b>Minister</b>	The Minister administering the <i>ES Act</i> from time to time.
<b>Mount Piper Cross Border Leases</b>	The various agreements, documents and deeds relating to the leasing, ownership and operation of the <i>generating systems</i> comprising the <i>Mount Piper Power Station</i> entered into at the request of, or for the benefit of, one or more of Delta Electricity, New South Wales Treasury Corporation and the State of New South Wales and whether or not any of Delta Electricity, New South Wales Treasury Corporation or the State of New South Wales is a party to those agreements, documents and deeds.

Column 1	Column 2
<b>Mount Piper Participants</b>	The parties to the <i>Mount Piper Cross Border Leases</i> from time to time.
<b>Mount Piper Power Station</b>	The <i>power station</i> known as the “Mount Piper Power Station” located at Portland, New South Wales.
<b>Mount Piper Trader</b>	Delta Electricity or such other of the <i>Mount Piper Participants</i> from time to time which is operating the <i>Mount Piper Power Station</i> .
<b>NSW Electricity Market Code</b>	The code entitled NSW State Electricity Market Code, as in force immediately before 13 December 1998.
<b>Power Supply Agreements</b>	<p>Each of the following agreements in their form as at 1 July 1996:</p> <ul style="list-style-type: none"> <li>(a) Power Supply Agreement dated 23 January 1991 between Macquarie Generation, Tomago Aluminium Company Pty Ltd and others;</li> <li>(b) the contract known as the <b>BHP Port Kembla Slab and Plate Products Contract</b> between Delta Electricity (formerly known as First State Power) and BHP Steel (AIS) Pty Ltd ACN 000 019 625 (formerly known as Australian Iron &amp; Steel Ltd), being the contract that arises from the two agreements dated 24 May 1955, the agreement dated 27 November 1958 and the agreement dated 1 December 1969 (as amended and supplemented before 1 July 1996);</li> <li>(c) the contract known as the <b>BHP Newcastle Rod and Bar Products Contract</b> between Delta Electricity (formerly known as First State Power) and The Broken Hill Proprietary Company Ltd ACN 004 028 077, being the contract that arises from the agreement dated 13 August 1959 (as amended and supplemented before 1 July 1996).</li> </ul>

Column 1	Column 2
<b>Power Trader</b>	Each of Delta Electricity (formerly known as First State Power), Macquarie Generation and such other person as may be nominated by the <i>Minister</i> to perform any obligation under a <i>Power Supply Agreement</i> .
<b>TransGrid</b>	The energy transmission operator known as "TransGrid" and established under the Energy Services Corporations Act 1995 (NSW).

## 9.12 Transitional Arrangements for Chapter 2 - Generators, Registered Participants, Registration and Cross Border Networks

### 9.12.1 Registration as a Generator

- (a) For the purposes of the *Rules*:
- (1) **[Deleted]**
  - (2) **[Deleted]**
  - (3) *Mount Piper Trader* is deemed to be the person that must register as a *Generator* in relation to the *generating systems* forming part of the *Mount Piper Power Station*; and
  - (4) the *Mount Piper Participants* (other than the *Mount Piper Trader*) are not to, and are not to be taken to be entitled to, and are taken to have been exempted from the requirement to, register as a *Generator* in relation to the *generating systems* forming part of the *Mount Piper Power Station*.
- (b) **[Deleted]**
- (c) Clause 9.12.1(a)(3) and (4) ceases to have effect upon the expiry or earlier termination of the last of the *Mount Piper Cross Border Leases*.

### 9.12.2 Customers

For the purposes of clause 2.3.1(e), and for the purposes of clause 2.4.2(b) in so far as it relates to *Customers*, a person satisfies the requirements of New South Wales for classification of a *connection point* of that person if that person is the holder of a retail supplier's licence issued under the *ES Act* or is a wholesale customer (as defined in the *ES Act*).

### 9.12.3 Power Traders

- (a) Each *Power Trader* for the purpose of supplying electricity under a *Power Supply Agreement* (the “*Power Supply Agreement*”) is deemed to be and at all relevant times to have been (and must register with *NEMMCO* as) a *Market Customer* in relation to electricity supplied under the *Power Supply Agreement*, which electricity is deemed to be and at all relevant times to have been a *market load*.
- (b) If complying with a requirement of the *Rules* (“the *Rules Requirement*”) would result in a *Power Trader* being in breach of a provision of a *Power Supply Agreement* to which it is a party (“the *Contractual Requirement*”), the *Power Trader* is not required to comply with the *Rules Requirement* to the extent of the inconsistency between the *Rules Requirement* and the *Contractual Requirement*.
- (c) If a *Power Trader* does not comply with a *Rules Requirement* in the circumstances described in clause 9.12.3(b), then the *Power Trader* must:
  - (1) give written notice to the *AER* of:
    - (i) the *Rules Requirement* which has not been complied with;
    - (ii) details of each act or omission which partly or wholly constitutes non-compliance with that *Rules Requirement*; and
    - (iii) details of each *Contractual Requirement* which is said by the *Power Trader* to be inconsistent with the *Rules Requirement*,by no later than *7 days* after the non-compliance with the *Rules Requirement* occurs or commences; and
  - (2) provide the *AER* with any documents or information in the possession or control of the *Power Trader* which evidence the matters referred to in clause 9.12.3(c)(1), within *14 days* (or any further period agreed to by the *AER*) of receiving a written request from the *AER*.
- (d) If:
  - (1) a *Power Trader* requires the co-operation of any other party to a *Power Supply Agreement* (a “*counterparty*”) to comply with a requirement of the *Rules* (the “*Rules Requirement*”);
  - (2) the *Power Trader* has used all reasonable endeavours to obtain the *counterparty's* co-operation in order to enable the *Power Trader* to comply with the *Rules Requirement*; and

- (3) under the *Power Supply Agreement* the *Power Trader* has no ability to require the counterparty to so co-operate with the *Power Trader* and the counterparty is not in breach of the *Power Supply Agreement* by refusing to so co-operate with the *Power Trader*,

then the *Power Trader* is not required to comply with that Rules Requirement.

- (e) If a *Power Trader* does not comply with a Rules Requirement in the circumstances described in clause 9.12.3(d), then the *Power Trader* must:

- (1) give written notice to the *AER* of:
- (i) the Rules Requirement which has not been complied with;
  - (ii) details of each act or omission which partly or wholly constitutes non-compliance with that Rules Requirement; and
  - (iii) details of the endeavours made by the *Power Trader* to obtain the counterparty's co-operation to enable the *Power Trader* to comply with the Rules Requirement,

by no later than 7 *days* after the non-compliance with the Rules Requirement occurs or commences; and

- (2) provide the *AER* with any documents or information in the possession or control of the *Power Trader* which evidence the matters referred to in clause 9.12.3(e)(1), within 14 *days* (or any further period agreed to by the *AER*) of receiving a written request from the *AER*.

- (f) To avoid any doubt, if:

- (1) after reviewing any written notice provided by a *Power Trader* under clause 9.12.3(c)(1) and any additional documents or information provided by the *Power Trader* under clause 9.12.3(c)(2), the *AER* forms the view that compliance with the relevant Rules Requirement would not have resulted in the *Power Trader* being in breach of the relevant Contractual Requirement; or
- (2) after reviewing any written notice provided by a *Power Trader* under clause 9.12.3(e)(1) (the "Notice") and any additional documents or information provided by the *Power Trader* under clause 9.12.3(e)(2), the *AER* forms the view that any of the requirements of clause 9.12.3(d) were not in fact satisfied in respect of the subject matter of the Notice,

then the matter may be dealt with by the *AER* as a breach of the *Rules*.

- (g) A *Power Trader* may provide notice and information to the *AER* as required in clauses 9.12.3(c) or (e), as the case requires, in advance if it becomes aware of the potential for the circumstances described in clauses 9.12.3(b) or (d) to arise. Such notice and information will be deemed to have been given in accordance with clauses 9.12.3(c) or (e), as the case requires.
- (h) Notwithstanding the provision of notice and information in advance in accordance with clause 9.12.3(g), the *Power Trader* must give notice of non-compliance with the *Rules* and provide such other documents or information as required in accordance with clauses 9.12.3(c) or (e), as the case requires, after such non-compliance has occurred or commenced.
- (i) If non-compliance with the *Rules* is continuing, the notice of non-compliance with the *Rules* provided under clauses 9.12.3(c) or (e), as the case requires, will be effective in relation to that non-compliance until that non-compliance ends provided that:
  - (1) the notice specifies that the non-compliance is continuing; and
  - (2) the *Power Trader* notifies the *AER* of the end of the non-compliance no later than 7 days after the non-compliance ends.
- (j) Clauses 9.12.3(b) and (d) do not affect a *Power Trader's* obligation with respect to registration with *NEMMCO* or making payments in respect of:
  - (1) *Participant fees*;
  - (2) *prudential requirements*; or
  - (3) *settlement amounts*.
- (k) Within 30 days of the end of each quarter in each calendar year, the *AER* must prepare a quarterly report for the previous quarter and make it available on request to all *Registered Participants* and to the *participating jurisdictions* which participated in the *market* during the quarter covered by the report. The quarterly report must include:
  - (1) a summary of the acts or omissions of *Power Traders* constituting non-compliance with any *Rules Requirement*, as disclosed in written notices received by the *AER* under clauses 9.12.3(c) or (e) during the quarter covered by the report; and
  - (2) an assessment by the *AER* of the effect that those acts or omissions have had on the efficient operation of the *market* during the quarter covered by the report.
- (l) This clause 9.12.3 ceases to have effect in respect of a *Power Supply Agreement* upon termination of that agreement.

## 9.12.4 Cross Border Networks

(a) If:

(1) the *Minister* considers that a *transmission network* or *distribution network* situated in New South Wales is a continuation of a *network* situated in another *participating jurisdiction* and should be considered to be part of the *network* of that other *participating jurisdiction*; and

(2) the *Minister* for that other *participating jurisdiction* consents,

then those *Ministers* may nominate that the *network* is deemed to be entirely in that other *participating jurisdiction* and the *Rules* including any relevant *jurisdictional derogations* for the other *participating jurisdiction* are deemed to apply to the *network* as if the *network* were located entirely within that other *participating jurisdiction*.

(b) If a nomination is made under clause 9.12.4(a), then the *jurisdictional derogations* for New South Wales do not apply to the extended part of the relevant *network* which is situated in New South Wales.

(c) If the *Minister* of another *participating jurisdiction* nominates that the *jurisdictional derogations* for New South Wales should apply to a *network* part of which is situated in that other *participating jurisdiction*, then if the *Minister* in respect of New South Wales consents, the *jurisdictional derogations* for New South Wales are also to apply to that part of the *network* situated in the other *participating jurisdiction*.

## 9.13 [Deleted]

## 9.14 Transitional Arrangements for Chapter 4 - System Security

### 9.14.1 Power System Operating Procedures

For the purposes of clause 4.10.1, the *regional specific power system operating procedures* that apply in respect of operations on the *network* situated in New South Wales are, with the inclusion of any operating procedures set out in such operating manuals and other documents as are specified by *TransGrid* and provided to *NEMMCO*, the *regional specific power system operating procedures* reviewed and updated under clause 4.10.2(e).

## 9.15 Transitional Arrangements for Chapter 5 - Network Connection

### 9.15.1 [Deleted]

### 9.15.2 Disputes Relating to a NSW Distribution Network

(a) If:

- (1) a dispute arises between or involving two or more *Registered Participants* in respect of:
  - (i) access to;
  - (ii) *connection* to;
  - (iii) use of; or
  - (iv) *distribution network service* pricing for,  
a *distribution network* situated in New South Wales; and
- (2) **[Deleted]**
- (3) the dispute is not resolved by agreement of the parties in dispute within 10 *business days* (or such other period as the parties agree to be an acceptable period) after the dispute first arose,

then the matter in dispute must be referred by the parties in dispute to the appropriate regulator to act as the *Adviser*. If the appropriate regulator:

- (4) thinks it appropriate for a dispute; and
- (5) does not reasonably consider that acting as the *Adviser* and the *dispute resolution panel* will prejudice the appropriate regulator's ability to implement a fair and efficient dispute resolution process,

*IPART* may also act as the *dispute resolution panel* under the dispute resolution procedures set out in Chapter 8, provided that, if *IPART* elects to act as both the *Adviser* and the *DRP*, it must make such arrangements as are necessary to ensure that, in carrying out its functions as the *DRP*, no party may be adversely affected by *IPART* having previously acted as the *Adviser*. If *IPART* is unable or unwilling to make such arrangements, then it must appoint a *DRP* in accordance with the *Adviser's* functions in Chapter 8.

- (b) In this clause:

*appropriate regulator* means:

- (1) if the NSW Minister has made no transfer of regulatory responsibility to the *AER* under clause 11.14.4 – *IPART*;
- (2) if the NSW Minister has made a transfer of regulatory responsibility to the *AER* under clause 11.14.4 – the *AER*.

- (c) This clause expires on 1 July 2009.

## **9.16 Transitional Arrangements for Chapter 6 - Network Pricing**

### **9.16.1 [Deleted]**

### **9.16.2 [Deleted]**

### **9.16.3 Jurisdictional Regulator**

- (a) *IPART* remains as the *Jurisdictional Regulator* for New South Wales until the NSW Minister makes a transfer of regulatory responsibility to the *AER* under clause 11.14.4.
- (b) However, the definitions of *local area* and *Local Network Service Provider* are to be read as if the reference to the authority responsible for administering the jurisdictional electricity legislation in the relevant participating jurisdiction were replaced by a reference to the laws of the State of New South Wales.
- (c) Paragraph (a) expires on 1 July 2009.

### **9.16.4 Deemed Regulated Interconnector**

For the purposes of the *Rules*, the *interconnector* between Armidale in New South Wales and Tarong in Queensland, to the extent that it forms part of the *power system* in New South Wales, is deemed to be a *regulated interconnector*.

### **9.16.5 Revenue Cap**

- (a) For the purposes of clause 6.2.4, in respect of the regulation of *transmission service* pricing in New South Wales, the *revenue cap* for the *financial year* commencing on 1 July 2004 (the "Period") will be deemed to be:
- (1) for *TransGrid*, the *maximum allowed revenue* for the Period in the ACCC's "Draft Decision NSW and ACT Transmission Network Revenue Caps – TransGrid 2004/05-2008/09" dated 28 April 2004 (the "Draft TransGrid Revenue Cap Decision"); and
  - (2) for *EnergyAustralia*, the *maximum allowed revenue* for the Period in the ACCC's "Draft Decision NSW and ACT Transmission Network Revenue Cap – EnergyAustralia 2004/05-2008/09" dated 28 April 2004 (the "Draft EA Revenue Cap Decision").
- (b) For the purposes of clauses 6.3 to 6.4, 6.5.1 to 6.5.6, 6.7.3, 6.7.4 and 6.8 to 6.9, the prices applying in the Period for *prescribed transmission services*

provided by means of the *transmission networks* and associated *connection assets* located in New South Wales applying to individual *transmission network connection points* located in New South Wales during the Period, must be determined on the following basis:

- (1) the *aggregate annual revenue requirement* for *TransGrid* will be the *maximum allowed revenue* for the Period specified in the Draft *TransGrid Revenue Cap Decision*; and
  - (2) the *aggregate annual revenue requirement* for *EnergyAustralia* will be the *maximum allowed revenue* for the Period specified in the Draft *EA Revenue Cap Decision*.
- (c) For the purposes of applying clause 6.4.3C for the *financial year* commencing on 1 July 2005, *EnergyAustralia* and *TransGrid* each must subtract the *maximum allowed revenue* determined in accordance with clause 9.16.5(a) from:
- (1) in the case of *TransGrid*, the "Maximum Allowed Revenue" for the Period in any final decision which is expressed to apply to the Period; and
  - (2) in the case of *EnergyAustralia*, the "Maximum Allowed Revenue" for the Period in any final decision which is expressed to apply to the Period,

and then:

- (3) if the result of that subtraction is an amount less than zero then, in addition to the other amounts mentioned in clause 6.4.3C(b), the absolute value of that amount must be deducted from the portion of the *aggregate annual revenue requirement* referred to in clause 6.4.3C(b); and
- (4) if the result of that subtraction is an amount greater than zero then, in addition to the other amounts mentioned in clause 6.4.3C(c), that amount must be added to the portion of the *aggregate annual revenue requirement* referred to in clause 6.4.3C(c),

prior to the application of interest in accordance with clause 6.4.3C(b) or 6.4.3C(c) as the case may be.

- (d) For the purposes of clause 6.2.4, in respect of the regulation of *transmission service pricing* in New South Wales, a *revenue cap* applying to a *Transmission Network Service Provider* determined by the ACCC for the period commencing on 1 July 2004 until the end of 30 June 2009 will be deemed to be for a period of five years notwithstanding that such *revenue*

*cap* did not take effect until after 1 July 2004 or that such *revenue cap* was determined by the ACCC after 1 July 2004.

## **9.17 Transitional Arrangements for Chapter 7 - Metering**

### **9.17.1 Extent of Derogations**

- (a) **[Deleted]**
- (b) **[Deleted]**
- (c) The transitional arrangements set out in clauses 9.17.2 and 9.17.4 apply to all *metering installations* (including *check metering installations*) that were in use at 13 December 1998 and that were required to comply with (and did comply with) the *NSW Electricity Market Code* as at 13 December 1998.

### **9.17.2 Initial Registration (clause 7.1.2)**

- (a) Subject to clause 9.17.2(b), if:
  - (1) a *metering installation* to which this clause 9.17 applies was registered with *TransGrid* under the *NSW Electricity Market Code* as at 13 December 1998; and
  - (2) the details registered with *TransGrid* were provided to *NEMMCO* on or before 13 December 1998,then the *metering installation* is taken to be registered with *NEMMCO* for the purposes of clause 7.1.2(a).
- (b) The *responsible person* in respect of a *metering installation* which is taken to be registered under clause 9.17.2(a) must ensure that the requirements for registration of a *metering installation* under Chapter 7 are met by 13 December 1999 or such other time as may be agreed with *NEMMCO*.

### **9.17.3 Amendments to Schedule 9G1**

The transitional metering provisions set out in schedule 9G1, amended as follows, apply to New South Wales in respect of Chapter 7:

- (a) **[Deleted]**
- (b) **[Deleted]**
- (c) If, in respect of a *metering installation* commissioned before 13 December 1998, the *responsible person* has obtained an exemption prior to 13 December 1998 from *TransGrid* pursuant to clause 2.2(c) of Schedule 7.2 of the *NSW Electricity Market Code*, then that exemption is deemed to

continue as an exemption granted by *NEMMCO* pursuant to clause S7.2.2(c) of schedule 7.2 of the *Rules*.

- (d) **[Deleted]**
- (e) **[Deleted]**
- (f) **[Deleted]**

**9.17.4 Compliance with AS/NZ ISO 9002 (clause S7.4.3(f) of schedule 7.4)**

Category 1A, 2A and 3A *Metering Providers* must be able to exhibit the requirements of clause S7.4.3(f)(1) of schedule 7.4 of the *Rules* by the date which is 2 years after the date the *Metering Provider* applied to be registered as a *Metering Provider* with *NEMMCO*.

**9.17A [Deleted]**

**9.18 [Deleted]**

## Part C – Jurisdictional Derogations for the Australian Capital Territory

### 9.19 [Deleted]

### 9.20 Definitions and Transitional Arrangements for Cross-Border Networks

#### 9.20.1 Definitions

For the purposes of this Part C:

- (a) a word or expression defined in the glossary in Chapter 10 has the meaning given to it in the glossary unless it is referred to in column 1 of the following table; and
- (b) a word or expression referred to in column 1 of the following table has the meaning given to it in column 2 of the table:

Column 1	Column 2
Minister	The Minister from time to time administering the Utilities Act 2000 (ACT) or other applicable ACT legislation.

#### 9.20.2 Cross Border Networks

- (a) If:
  - (1) the *Minister* considers that a *transmission network* or *distribution network* situated in the Australian Capital Territory is a continuation of a *network* situated in New South Wales and should be considered to be a part of the New South Wales *network*; and
  - (2) the *Minister* for New South Wales consents,

then those *Ministers* may nominate that the *network* is deemed to be entirely in New South Wales and the *Rules* including any relevant *jurisdictional derogations* for New South Wales are deemed to apply to the *network* as if the *network* were located entirely within New South Wales.

- (b) If a nomination is made under clause 9.20.2(a), then the *jurisdictional derogations* for the Australian Capital Territory do not apply to the extended part of the relevant *network* which is situated in the Australian Capital Territory.
- (c) If the *Minister* for New South Wales nominates that the *jurisdictional derogations* for the Australian Capital Territory should apply to a *network* part of which is situated in New South Wales, then if the *Minister* for the Australian Capital Territory consents, the *jurisdictional derogations* for the Australian Capital Territory are also to apply to that part of the *network* situated in New South Wales.

**9.21 [Deleted]**

**9.22 [Deleted]**

**9.23 Transitional Arrangements for Chapter 6 - Network Pricing**

**9.23.1 [Deleted]**

**9.23.2 [Deleted]**

**9.23.3 [Deleted]**

**9.23.4 [Deleted]**

**9.24 Transitional Arrangements**

**9.24.1 Chapter 7 - Metering**

The transitional metering provisions set out in schedule 9G1 apply to the Australian Capital Territory in respect of Chapter 7.

**9.24.2 [Deleted]**

**9.24A [Deleted]**

## Part D – Jurisdictional Derogations for South Australia

### 9.25 Definitions

#### 9.25.1 [Deleted]

#### 9.25.2 Definitions

- (a) For the purposes of this Part D, a word or expression defined in the glossary in Chapter 10 has the meaning given to it in the glossary unless it is referred to in column 1 of the table in clause 9.25.2(b).
- (b) For the purposes of this Part D, a word or expression referred to in column 1 of the following table has the meaning given to it in column 2 of the table:

Column 1	Column 2
<b>customer</b>	A customer as defined in the <i>Electricity Act</i>
<b>Distribution Lessor Corporation</b>	A subsidiary of the Treasurer of the State of South Australia established by the Public Corporations (Distribution Lessor Corporation) Regulations 1999 and known as "Distribution Lessor Corporation" and includes any entity which replaces or assumes rights or obligations of Distribution Lessor Corporation under a <i>South Australian Distribution Network Lease</i> , by way of succession, assignment, novation, ministerial direction, or otherwise.
<b>Electricity Act</b>	<i>Electricity Act</i> 1996 (SA).
<b>ETSA Corporation</b>	The statutory corporation established pursuant to the Electricity Corporations Act 1994 and known as "ETSA Corporation" and includes its successors and assigns
<b>ETSA Power</b>	The statutory corporation established as a subsidiary of <i>ETSA Corporation</i> by the Public Corporations (ETSA Power) Regulations 1995, and includes its successors and assigns.

<b>Column 1</b>	<b>Column 2</b>
<b>ETSA Transmission Corporation</b>	The statutory corporation established pursuant to the Electricity Corporations Act 1994 and known as "ETSA Transmission Corporation" and includes any party which replaces or assumes rights or obligations of ETSA Transmission Corporation as a party to the <i>South Australian Transmission Lease</i> , by way of succession, assignment, novation, ministerial direction, or otherwise.
<b>Generation Lessor Corporation</b>	A subsidiary of the Treasurer of the State of South Australia established by the Public Corporations (Generation Lessor Corporation) Regulations 1999 and known as "Generation Lessor Corporation" and includes any entity which replaces or assumes rights or obligations of Generation Lessor Corporation under the <i>South Australian Generation Leases</i> , by way of succession, assignment, novation, ministerial direction, or otherwise.
<b>Northern Power Station agreements</b>	The various agreements, documents and deeds in their form as at 1 July 1996 relating to the leasing and ownership of the <i>generating system</i> and associated <i>generating units</i> comprising the Northern Power Station entered into by <i>ETSA Corporation</i> and now under the control of <i>SA Generation Corporation</i>
<b>Northern Power Station Participants</b>	The parties to the <i>Northern Power Station agreements</i> other than <i>SA Generation Corporation</i> .
<b>Osborne agreement</b>	The Agreement dated 4 June 1996 (in its form as at 1 July 1996) between <i>ETSA Corporation</i> and Osborne Cogeneration Pty Ltd and known as the "Osborne Power Purchase Agreement".
<b>South Australian Distribution Network Lease</b>	Any lease with respect to the electricity <i>distribution network</i> , plant and equipment owned by <i>Distribution Lessor Corporation</i> from time to time.
<b>SA Generation Corporation</b>	The statutory corporation established pursuant to the Electricity Corporations Act 1994 and known as "SA Generation Corporation" (trading as Optima Energy), and includes its successors and assigns
<b>South Australian Generation Leases</b>	Leases with respect to electricity <i>generating systems</i> and associated <i>generating units</i> owned by <i>Generation Lessor Corporation</i> from time to time.

<b>Column 1</b>	<b>Column 2</b>
<b>South Australian network</b>	A <i>network</i> situated in South Australia or deemed to be situated in South Australia by operation of clause 9.4.5.
<b>South Australian Transmission Lease</b>	The various agreements, documents and deeds in their form as at 31 August 1998 relating to the leasing and ownership of the <i>transmission network</i> in South Australia entered into by <i>ETSA Transmission Corporation</i> .
<b>South Australian Transmission Lease Participants</b>	The parties to the <i>South Australian Transmission Lease</i> other than <i>ETSA Transmission Corporation</i> .
<b>South Australian Transmission Network Sub Sub Sub Lease</b>	Any sub sub sub-lease (together with any lease or agreement to lease extending beyond the termination date of such sub sub sub lease) with respect to the electricity <i>transmission network</i> , plant and equipment of which <i>ETSA Transmission Corporation</i> is sub sub sub-lessor from time to time.

- (c) **[Deleted]**
- (d) For the purposes of the *Rules* "*applicable regulatory instruments*" includes the following South Australian instruments in relation only to the regulation of *networks*, *network services* and retail sales of electricity in South Australia:
- (i) the *Electricity Act*;
  - (ii) all codes and regulations made and licences issued under the *Electricity Act*;
  - (iii) all regulatory instruments applicable under those licences;
  - (iv) the Electricity Pricing Order made under section 35B of the *Electricity Act*;
  - (v) the *Electricity Corporations (Restructuring and Disposal) Act 1999*;
  - (vi) the *Essential Services Commission Act 2002*; and
  - (vii) all regulations and determinations made under the *Essential Services Commission Act 2002*.

## 9.26 Transitional Arrangements for Chapter 2 - Registered Participants, Registration And Cross Border Networks

### 9.26.1 Registration as a Generator

For the purposes of the *Rules*:

- (a) *ETSA Power* and any one person that replaces or assumes rights or obligations of *ETSA Power* as party to the *Osborne agreement*, by way of succession, assignment, novation, ministerial direction, or otherwise, is deemed to be, and at all relevant times to have been, the person who must register as the *Generator* in relation to the *generating system* and associated *generating units* which are the subject of the *Osborne agreement*;
- (b) Osborne Cogeneration Pty Ltd is not to, and is not to be taken to be entitled to, and is to be taken to have been exempted from the requirement to, register as a *Generator* in relation to the *generating system* and associated *generating units* which are the subject of the *Osborne agreement*;
- (c) *SA Generation Corporation* and any person that replaces or assumes rights or obligations of *SA Generation Corporation* as party to the *Northern Power Station agreements*, by way of succession, assignment, novation, ministerial direction, or otherwise, is deemed to be, and at all relevant times to have been, the person that must register as the *Generator* (unless otherwise exempt) in relation to the *generating system* and associated *generating units* which are the subject of the *Northern Power Station agreements*;
- (d) the *Northern Power Station Participants* are not to, and are not to be taken to be entitled to, and are taken to have been exempted from the requirement to, register as a *Generator* in relation to the *generating system* and associated *generating units* which are the subject of the *Northern Power Station agreements*;
- (e) clauses 9.26.1(a) and (b) will cease to have effect on the termination of the *Osborne agreement*;
- (f) clauses 9.26.1(c) and (d) will cease to have effect on the termination of the last of the *Northern Power Station agreements*;
- (g) *Generation Lessor Corporation* is not obliged to, and is not to be taken to be entitled to, and is to be taken to have been exempted from the requirement to, register as a *Generator* in relation to the *generating system* and associated *generating units* in South Australia which are the subject of the *South Australian Generation Leases*; and
- (h) clause 9.26.1(g) will apply in respect of each *South Australian Generation Lease* from the time that lease becomes effective and will cease to have effect on the termination of that lease (or the termination of any renewal of that lease).

### 9.26.2 Registration as a Customer

For the purposes of clause 2.3.1(e), a person may classify its electricity purchased at a *connection point* in South Australia if the person is:

- (a) licensed to retail electricity under the *Electricity Act* and regulations; or
- (b) a *customer* pursuant to the *Electricity Act* and regulations.

### 9.26.3 Cross Border Networks

- (a) If:
  - (1) the *Minister* considers that a *transmission network* or *distribution network* situated in South Australia is a continuation of a *network* situated in another *participating jurisdiction* and should be considered to be part of the *network* of that other *participating jurisdiction*; and
  - (2) the *Minister* for that other *participating jurisdiction* consents,then those *Ministers* may nominate that the *network* is deemed to be entirely in that other *participating jurisdiction* and the *Rules* including any relevant *jurisdictional derogations* for the other *participating jurisdiction* are deemed to apply to the *network* as if the *network* were located entirely within that other *participating jurisdiction*.
- (b) If a nomination is made under clause 9.26.3(a), then the *jurisdictional derogations* for South Australia do not apply to the extended part of the relevant *network* which is situated in South Australia.
- (c) If the *Minister* of another *participating jurisdiction* nominates that the *jurisdictional derogations* for South Australia should apply to a *network* part of which is situated in that other *participating jurisdiction*, then if the *Minister* in respect of South Australia consents, the *jurisdictional derogations* for South Australia are also to apply to that part of the *network* situated in the other *participating jurisdiction*.

### 9.26.4 [Deleted]

### 9.26.5 Registration as a Network Service Provider

For the purpose of the *Rules*:

- (a) the *South Australian Transmission Lease Participants* are not obliged to, and are taken to have been exempted from the requirement to, register as a *Network Service Provider* in relation to the *transmission network* in South Australia which is the subject of the *South Australian Transmission Lease*.

- (b) Clause 9.26.5(a) will cease to have effect on the termination, extension or variation of the *South Australian Transmission Lease*.
- (c) *Distribution Lessor Corporation* is not obliged to, and is not to be taken to be entitled to, and is to be taken to have been exempted from the requirement to, register as a *Network Service Provider* in relation to the *distribution network* in South Australia which is the subject of the *South Australian Distribution Network Lease*.
- (d) *ETSA Transmission Corporation* (notwithstanding that it is the owner and sub sub sub lessor of the *transmission network* in South Australia) is not obliged to, and is not to be taken to be entitled to, and is to be taken to have been exempted from the requirement to, register as a *Network Service Provider* in relation to the *transmission network* in South Australia which is the subject of the *South Australian Transmission Network Sub Sub Sub Lease*.
- (e) Clause 9.26.5(c) will have effect for the period of each *South Australian Distribution Network Lease* (including the period of any renewal).
- (f) Clause 9.26.5(d) will have effect for the period of each *South Australian Transmission Network Sub Sub Sub Lease* (including the period of any renewal).

**9.27 [Deleted]**

**9.28 Transitional Arrangements for Chapter 5 - Network Connection**

**9.28.1 Application of clause 5.2**

For the purposes of clause 5.2:

- (a) for *facilities* existing at *market commencement*, *Registered Participant* exemptions may be sought from *NEMMCO* in accordance with the *Rules* for particular *facilities* where material departures from the *Rules* are reasonably expected. Any necessity to alter the existing arrangements for *facilities* is to be negotiated and agreed by affected *Registered Participants*;
- (b) South Australia reserves the right to seek further exemptions from *NEMMCO* in accordance with the *Rules* for existing *power stations* if they are unable to meet the requirements of the *Rules* and those exemptions will not result in system damage; and
- (c) **[Deleted]**

- (d) **[Deleted]**
- (e) the provisions in this clause 9.28 apply until there are corresponding changes to the *Rules* which deliver equivalent outcomes to the satisfaction of the South Australian Government.

### 9.28.2 Regulation of Distribution Network Connection

- (a) Notwithstanding anything to the contrary in the *Rules*, the *Jurisdictional Regulator* appointed for South Australia is responsible for the regulation of access in respect of any *distribution network* situated in South Australia concerning:
  - (i) *connection*;
  - (ii) modification of a *connection*;
  - (iii) *augmentation*;
  - (iv) provision of *network services* and *distribution use of system services*;
  - (v) modification of the provision of *network services* and *distribution use of system services*.
- (b) For the purpose of clause 5.3.6(c), any question as to the fairness and reasonableness of an offer to *connect* in relation to a *distribution network* situated in South Australia is to be decided by the *Jurisdictional Regulator* on the basis of the opinion of the *Jurisdictional Regulator* as to the fairness and reasonableness of the offer.
- (c) If:
  - (1) a dispute arises between or involving two or more *Registered Participants* in respect of:
    - (i) access to;
    - (ii) *connection* to;
    - (iii) use of; or
    - (iv) *distribution network service* pricing for,  
  
a *distribution network* situated in South Australia; and

- (2) the dispute is not resolved by agreement of the parties in dispute within 5 *business days* (or such other period as the parties agree to be an acceptable period) after the dispute first arose,

then the matter in dispute must be referred by the parties in dispute to the *Jurisdictional Regulator* to act as the *Adviser*. If the *Jurisdictional Regulator* thinks it appropriate, it may also act as the *dispute resolution panel* under the dispute resolution procedures set out in Chapter 8, provided that, if the *Jurisdictional Regulator* elects to act as both the *Adviser* and the *dispute resolution panel*, it must make such arrangements as are necessary to

ensure that, in carrying out its functions as the *dispute resolution panel*, no party may be adversely affected by the *Jurisdictional Regulator* having previously acted as the *Adviser*. If the *Jurisdictional Regulator* is unable or unwilling to make such arrangements, then it must appoint a *dispute resolution panel* in accordance with the *Adviser's* functions in Chapter 8.

- (d) This clause expires on 1 July 2010.

### 9.28.3 System Planning

- (a) In South Australia, the Electricity Supply Industry Planning Council (“*ESIPC*”), established under the *Electricity Act*, will be responsible for network planning as required by this clause 9.28.3.
- (aa) The obligations of *Network Service Providers* with respect to *networks* in South Australia under clauses 5.6.2 and 5.6.2A are varied as follows:
- (i) Except where expressly provided, nothing in this clause 9.28.3 relieves *Network Service Providers* operating in South Australia from their obligations under clause 5.6.
  - (ii) The results of planning activities undertaken by *Network Service Providers* pursuant to clause 5.6.2 must be communicated to the *ESIPC* in a manner, form and within a time reasonably determined by the *ESIPC*.
  - (iii) Relevant *Network Service Providers* must, as soon as possible, advise the *ESIPC* of the details of any *augmentation* plans arising under clause 5.6.2(c).
  - (iv) *Network Service Providers* must, as soon as possible, provide the *ESIPC* with the forecasts, technical limits and details of the proposed corrective actions that are developed in accordance with clause 5.6.2(e).
  - (v) The *ESIPC* must prepare the *Annual Planning Report* required under clause 5.6.2A for *networks* in South Australia. Relevant *Network*

*Service Providers* must prepare the information specified in clause 5.6.2A(b) and supply it to the *ESIPC* by April 30 each year, or by some later date as directed in writing by the *ESIPC*.

(ab) For the purposes of clause 5.6.3(b), *ESIPC* is the representative of South Australia on the *Inter-regional Planning Committee*.

(ac) A Transmission Network Service Provider, who proposes to establish a proposed transmission investment that is subject to the regulatory investment test for transmission under clause 5.6.5B, must provide the ESIPC with a draft of the project specification consultation report required under clause 5.6.6, 10 business days prior to providing a summary of the report to AEMO.

~~(ac) An applicant who proposes to establish a new large transmission network asset under clause 5.6.6 must provide the ESIPC with a draft summary of the application notice 10 business days prior to providing a summary of the application notice to NEMMCO.~~

(b) The *ESIPC*:

- (i) must be an incorporated body;
- (ii) must register with *NEMMCO* as a *Network Service Provider* under the *Rules*; and
- (iii) as a registered *Network Service Provider*, must comply with the relevant obligations of a *Network Service Provider*, but does not have to comply with the obligations of clauses 2.11.2 and 5.6.2(e)-(m).

(c) [Deleted]

## 9.29 Transitional Arrangements for Chapter 6 - Economic Regulation of Distribution Services

### 9.29.1 Jurisdictional Regulator

- (a) The South Australian *Essential Services Commission* remains as the *Jurisdictional Regulator* for South Australia until the SA Minister makes a transfer of regulatory responsibility to the *AER* under clause 11.14.4.
- (b) This clause expires on 1 July 2010.

**9.29.2 [Deleted]**

**9.29.3 [Deleted]**

**9.29.4 [Deleted]**

**9.29.5 Distribution Network Pricing – South Australia**

(a) In this clause:

*price determination* means Part B of the 2005–2010 Electricity Distribution Price Determination made under the *Essential Services Commission Act 2002* (SA).

*SA Distributor* means the *Distribution Network Service Provider* whose *distribution network* is situated in South Australia.

*relevant distribution determination* means the distribution determination for the *SA Distributor* for the *regulatory control period* that commences in 2010.

*small customer* has the same meaning as in the *Electricity Act 1996* (SA).

*statement of regulatory intent* means the *statement of regulatory intent* in regard to the electricity distribution efficiency carryover mechanism issued by the Essential Services Commission on 23 March 2007 under clause 7.4 of the Electricity Pricing Order made by the Treasurer under section 35B of the *Electricity Act 1996* (SA) on 11 October 1999.

(b) The relevant distribution determination:

(1) must incorporate appropriate transitional arrangements to take into account the change from a pre-tax to a *post-tax revenue model* (which must be consistent with any agreement between the *AER* and the *SA Distributor* about the arrangements necessary to deal with the transition); and

(2) must allow the *SA Distributor* to carry forward impacts associated with the calculation of Maximum Average Distribution Revenue under the price determination into the 2010/11 and 2011/12 *regulatory years*.

(c) The *efficiency benefit sharing scheme* under the relevant distribution determination must be consistent with the *statement of regulatory intent*.

(d) The following side constraint is to be applied to tariffs for small customers for the *regulatory control period* to which the relevant distribution determination applies:

The fixed supply charge component of the tariff must not increase by more than \$10 from one *regulatory year* to the next.

- (e) In preparing its *framework and approach paper* for the distribution determination that is to follow the relevant distribution determination, the *AER* must consider whether the above side constraint should continue with or without modification.
- (f) Any reduction in *transmission network* charges as a result of a regulatory reset (excluding reductions resulting from the distribution of *settlements residue* and *settlements residue auction* proceeds) must be paid to all *customers*.

### **9.29.6 Capital contributions, prepayments and financial guarantees**

- (a) The amount that a South Australian *Distribution Network Service Provider* may receive by way of capital contribution, prepayment and/or financial guarantee in respect of a *South Australian network* will be determined by the appropriate regulator in accordance with *applicable regulatory instruments*.
- (b) This clause operates to the exclusion of clause 6.7.2(b) of the former Chapter 6 (as it continues in force under transitional provisions) and clause 6.21.2(2) of the present Chapter 6.

- (c) In this clause:

*appropriate regulator* means:

- (1) if the South Australian Minister has made no transfer of regulatory responsibility to the *AER* under clause 11.14.4 – the South Australian *Essential Services Commission*;
- (2) if the South Australian Minister has made a transfer of regulatory responsibility to the *AER* under clause 11.14.4 – the *AER*.

### **9.29.7 Ring fencing**

On the *AER's* assumption of responsibility for the economic regulation of *distribution services* in South Australia, the guidelines entitled *Operational Ring-fencing Requirements for the SA Electricity Supply Industry: Electricity Industry Guideline No. 9* dated June 2003 (including amendments and substitutions made up to the date the *AER* assumes that responsibility) will be taken to be distribution ring-fencing guidelines issued by the *AER* under Rule 6.17.

### **9.29A Monitoring and reporting**

- (a) *NEMMCO* must provide to the *ESIPC* upon request:

- (i) any information that relates to *interconnectors* into South Australia;  
and
- (ii) South Australian market data,

where such information is within *NEMMCO*'s control and it is reasonably required to support the performance of the role of jurisdictional Responsible Officer by an officer or employee of the *ESIPC* under the National Electricity Market Memorandum of Understanding on the Use of Emergency Powers and the regulations under the *Electricity Act*.

- (b) The information referred to in clause 9.29A(a) must be provided by *NEMMCO* via a real time data link or, where that is not available, within a reasonable time.
- (c) Where the cost incurred by *NEMMCO* in providing the information referred to in clause 9.29A(a) exceeds the usual costs which *NEMMCO* incurs in providing any *Market Participant* with information in accordance with the *Rules*, the *ESIPC* must pay the additional costs.

## **9.30 Transitional Provisions**

### **9.30.1 Chapter 7 - Metering**

- (1) The transitional metering provisions set out in schedule 9G1 apply to South Australia in respect of Chapter 7.
- (2) **[Deleted]**
- (3) **[Deleted]**
- (4) **[Deleted]**
- (5) **[Deleted]**

### **9.30.2 [Deleted]**

### **Schedule 9D1 - [Deleted]**

## Part E – Jurisdictional Derogations for Queensland

### 9.31 [Deleted]

### 9.32 Definitions and Interpretation

#### 9.32.1 Definitions

(a) For the purposes of this Part E:

- (1) a word or expression defined in the glossary in Chapter 10 has the meaning given to it in the glossary unless it is referred to in column 1 of the following table; and
- (2) a word or expression referred to in column 1 of the following table has the meaning given to it in column 2 of the table:

Column 1	Column 2
<b>connection agreement</b>	Includes all “Connection and Access Agreements” established in Queensland prior to <i>market commencement</i> ..
<b>Contestable Customer</b>	A customer prescribed by a regulation made under the <i>Electricity Act</i> as a contestable customer.
<b>Electricity Act</b>	The Electricity Act 1994 (Qld).
<b>exempted generation agreement</b>	An agreement between a <i>State Electricity Entity</i> and the owner or operator of a <i>generating system</i> , as listed at schedule 9E1, and any amendment of such agreement made prior to 13 December 1998 or, if made in accordance with clause 9.34.6(s), thereafter.
<b>GOC Act</b>	The Government Owned Corporations Act 1993 (Qld).
<b>Minister</b>	The Minister administering the <i>Electricity Act</i> from time to time.
<b>Nominated Generator</b>	A <i>State Electricity Entity</i> determined by the <i>Minister</i> for the purposes described in clause 9.34.6 for a <i>generating system</i> to which an <i>exempted generation agreement</i> applies.
<b>Powerlink Queensland</b>	Queensland Electricity Transmission Corporation Ltd, a corporation established under the <i>GOC Act</i> .

Column 1	Column 2
<b>Queensland Competition Authority</b>	The Queensland Competition Authority established under the <i>Queensland Competition Authority Act</i> .
<b>Queensland Competition Authority Act</b>	The Queensland Competition Authority Act 1997 (Qld).
<b>Queensland distribution network</b>	A <i>distribution network</i> (including any part of a <i>distribution network</i> ) situated in Queensland.
<b>Queensland Grid Code</b>	The Code of that name first issued by the Department of Mines and Energy (Qld) on 28 November 1994, as amended from time to time.
<b>Queensland system</b>	The sum of the <i>transmission network</i> located in Queensland operating at a nominal <i>voltage</i> of 275 kV, the <i>connection assets</i> associated with that <i>network</i> and any <i>transmission or distribution system connected</i> to that <i>network</i> and also located in Queensland.
<b>Queensland transmission network</b>	A <i>transmission network</i> (including any part of a <i>transmission network</i> ) situated in Queensland.
<b>retail authority</b>	An authority of that name issued under the <i>Electricity Act</i> .
<b>Retail Entity</b>	A retail entity as defined in the <i>Electricity Act</i> .
<b>Small Generator</b>	A <i>Generator</i> whose <i>generating system</i> is <i>connected</i> to the <i>Queensland system</i> and has a <i>nameplate rating</i> of less than 5MW.
<b>special approval</b>	An approval of that name issued under the <i>Electricity Act</i> .
<b>Stanwell Corporation Ltd</b>	A corporation established under the <i>GOC Act</i> .
<b>Stanwell Cross Border Leases</b>	The various agreements, documents and deeds relating to the leasing, ownership and operation of the <i>generating systems</i> comprising the <i>Stanwell Power Station</i> entered into, or to be entered into, at the request of, or for the benefit of, one or more of <i>Stanwell Corporation Ltd</i> and the State of Queensland and whether or not any of <i>Stanwell Corporation Ltd</i> or the State of Queensland is a party to those agreements, documents and deeds.
<b>Stanwell Power Station</b>	The <i>power station</i> known as the “Stanwell Power Station” located at Stanwell, Queensland.

Column 1	Column 2
<b>State Electricity Entity</b>	A State electricity entity as defined in the <i>Electricity Act</i> .
<b>transmission authority</b>	An authority of that name issued under the <i>Electricity Act</i> .

- (b) For the purposes of the *Rules*, to the extent that any *network* is located in Queensland, a *network* or part of a *network* is a *transmission network* if and only if it satisfies the following definition of “*transmission network*” and the definition of “*transmission network*” given in the glossary in Chapter 10 does not apply in those circumstances:

<b>transmission network</b>	Despite clause 6A.1.5(b) and the glossary of the <i>Rules</i> , in Queensland the <i>transmission network</i> assets are to be taken to include only those assets owned by <i>Powerlink Queensland</i> or any other <i>Transmission Network Service Provider</i> that holds a <i>transmission authority</i> irrespective of the <i>voltage</i> level and does not include any assets owned by a <i>Distribution Network Service Provider</i> whether or not such <i>distribution</i> assets are operated in parallel with the <i>transmission system</i> .
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### 9.32.2 Interpretation

In this Part E, a reference to any authority, corporation or body whether statutory or otherwise, in the event of that authority, corporation or body ceasing to exist or being reconstituted, renamed or replaced or its powers, duties or functions being transferred to or assumed by any other authority, corporation or body, will, as the case requires, be taken to refer to the authority, corporation or body replacing it or the authority, corporation or body, succeeding to or assuming the powers, duties or functions of it.

## 9.33 Transitional Arrangements for Chapter 1

### 9.33.1 [Deleted]

## 9.34 Transitional Arrangements for Chapter 2 - Registered Participants and Registration

### 9.34.1 Application of the Rules in Queensland (clauses 2.2 and 2.5)

Any person who engages in the activity of owning, controlling or operating:

- (a) a *generating system* that *supplies* electricity to a *transmission or distribution system* of a kind referred to in clause 9.34.1(b); or
- (b) a *transmission or distribution system* in Queensland which does not form part of the *national grid*,

is not to, and is not to be taken to be entitled to, and is taken to have been exempted from the requirement to, register as a *Registered Participant* in relation to that activity.

#### **9.34.2 Stanwell Cross Border Leases (clause 2.2)**

- (a) *Stanwell Corporation Ltd* is deemed to be the person that must register as a *Generator* in relation to the *generating systems* which are the subject of the *Stanwell Cross Border Leases*.
- (b) The parties (other than *Stanwell Corporation Ltd*) to the *Stanwell Cross Border Leases* are not to be and are not to be entitled to, and are taken to have been exempted from the requirement to, register as a *Generator* in relation to the *generating systems* which are the subject of the *Stanwell Cross Border Leases*.
- (c) Clauses 9.34.2(a) and (b) cease to have effect upon the expiry or earlier termination of the last of the *Stanwell Cross Border Leases*.

#### **9.34.3 [Deleted]**

#### **9.34.4 Registration as a Customer (clause 2.3.1)**

- (a) **[Deleted]**
- (b) Subject to clause 9.34.4(c), for the purpose of clause 2.3.1(e), a person satisfies the requirements of Queensland for classification of a *connection point* if that person is:
  - (1) a *Contestable Customer* in relation to that *connection point*; or
  - (2) a *Retail Entity* who is:
    - (i) authorised by a *retail authority* to sell electricity to the person *connected* at that *connection point*; or
    - (ii) the *Local Retailer* for the *local area* in which the *connection point* is located; or
    - (iii) the holder of a *special approval* which authorises the person to:
      - (A) purchase electricity in the *market* in respect of that *connection point*; or

- (B) sell electricity to the person *connected* at that *connection point*; or
- (iv) a person exempted under the *Electricity Act* from the operation of section 89(1) of the *Electricity Act* in relation to the sale of electricity to the person *connected* at that *connection point*.
- (c) For the purpose of clause 2.3.1(e), a person does not satisfy the requirements of Queensland for classification of its electricity purchased at a *connection point* in Queensland if the electricity is supplied through a *transmission or distribution system* which does not form part of the *national grid*.
- (d) [Deleted]

#### 9.34.5 There is no clause 9.34.5

#### 9.34.6 Exempted generation agreements (clause 2.2)

- (a) For the purpose of supplying electricity under any *exempted generation agreement*, for each *generating system* which forms part of one of the *power stations* listed in schedule 9E1 the Minister may determine, in consultation in each case with the owner of the relevant *generating system*, whether a *State Electricity Entity* (the “*Nominated Generator*”), rather than another person engaging in the activity of owning, operating or controlling the *generating system*, should be the *Generator* in respect of the *generating system*.
- (b) For the purposes of the *Rules* if the *Minister* has determined a *Nominated Generator* for any *generating system* as described in clause 9.34.6(a):
  - (1) the *Nominated Generator* is taken to be, and at all relevant times to have been, and is the person that must register as, a *Generator* in relation to that *generating system*; and
  - (2) any person engaging in the activity of owning, controlling or operating that *generating system*, not being the *Nominated Generator*, is not to, is not entitled to, and is taken to have been exempted from the requirement to, register as a *Generator* in relation to that *generating system*.
- (c) If complying with a requirement of the *Rules* (“the *Rules Requirement*”) would result in a *Nominated Generator* being in breach of a provision of an *exempted generation agreement* to which it is a party (the “*contractual requirement*”), the *Nominated Generator* is not required to comply with the *Rules requirement* to the extent of the inconsistency between the *Rules requirement* and the *contractual requirement* provided that this

clause 9.34.6(c) must not be interpreted to relieve a *Nominated Generator* of the obligation to submit offers in respect of a *scheduled generating unit* or to operate the *generating unit* in accordance with *dispatch instructions* determined under Chapter 3.

- (d) If:
- (1) a *Nominated Generator* requires the co-operation of one or more of the parties to an *exempted generation agreement* (a “*counterparty*”) in order to enable the *Nominated Generator* to comply with the *Rules requirement*;
  - (2) the *Nominated Generator* has used its reasonable endeavours to obtain the *counterparty's* co-operation in order to enable the *Nominated Generator* to comply with the *Rules requirement*; and
  - (3) the *Nominated Generator* has no ability to require the *counterparty* to so co-operate with the *Nominated Generator* and the *counterparty* is not in breach of the *exempted generation agreement* by refusing to so co-operate,

then the *Nominated Generator* is not required to comply with the *Rules requirement*.

- (e) If a *Nominated Generator* does not comply with a *Rules requirement* in the circumstances set out in clause 9.34.6(c) or (d), the *Nominated Generator* must:
- (1) give notice to the *AER* as soon as practicable, and in any event before the expiration of *7 days* after the non-compliance with the *Rules requirement* occurs or commences, of:
    - (a) details of the *Rules requirement* which has not been or will not be complied with;
    - (b) details of each act or omission which partly or wholly constitutes non-compliance with that *Rules requirement*;
    - (c) in the case of circumstances described in clause 9.34.6(c), unless explicitly prohibited by the terms of the relevant *exempted generation agreement*, details of each *contractual requirement* which is considered by the *Nominated Generator* to be inconsistent with the *Rules requirement*; and
    - (d) in the case of circumstances described in clause 9.34.6(d), details of the endeavours made by the *Nominated Generator* to obtain the *counterparty's* co-operation to enable the *Nominated Generator* to comply with the *Rules requirement*; and

- (2) unless explicitly prohibited by the terms of the relevant *exempted generation agreement*, give the *AER* any documents or information in the possession or control of the *Nominated Generator* which evidence the matters referred to in clause 9.34.6(e)(1) within 14 *days* (or any further period agreed to by the *AER*) of receiving a written request from the *AER*.
- (f) To avoid any doubt, if after reviewing a notice and any documents or information given by the *Nominated Generator* under clause 9.34.6(e), the *AER* forms the view that:
  - (1) in the case of circumstances described in clause 9.34.6(c), compliance with the *Rules requirement* would not have resulted in the *Nominated Generator* being in breach of the relevant *contractual requirement*; or
  - (2) in the case of circumstances described in clause 9.34.6(d), any of the requirements of clause 9.34.6(d) were not in fact satisfied,

then the matter may be dealt with by the *AER* as a breach of the *Rules*.

- (g) **[Deleted]**
- (h) A *Nominated Generator* may give notice and information to the *AER* as required in clause 9.34.6(e) in advance if it becomes aware of the potential for the circumstances described in clause 9.34.6(c) or 9.34.6(d) to arise, and the giving of that notice and information will be taken to satisfy the requirements of the *Nominated Generator* in clause 9.34.6(e)(1) in respect of those circumstances.
- (i) Notwithstanding the provision of notice and information in advance in accordance with clause 9.34.6(h), the *Nominated Generator* must provide such other documents or information as may be required in accordance with clause 9.34.6(e) after such non-compliance has occurred or commenced.
- (j) If non-compliance with the *Rules* is continuing, the notice of non-compliance with the *Rules* provided under clause 9.34.6(e) will be effective in relation to that non-compliance until that non-compliance ends provided that:
  - (1) the notice specifies that the non-compliance is continuing; and
  - (2) the *Nominated Generator* notifies the *AER* of the end of the non-compliance no later than 7 days after the non-compliance ends.
- (k) Clauses 9.34.6(c) and 9.34.6(d) do not affect the obligations of a *Nominated Generator* with respect to registration with *NEMMCO* or to making payments under the provisions of the *Rules* in respect of:
  - (1) *Participant fees*;

- (2) *prudential requirements*; or
- (3) *settlement amounts*.
- (l) Within 30 *days* of the end of each quarter in each calendar year, the *AER* must prepare a quarterly report for the previous quarter and make it available upon request to all *Registered Participants* and those *participating jurisdictions* that participated in the *market* during the quarter covered by the report. The quarterly report must include:
  - (1) a summary of the acts or omissions of the *Nominated Generator* constituting non-compliance with any requirement of the *Rules*, as disclosed in written notices received by the *AER* under this clause 9.34.6 during the quarter covered by the report: and
  - (2) an assessment by the *AER* of the effect that those acts or omissions have had on the efficient operation, during the quarter covered by the report, of the *spot market*.
- (m) **[Deleted]**
- (n) No amendment, other than an amendment to correct a typographical error, may be made to an *exempted generation agreement* unless the parties to the *exempted generation agreement* submit to the *AER*:
  - (1) the proposed amendment, a copy of the *exempted generation agreement* and such supporting information as the parties consider necessary (the “EGA amendment material”);
  - (2) a request that the *AER* seek advice from the *ACCC* as to whether the *ACCC* considers that the proposed amendment would or may:
    - (i) **[Deleted]**
    - (ii) **[Deleted]**
    - (iii) contravene a provision of the Trade Practices Act 1974 (Cth) or the Competition Code of a *participating jurisdiction*; and
  - (3) if requested by the *AER* to do so, such further information as may be required by the *AER* in order for the *ACCC* to consider the matters referred to in clause 9.34.6(n)(2),and the proposed amendment is not prohibited under clause 9.34.6(q).
- (o) When the parties to an *exempted generation agreement* submit EGA amendment material to the *AER* in accordance with clause 9.34.6(n), they may include as part of the material submitted a written request that the *AER*

and the *ACCC* treat the EGA amendment material as confidential. In such a case the *AER*:

- (1) must comply with that request until such time as the parties to the *exempted generation agreement* notify the *AER* in writing that the *AER* is no longer under an obligation to do so; and
- (2) must not provide any EGA amendment material to the *ACCC* unless the parties to the *exempted generation agreement* have notified the *AER* in writing that they have agreed acceptable confidentiality arrangements in relation to the EGA amendment material with the *ACCC* and that the *AER* should provide the EGA amendment material to the *ACCC*.

(p) **[Deleted]**

(q) If, within 10 *business days* of receiving the material referred to in clause 9.34.6(n) or such other period as is agreed between the *AER* and the parties to the *exempted generation agreement*, the *AER* responds that:

- (1) the *ACCC* considers that the proposed amendment would or may have any or all of the effects referred to in clause 9.34.6(n)(2); or
- (2) the *ACCC* considers that it is unable, because of:
  - (i) insufficient information before it; or
  - (ii) any confidentiality arrangements in relation to the EGA amendment material agreed between the *ACCC* and the parties to the *exempted generation agreement*,

to reasonably consider whether the proposed amendment would have any or all of the effects referred to in clause 9.34.6(n)(2),

then the proposed amendment must not be made.

(r) If the *AER* has not provided a response to a request made in accordance with clause 9.34.6(n)(2) within:

- (1) 10 *business days* of receiving the material referred to in clause 9.34.6(n); or
- (2) such other period as is agreed between the *AER* and the parties to the *exempted generation agreement*,

the *ACCC* is deemed to have no objection to the proposed amendment.

(s) If the *AER* notifies the parties to the *exempted generation agreement* that the *ACCC* has no objection to the proposed amendment, or if the *ACCC* is deemed under clause 9.34.6(r) to have no objection to the proposed

amendment, the parties to the *exempted generation agreement* may make the proposed amendment.

- (t) This clause 9.34.6 ceases to have effect in respect of a *generating system* the subject of an *exempted generation agreement* upon the termination of that agreement.

**9.35 [Deleted]**

**9.36 [Deleted]**

**9.37 Transitional Arrangements for Chapter 5 - Network Connection**

**9.37.1 [Deleted]**

**9.37.2 Existing connection and access agreements (clause 5.2)**

- (a) The technical connection and network pricing requirements of the Interconnection and Power Pooling Agreement dated 30 March 1994 between the owners of the Gladstone Power Station and the Queensland Electricity Commission (as amended prior to 18 January 1998) are to be taken to be a *connection agreement* in respect of both the Gladstone Power Station and the Boyne Island aluminium smelter unless replacement *connection agreements* are entered into in respect of the power station and smelter.
- (b) Despite anything to the contrary in clause 5.2.2, if the *generating system* at Gladstone Power Station meets the technical connection requirements of the Interconnection and Power Pooling Agreement, or the technical requirements of a replacement *connection agreement* no less onerous than those in the Interconnection and Power Pooling Agreement, the relevant *generating system* is to be deemed to comply with all the technical connection requirements of the *Rules* in respect of the Gladstone Power Station.
- (c) Despite anything to the contrary in clause 5.2.2, if the Boyne Island aluminium smelter meets the technical connection requirements of the Interconnection and Power Pooling Agreement, or the technical requirements of a replacement *connection agreement* no less onerous than those in the Interconnection and Power Pooling Agreement, the Boyne Island aluminium smelter is to be deemed to comply with all the technical connection requirements of the *Rules* in respect of the Boyne Island aluminium smelter.
- (d) Despite anything to the contrary in clause 5.2.2, if Queensland Rail complies with the technical requirements in the *connection agreements* for Queensland Rail *connections* as at 18 January 1998, Queensland Rail is to

be deemed to comply with all the technical connection requirements of the *Rules*.

- (e) *Small Generators* are not required to comply with the conditions of *connection* set out in schedule 5.2 of the *Rules*.

### **9.37.3 [Deleted]**

### **9.37.4 Regulation of distribution network connection (clause 5.3)**

- (a) This clause 9.37.4 applies in respect of the regulation of *connection* to a *Queensland distribution network*.
- (b) Despite anything to the contrary in the *Rules*, the appropriate regulator is responsible for the regulation of *connection* to a *Queensland distribution network*.
- (c) The appropriate regulator is:
  - (1) until the date the *AER* assumes responsibility for the regulation of *connection* to the *Queensland distribution network* – the *Jurisdictional Regulator* for Queensland; and
  - (2) from that date – the *AER*.
- (d) For the purposes of clause 5.3.6(c), any question as to the fairness and reasonableness of an offer to *connect* to a *Queensland distribution network* is to be decided by the appropriate regulator on the basis of the appropriate regulator's opinion of the fairness and reasonableness of the offer.
- (e) If a dispute arises in relation to *connection* to a *Queensland distribution network*, then that dispute must be resolved in accordance with Chapter 8 and for this purpose a reference in Chapter 8 to “*power system*” is deemed to be a reference to the “*Queensland system*”.
- (f) This clause expires on 1 July 2010.

### **9.37.5 Forecasts for connection points to transmission network (clause 5.6.1)**

If a *Network Service Provider*, on the *Queensland system*, modifies forecast information in accordance with clause 5.6.1(d), then that *Network Service Provider* is not required to notify the relevant *Registered Participant* if it has conflicting confidentiality obligations to other *Registered Participants*.

**9.37.6 There is no clause 9.37.6**

**9.37.7 Cross Border Networks**

(a) If:

(1) the *Minister* considers that a *transmission network* or *distribution network* situated in Queensland is a continuation of a *network* situated in another *participating jurisdiction* and should be considered to be part of the *network* of that other *participating jurisdiction*; and

(2) the *Minister* for that other *participating jurisdiction* consents,

then those *Ministers* may nominate that the *network* is deemed to be entirely in that other *participating jurisdiction* and the *Rules* including any relevant *jurisdictional derogations* for the other *participating jurisdiction* are deemed to apply to the *network* as if the *network* were located entirely within that other *participating jurisdiction*.

(b) If a nomination is made under clause 9.37.7(a), then the *jurisdictional derogations* for Queensland do not apply to the continuation of the relevant *network* which is situated in Queensland.

(c) If the *Minister* of another *participating jurisdiction* nominates that the *jurisdictional derogations* for Queensland should apply to a *network* part of which is situated in that other *participating jurisdiction*, then if the *Minister* in respect of Queensland consents, the *jurisdictional derogations* for Queensland are also to apply to that part of the *network* situated in the other *participating jurisdiction*.

**9.37.8 [Deleted]**

**9.37.9 Credible contingency events (clause S5.1.2.1 of schedule 5.1)**

(a) The *protection systems* installed on any 110/132kV lines located in Queensland and existing at *market commencement* are deemed to comply with clause S5.1.2.1(d) of schedule 5.1 of the *Rules* except where such *protection system* has a material effect in degrading the stability and security of the *Queensland system* or the *power system*.

**9.37.10 Reactive power capability (clause S5.2.5.1 of schedule 5.2)**

Clause S5.2.5.1 of schedule 5.2 of the *Rules* is replaced for each of the *generating units* situated at the relevant *power station* listed in the following table by the following:

For the purpose of this clause S5.2.5.1:

'*rated active power output*' means the 'Rated MW (Generated)' (as defined in the *Generating System Design Data Sheet*) for the relevant *synchronous generating unit*; and

'*nominal terminal voltage*' means the 'Nominal Terminal Voltage' (as defined in the *Generating System Design Data Sheet*) for the relevant *synchronous generating unit*.

- (a) Each of the *generating units*, while operating at any level of *active power output*, must be capable of:
- (1) supplying at its terminals an amount of *reactive power* of at least the amount that would be supplied if the *generating unit* operated at *rated active power output*, *nominal terminal voltage* and a lagging power factor of 0.9; and
  - (2) absorbing at its terminals an amount of *reactive power* of at least the amount that would be absorbed if the *generating unit* operated at *rated active power output*, *nominal terminal voltage* and a leading power factor set out in respect of that *generating unit* in column 3 of the following table.
- (b) In the event that any of the relevant power factors referred to in paragraph (a) above cannot be provided in respect of a *generating unit*, the relevant *Generator* must reach a commercial arrangement under its *connection agreement* with the relevant *Network Service Provider*, or with another *Registered Participant*, for the supply of the deficit in *reactive power* as measured at that *generating unit's* terminals.

<b>Power station</b>	<b>Generating units</b>	<b>Leading power factor</b>
Gladstone	Units 1 to 4	0.99
Gladstone	Units 5 & 6	0.94
Collinsville	Units 1 to 5	0.95

**9.37.11 [Deleted]**

**9.37.12 Voltage fluctuations (clause S5.1.5 of schedule 5.1)**

For application in Queensland, clause S5.1.5 of schedule 5.1 of the *Rules* is replaced with the following:

"A *Network Service Provider* whose *network* is a *Queensland transmission network* or a *Queensland distribution network* must include conditions in *connection agreements* in relation to the permissible variation with time of the power *generated* or *load* taken by a *Registered Participant* to ensure that

other *Registered Participants* are supplied with a power-frequency voltage which fluctuates to an extent that is less than the limit defined by the “Threshold of Perceptibility” or the “Threshold of Irritability” as the case may be for the conditions specified in the paragraph below, in Figure 1 of *Australian Standard AS2279*, Part 4.

A *Network Service Provider* whose network is a *Queensland transmission network* or a *Queensland distribution network* must ensure that voltage fluctuations caused by the switching or operation of *network plant* does not exceed the following amounts referenced to Figure 1 of *Australian Standard AS 2279*, Part 4:

- (1) Above 66kV:
  - (A) the “Threshold of Perceptibility” when all *network plant* is in service; and
  - (B) the “Threshold of Irritability” during any *credible contingency event* which is reasonably expected to be of short duration;
- (2) 66kV and below: the “Threshold of Irritability” when all *network plant* is in service.

The requirements of paragraphs (1) and (2) above do not apply to events such as switching of *network plant* to or from an abnormal state or to *network* faults which occur infrequently (ie. less than one event per day).

Where the *Rules* (other than this Part E) refer to clause S5.1.5(a) or (b) of schedule 5.1 of the *Rules* then, in so far as that reference relates to a *Network Service Provider* whose network is a *Queensland transmission network* or a *Queensland distribution network* or to a network which is a *Queensland transmission network* or a *Queensland distribution network*, that reference must be construed as a reference to the immediately preceding paragraph.

A *Network Service Provider* whose network is a *Queensland transmission network* or a *Queensland distribution network* is responsible only for excursions in voltage fluctuations outside the range defined in the first two paragraphs of this clause S5.1.5 caused by *network plant* and the pursuit of all reasonable measures available under the *Rules* to remedy the situation in respect of *Registered Participants* whose *plant* does not perform to the standards defined by clause S5.2.5.2(c) of schedule 5.2 of the *Rules* for *Generators*, the standards set out in the first paragraph below for *Customers* and the standards set out in the second paragraph below for *Market Network Service Providers*.

Each *Customer* must ensure that variations in current at each of its *connection points* including those arising from the *energisation*, *de-energisation* or operation of any *plant* within or supplied from the *Customer’s substation* are such that the contribution to the magnitude and

rate of occurrence of the resulting *voltage* disturbance does not exceed the following limits:

- (i) where only one *Customer* has a *connection point* associated with the point of *supply*, the limit is 80% of the threshold of perceptibility set out in Figure 1 of *Australian Standard AS2279*, Part 4; or
- (ii) where two or more *Distribution Network Service Providers* or *Customers* causing *voltage* fluctuations have a *connection point* associated with a point of *supply*, the threshold of perceptibility limit is to be shared in a manner to be agreed between the *Distribution Network Service Provider* and the *Registered Participant* in accordance with *good electricity industry practice* that recognises the number of *Registered Participants* in the vicinity that may produce *voltage* fluctuations.

Each *Market Network Service Provider* must ensure that variations in current at each of its *connection points* arising from the *energisation*, *de-energisation* or operation of any of its *plant* involved in the provision of *market network services* are such that the contribution to the magnitude and rate of occurrence of the resulting *voltage* disturbance does not exceed the following limits:

- (i) where only one *Market Network Service Provider* has a *connection point* associated with the point of *supply*, the limit is 80% of the threshold of perceptibility set out in Figure 1 of *Australian Standard AS2279*, Part 4; or
- (ii) where two or more *Distribution Network Service Providers*, *Market Network Service Providers* or *Customers* causing *voltage* fluctuations have a *connection point* associated with a point of *supply*, the threshold of perceptibility limit is to be shared in a manner to be agreed between the *Distribution Network Service Provider* and the *Registered Participant* in accordance with *good electricity industry practice* that recognises the number of *Registered Participants* in the vicinity that may produce *voltage* fluctuations.

For these purposes, references to *Australian Standard AS2279* are references to that standard as it existed prior to it being superseded by AS/NZS 61000.3.7:2001."

**9.37.13 [Deleted]**

**9.37.14 [Deleted]**

**9.37.15 [Deleted]**

**9.37.16 [Deleted]**

**9.37.17 [Deleted]**

**9.37.18 [Deleted]**

**9.37.19 Generating unit response to disturbances (clause S5.2.5.3 of schedule 5.2)**

- (a) Despite the provisions of clause S5.2.5.3 of schedule 5.2 of the *Rules*, the *generating units* listed in the following table are not required to operate continuously outside the corresponding *frequency* band specified in column three of the following table:

<b>Power station</b>	<b>Generating units</b>	<b>Frequency band</b>
Gladstone	Units 1 to 6	47.5 Hz to 51.5 Hz
Collinsville	Units 1 to 4	48.0 Hz to 51 Hz
Collinsville	Unit 5	48.0 Hz to 52 Hz

(b) **[Deleted]**

(b1) **[Deleted]**

**9.37.20 [Deleted]**

**9.37.21 Excitation control system (clause S.5.2.5.13 of schedule 5.2)**

- (a) For each of the *generating units* listed in the following table:
- (1) the application of clause S5.2.5.13(a) of schedule 5.2 of the *Rules* is modified by amending it to ensure that the short-time average *generating unit* stator *voltage* at highest rated power output level is not required to be more than 5% above nominal stator *voltage*; and
  - (2) the application of clause S5.2.5.13(b) of schedule 5.2 of the *Rules* is modified by deleting the words “all operating conditions” and replacing them with the words “all normal operating conditions and any *credible contingency event*”.

<b>Power station</b>	<b>Generating units</b>
Gladstone	Units 1 to 6
Collinsville	Units 1 to 5

- (b) **[Deleted]**
- (c) **[Deleted]**
- (d) For Collinsville Power Station, any variation to the minimum performance requirements specified in clause S5.2.5.13 of schedule 5.2 of the *Rules* is to be limited to figures agreed with the *Network Service Provider* to whose *network* the Collinsville Power Station is *connected*.
- (e) A *Generator* whose *generating unit* is situated in Queensland must ensure that each new *synchronous generating unit* of greater than 100MW is fitted with a *static excitation system* or some other *excitation control system* which will provide *voltage* regulation to within 0.5% of the selected setpoint value unless otherwise agreed with the relevant *Network Service Provider*.

**9.37.22 [Deleted]**

**9.37.23 Annual forecast information for planning purposes (schedule 5.7)**

Each *Registered Participant* that has a *connection point* to a *Queensland transmission network* must submit to the relevant *Queensland Transmission Network Service Provider* a forecast of the annual *energy* consumption associated with each *connection point* together with the information set out in schedule 5.7 of the *Rules*.

**9.38 Transitional Arrangements for Chapter 6 - Network Pricing**

**9.38.1 [Deleted]**

**9.38.2 [Deleted]**

**9.38.3 Arrangements for regulation of distribution pricing**

- (a) The *Queensland Competition Authority* remains *Jurisdictional Regulator* for Queensland until the Queensland Minister makes a transfer of regulatory responsibility to the *AER* under clause 11.14.4.
- (b) Subject to clause 11.14.3, the regulation of *distribution network* service pricing for a *Queensland distribution network* must be in accordance with the *Electricity Act* and the *Queensland Competition Authority Act*.

- (c) This clause expires on 1 July 2010 or an earlier date nominated by the Queensland Minister.

#### **9.38.4 Interconnectors between regions**

For the purposes of the *Rules*, the *interconnector* between Armidale in New South Wales and Tarong in Queensland, to the extent that it forms part of the *Queensland system*, is deemed to be a *regulated interconnector*.

#### **9.38.5 Transmission pricing for exempted generation agreements**

- (a) Notwithstanding the provisions of Chapter 6, the amounts payable for *transmission services* in respect of a *generating system* or a *load* the subject of an *exempted generation agreement* by a *Generator* or *Customer* which is referred to in an *exempted generation agreement*, or the relevant *State Electricity Entity* nominated pursuant to clause 9.34.6(a), as the case may be, will be the amounts payable under the *connection agreement* in respect of that *generating system* or *load*.
- (b) If the amounts payable for *transmission services* under clause 9.38.5(a) differ to those that would have been payable if the amounts had been calculated in accordance with the provisions of Chapter 6 (as modified by this clause 9.38) then the amount of that difference is to be recovered in accordance with clause 6.5.6(a).
- (c) For the purpose of clause 9.38.5(b), the amount of any difference is to be recovered from *Transmission Customers* located in Queensland and connected to the *Queensland system* and is not otherwise to be taken into account in determining *Transmission Customer common service charges* under clause 6.5.6(a).
- (d) For the application of clause 9.38.5(a) to the *generating system* at Gladstone Power Station and the *load* at the Boyne Island aluminium smelter, the *connection agreement* referred to is the Interconnection and Power Pooling Agreement dated 30 March 1994 between the owners of the Gladstone Power Station and the Queensland Electricity Commission (as amended prior to 18 January 1998), or any *connection agreements* entered into in respect of those *connection points* in replacement of that agreement, provided that in the latter case any difference to be recovered pursuant to clause 9.38.5(b) must not exceed that which would have applied had that agreement continued.
- (e) Clause 9.38.5(a) continues to apply in respect of the *generating system* at Gladstone Power Station and the *load* at the Boyne Island aluminium smelter despite the entering into *connection agreements* in replacement of the Interconnection and Power Pooling Agreement as envisaged in clause 9.38.5(d).

## **9.39 Transitional Arrangements for Chapter 7 - Metering**

### **9.39.1 Metering installations to which this clause applies**

- (a) The transitional *metering* provisions set out in schedule 9G1 apply to Queensland in respect of Chapter 7.
- (b) Notwithstanding the application of schedule 9G1 in Queensland, the transitional arrangements set out in this clause 9.39 apply in relation to a *metering installation* (including a *check metering installation*) that meets the following criteria:
  - (1) at 1 October 1997, the *metering installation*:
    - (i) was a *metering installation* to which the *Queensland Grid Code* applied; and
    - (ii) complied with the metering requirements of the *Queensland Grid Code*; and
  - (2) excepting normal repair and maintenance, no part of the *metering installation* has been modified or replaced since 1 October 1997.

**9.39.2 [Deleted]**

**9.39.3 [Deleted]**

**9.39.4 [Deleted]**

**9.39.5 [Deleted]**

## **9.40 Transitional Arrangements for Chapter 8 - Administration Functions**

**9.40.1 [Deleted]**

**9.40.2 [Deleted]**

**9.40.3 [Deleted]**

**9.41 [Deleted]**

## Schedule 9E1 - Exempted Generation Agreements

<b>Station Name</b>	<b>Owner or Operator of Station</b>	<b>Date of Agreement</b>
Gladstone Power Station	GPS Participants <sup>1</sup>	30 March 1994
Collinsville Power Station	Collinsville Participants <sup>2</sup>	30 November 1995
Townsville Power Station	Transfield Townsville Pty Ltd A.C.N. 075 001 991	2 August 1996
Oakey Power Station	Oakey Power Pty Ltd A.C.N. 075 258 114	10 September 1996
Mt Stuart Power Station	Origin Energy Mt Stuart, a general partnership between Origin Energy Mt Stuart BV (ARBN 079 232 572) & Origin Energy Australia Holdings BV (ARBN 079 234 165)	5 August 1996
Various Sugar Mills	Queensland Sugar Power Pool Pty Ltd A.C.N. 072 003 537	21 December 1995
Somerset Dam Hydro	Hydro Power Pty Ltd A.C.N. 010 669 351	1 June 1996
Browns Plains Landfill Gas	EDL LFG (QLD) Pty Ltd A.C.N. 071 089 579 and Energex Limited A.C.N. 078 849 055	31 July 1996

1

GPS Participants Each of: GPS Power Pty Ltd, A.C.N. 009 103 422;  
GPS Energy Pty Ltd, A.C.N. 063 207 456;  
Sunshine State Power B.V., A.R.B.N. 062 295 425;  
Sunshine State Power (No 2) B.V., ARBN 063 382 829;  
SLMA GPS Pty Ltd, A.C.N. 063 779 028;  
Ryowa II GPS Pty Ltd, A.C.N. 063 780 058; and  
YKK GPS (Queensland) Pty Ltd, A.C.N. 062 905 275.

2

Collinsville Participants Each of: Transfield Collinsville Pty Ltd, A.C.N. 058 436 847; and  
Transfield Services Collinsville B.V., A.R.B.N. 070 968 606.

## Part F – Jurisdictional Derogations for Tasmania

### 9.41A [Deleted]

### 9.42 Definitions and interpretation

#### 9.42.1 Definitions

For the purposes of this Part F:

- (a) a word or expression defined in the glossary in chapter 10 has the meaning given to it in the glossary, unless it is referred to in column 1 of the following table; and
- (b) a word or expression referred to in column 1 of the following table has the meaning given to it in column 2 of the table:

Column 1	Column 2
Aurora	Aurora Energy Pty Ltd (ABN 85 082 464 622).
Basslink	The project for the interconnection, by means of a DC electricity transmission link, of the Victorian and Tasmanian <i>transmission systems</i> .
ESI Act	The Electricity Supply Industry Act 1995 (Tas).
George Town Substation	The electricity substation located on the land comprised in Certificate of Title Volume 34076 Folio 1.

Column 1	Column 2
Hydro Tasmania	The Hydro-Electric Corporation (ABN 48 072 377 158).
Interconnection Date	The date on which <i>Basslink</i> enters into commercial operation, being the Commissioning Date as defined in the Basslink Project Interpretation Memorandum dated 29 November 2002 between the Crown in right of the State of Tasmania, Basslink Pty Ltd, National Grid Transco plc, National Grid Holdings Limited and <i>Hydro Tasmania</i> .
Minister	The Minister for the time being responsible for administering the <i>ESI Act</i> .
National Electricity Code	The code of conduct called the National Electricity Code approved, in accordance with section 6(1) of the Old National Electricity Law, as the initial Code for the purposes of that Law, and as amended from time to time in accordance with its terms and the Old National Electricity Law.
Old National Electricity Law	The Schedule to the National Electricity (South Australia) Act 1996 (SA) as in force from time to time before the commencement of section 12 of the National Electricity (South Australia) (New National Electricity Law) Amendment Act 2005 (SA).
Price Control Regulations	The Electricity Supply Industry (Price Control) Regulations made under the <i>ESI Act</i> .
Reliability and Network Planning Panel	The panel of that name established by the <i>Tasmanian Electricity Regulator</i> of the <i>Tasmanian Code</i> .
Retail Licence	A licence authorising the retailing of electricity issued under the <i>ESI Act</i> .

Column 1	Column 2
Tasmanian Code	The Tasmanian Electricity Code issued under section 49A of the <i>ESI Act</i> .
Tasmanian Code Participant	A person who is a Code Participant within the meaning of the <i>Tasmanian Code</i> .
Tasmanian Determination on Power System Frequency Operating Standards	The Determination on Frequency Operating Standards for the Tasmanian Power System issued by the <i>Reliability and Network Planning Panel</i> .
Tasmanian Electricity Regulator	The office of the Regulator established pursuant to section 5 of the <i>ESI Act</i> .
Tasmanian Network Service Provider	A person who is a <i>Network Service Provider</i> in respect of a <i>network</i> located in Tasmania (including the <i>Network Service Provider</i> in respect of <i>Basslink</i> ).
Tasmanian power system security and reliability standards	The standards governing security and reliability of the power system located in Tasmania determined by the <i>Reliability and Network Planning Panel</i> in accordance with the <i>Tasmanian Code</i> , including the <i>Tasmanian Determination on Power System Frequency Operating Standards</i> and the standards for capacity reserves.
Third Tranche Commencement Date	The day which the <i>Minister</i> notifies <i>NEMMCO</i> is the day on which customers taking an amount of electricity equal to or in excess of 0.75GWh/yr and less than 4GWh/yr at a <i>connection point</i> in Tasmania first become contestable customers (within the meaning of the <i>ESI Act</i> ).
Transend	Transend Networks Pty Limited (ABN 57 082 586 892).
Transition Date	The date on and from which section 6 of the Electricity - National Scheme (Tasmania) Act 1999 commences.

### 9.42.2 Interpretation

In this Part F, references to Tasmania do not include King Island or Flinders Island unless the context otherwise requires.

### 9.42.3 National grid, power system and related expressions

Notwithstanding anything else in the *Rules*, but subject to the other provisions of this Part F, on and from the *Transition Date*:

- (a) the *connected transmission systems* and *distribution systems* located in Tasmania are to be treated as forming part of the *national grid* and the interconnected *transmission* and *distribution networks*; and
- (b) the electricity power system located in Tasmania, including associated *generation* and *transmission* and *distribution networks* for the *supply* of electricity, is to be treated as forming part of the *power system* and the electricity system,

even if they are not *connected* to a *network* or *networks* in other *participating jurisdictions*.

### 9.43 Transitional arrangements for Chapter 1 - Introduction - Validity of certain actions taken prior to Transition Date

If:

- (a) the *AEMC*, the *AER*, *NEMMCO*, any *Rules body*, any *Registered Participant*, the *Tasmanian Electricity Regulator* or any *Tasmanian Code Participant* takes any action to enable any entity to perform functions under, or obligations imposed by, a provision of the *Rules* before the *Transition Date* in anticipation of the relevant provision applying in Tasmania on the *Transition Date*; and
- (b) the action was taken so far as reasonably practicable in accordance with the provision (as though the provision applied in Tasmania at the time the relevant action was taken),

then the action is deemed to have been validly taken in accordance with that provision with effect on and from the *Transition Date*. For the avoidance of doubt:

- (c) any action taken for the purposes of this clause 9.43 by the *Tasmanian Electricity Regulator* prior to the *Transition Date* to enable the *Jurisdictional Regulator* to perform functions under, or obligations imposed by, a provision of the *Rules* in anticipation of that provision coming into effect on the *Transition Date* is deemed to have been taken by the *Jurisdictional Regulator*; and

- (d) the *AEMC*, the *AER*, *NEMMCO*, any *Rules body* or other person (“Recipient”) may treat any submission, application, approval, statement or document (“application”) given to it by a person in anticipation of a provision of the *Rules* applying in Tasmania as having been given to the Recipient under that provision of the *Rules* and may take action under the *Rules* on the basis of that application or taking into account that application.

#### **9.44 Transitional arrangements for Chapter 2 – Registered Participants and Registration - Customers (clause 2.3.1(e))**

For the purposes of clause 2.3.1(e), and for the purposes of clause 2.4.2(b) in so far as it relates to *Customers*, a person satisfies the requirements of Tasmania for classification of a *connection point* of that person if that person is the holder of a *Retail Licence* or is a contestable customer within the meaning of the *ESI Act* in respect of that *connection point*.

#### **9.45 Transitional arrangements for Chapter 3 - Market Rules**

##### **9.45.1 Tasmanian Region (clause 3.5)**

- (a) Notwithstanding clause 3.5, the State of Tasmania is, and must be, one *region* and that *region* must not include any areas which fall outside of the State of Tasmania.
- (b) Notwithstanding clause 3.5.1(c), the *regional reference node* for the Tasmanian *region* is the 220kV *busbar* located at the *George Town Substation*.
- (c) Clauses 9.45.1(a) and (b) cease to have effect from the beginning of the *Third Tranche Commencement Date*.

##### **9.45.2 Administered Price Cap (clause 3.14.1)**

Until a different *administered price cap* is developed, authorised and published in accordance with clause 3.14.1(a) for the Tasmanian *region*, the administered price cap for the Tasmanian region is:

- (1) \$100/MWh between 7.00 am and 11.00 pm on a *business day*; and
- (2) \$50/MWh at all other times.

##### **9.45.3 Settlement Residue Auctions (clause 3.18.1)**

- (a) To avoid doubt, *Basslink* is not a *directional interconnector* for the purposes of clause 3.18.
- (b) Clause 9.45.3(a) ceases to have effect at the end of the second anniversary of the *Transition Date*.

## **9.46 Transitional arrangements for Chapter 4 - Power System Security**

### **9.46.1 Satisfactory Operating State (clause 4.2.2)**

If the *frequency* at a *busbar* located in Tasmania is within the containment range for a load event as specified in the *Tasmanian Determination on Power System Frequency Operating Standards*, then that *frequency* will be taken to be within:

- (1) the *normal operating frequency excursion band* for the purposes of the *Rules*; and
- (2) any *frequency band* (whatever it is called) specified in or under the *Rules* or the *power system security and reliability standards* which is applied by *NEMMCO* or any other person for a similar purpose as the *normal operating frequency excursion band* is applied under clause 4.2.2(a).

### **9.46.2 Secure operating state and power system security (clause 4.2.6(c))**

In applying the *power system security* principle specified in clause 4.2.6(c) in relation to Tasmania, *NEMMCO* must have regard to the *power frequency bands* specified in the *Tasmanian Determination on Power System Frequency Operating Standards* in substitution for the *frequency bands* contemplated by that clause.

### **9.46.3 Market Customer obligations (clause 4.3.5(b))**

Notwithstanding clause 4.3.5(b), *Market Customers* must provide their *interruptible load* in respect of *connection points* located in Tasmania in manageable blocks spread over a number of steps within under-*frequency bands* down to the lower limit of the “extreme frequency excursion tolerance limits” (as specified in the *Tasmanian Determination on Power System Frequency Operating Standards*) and not 47.0Hz as specified in clause 4.3.5(b).

### **9.46.4 Power System Frequency Control Responsibilities (clause 4.4.1)**

Notwithstanding clause 4.4.1 and the *power system security and reliability standards*, *NEMMCO* must use reasonable endeavours to ensure that, in Tasmania, the *frequency levels* specified in the *Tasmanian Determination on Power System Frequency Operating Standards* are achieved.

## **9.47 Transitional arrangements for Chapter 5- Network Connection**

### **9.47.1 Existing Connection Agreements**

The following agreements are each to be taken to be a *connection agreement* for the purposes of clause 5.2:

- (a) the Connection Agreement dated 1 July 1998 between *Aurora* and *Hydro Tasmania*;
- (b) the Connection and Network Services Agreement dated 1 July 1998 between *Transend* and *Aurora*;
- (c) the Connection and Network Services Agreement dated 1 July 1998 between *Transend* and *Hydro Tasmania*;
- (d) the Basslink Connection Agreement dated 28 January 2000 between National Grid International Limited and *Transend*; and
- (e) any other connection agreement entered into prior to the *Transition Date* in accordance with the *Tasmanian Code*.

### **9.47.2 [Deleted]**

### **9.47.3 Frequency variations (clauses S5.1.3 and S5.1.10)**

In performing the functions contemplated by clauses S5.1.3 and S5.1.10 of schedule 5.1 of the *Rules* in relation to that part of the *power system* located in Tasmania, *NEMMCO* and *Tasmanian Network Service Providers* must apply the *power system frequency bands* specified in the *Tasmanian Determination on Power System Frequency Operating Standards* in Tasmania in substitution for the *frequency bands* specified in the *power system security and reliability standards*.

### **9.47.4 Fault clearance times (clauses S5.1.9 and S5.1a.8 and table S5.1a.2)**

- (a) Notwithstanding clause S5.1.9 of schedule 5.1 of the *Rules* and clause S5.1a.8, and table S5.1a.2, of schedule 5.1a of the *Rules*, if:
  - (1) there is no system for communication between the faulted end and the remote end of a power line located in Tasmania; or
  - (2) there is a maintenance *outage* of the system for communication between the faulted end and the remote end of a power line located in Tasmania,

then the remote end maximum *fault clearance time* in respect of that power line is 600 milliseconds.

- (b) Notwithstanding clause S5.1.9 of schedule 5.1 of the *Rules* and clause S5.1a.8, and table S5.1a.2, of schedule 5.1a of the *Rules*, if there is no circuit breaker failure protection in respect of a power line located in Tasmania, then the breaker fail maximum *fault clearance time* for that line is 1100 milliseconds.
- (c) Clauses 9.47.4(a) and (b) cease to have effect at the end of the first anniversary of the *Transition Date*.

## **9.48 Transitional arrangements for Chapter 6 - Transmission and Distribution Pricing**

### **9.48.1 [Deleted]**

### **9.48.2 Transmission Service Pricing**

- (a) A "Pre-NEM Determination" is a determination, decision or ruling made or set by the ACCC which:
  - (1) is made under any of the *ESI Act*, the *Price Control Regulations* or the *Tasmanian Code* (together called the "Tasmanian regulatory regime");
  - (2) relates to or is connected with transmission pricing (including, without limitation, a determination, decision or ruling relating to the setting or re-setting of a revenue cap);
  - (3) is made prior to the *Transition Date*, but applies until a date which falls after the *Transition Date*; and
  - (4) is equivalent to or has substantially the same effect as a determination, decision or ruling ("Equivalent Determination") which the *AER* may make or set under the *Rules* or which is contemplated by the *Rules*.
- (b) Subject to clause 9.48.2(d), a Pre-NEM Determination is:
  - (1) deemed to have been validly made or set under the *Rules* in accordance with any procedures or steps which apply to the making of an Equivalent Determination; and
  - (2) deemed to be an Equivalent Determination under the *Rules*.
- (c) Subject to clause 9.48.2(d), any action taken by a *Tasmanian Code Participant* as a result of, or to implement or following a Pre-NEM Determination under the Tasmanian regulatory regime in accordance with the instruments comprising that regime is deemed to have been validly taken in accordance with the *Rules*.
- (d) If, at any time after the *Transition Date*, it appears to the *AER* that:

- (1) a Pre-NEM Determination or action referred to in clause 9.48.2(c) is inconsistent with the relevant principles in the *Rules* in a material way; and
- (2) the inconsistency is due to a material difference between the Tasmanian regulatory regime and the *Rules* or the *National Electricity Code* (in the form the instruments comprising that regime and the *Rules* or the *National Electricity Code* (as the case may be) were in at the time of the Pre-NEM Determination or action),

then the *AER* may re-open the Pre-NEM Determination or disallow the action by written notice to the *Minister*. A notice under this clause 9.48.2(d) must set out a summary of the reasons why the *AER* is giving the notice. Clause 9.48.2(b) or (c) (as applicable) ceases to apply to a Pre-NEM Determination or action the subject of a notice under this clause 9.48.2(d) from the time specified in the notice.

- (e) To avoid doubt, the *AER* may make or set a determination, decision or ruling in accordance with the *Rules* that replaces a Pre-NEM Determination re-opened under clause 9.48.2(d).
- (f) **[Deleted]**
- (g) If:
  - (1) Chapter 6 of the *National Electricity Code* was amended after 22 November 2000 and before the *Transition Date* or Chapter 6 of the *Rules* is amended before the *Transition Date*;
  - (2) those amendments contemplate a change in the allocation of costs amongst users of *transmission networks*; and
  - (3) those amendments contemplate transitional arrangements for the phasing in of that change,

then equivalent transitional arrangements also apply to users of *transmission networks* located in Tasmania, and the prices which apply immediately before the *Transition Date* are the starting point for the phase-in.

### **9.48.3 Distribution Service Pricing – Jurisdictional Regulator**

- (a) The *Tasmanian Electricity Regulator* remains *Jurisdictional Regulator* for Tasmania until the Tasmanian Minister makes a transfer of regulatory responsibility to the *AER* under clause 11.14.4.
- (b) This clause expires on 1 July 2012 or an earlier date fixed by the Tasmanian Minister and notified in the Tasmanian Government Gazette.

#### **9.48.4 Distribution Service Pricing**

- (a) For the purposes of clause 11.14.3(a), but subject to clauses 11.14.3, 11.14.4 and 11.14.6, the regulation of *distribution service* pricing for any *distribution network* situated in Tasmania must be in accordance with the *ESI Act* and the *Tasmanian Code* to the exclusion of provisions or former provisions of these Rules that would otherwise be applicable.
- (b) This clause expires on 1 July 2012 or an earlier date fixed by the Tasmanian Minister and notified in the Tasmanian Government Gazette.

#### **9.48.4A Ring fencing**

On the *AER's* assumption of responsibility for the economic regulation of *distribution services* in Tasmania, the following guidelines (as amended or substituted from time to time) will be taken to be distribution ring-fencing guidelines issued by the *AER* under Rule 6.17:

- (1) *Guideline for Ring-fencing in the Tasmanian Electricity Supply Industry* (dated October 2004); and
- (2) *Electricity Distribution and Retail Accounting Ring-fencing Guidelines: Electricity Guideline No 2.2, Issue No 3, May 2005*.

*Note:*

*The AER will assume responsibility for the economic regulation of distribution services on the transfer of regulatory responsibility under clause 11.14.4.*

#### **9.48.4B Uniformity of tariffs for small customers**

- (a) In making a distribution determination or approving a *pricing proposal* for a Tasmanian *Distribution Network Service Provider*, the *AER* must ensure that distribution tariffs for small customers of a particular class are uniform regardless of where in mainland Tasmania the customer is supplied with electricity.
- (b) In this clause, *small customer* has the same meaning as in regulations under the *Electricity Supply Industry Act 1995* (Tas).

#### **9.48.5 Transmission network**

For the purpose of the *Rules*, a *network* operating at "extra high voltage" (as that term is defined in the *ESI Act*) is deemed to be a *transmission network*.

#### **9.48.6 Deemed regulated interconnector**

For the purposes of the *Rules*, any *interconnector* between *regions* in Tasmania in existence when those *regions* are established, to the extent that it forms part of the *power system* in Tasmania, is deemed to be a *regulated interconnector*.

### **9.49 Transitional arrangements for Chapter 8 - Administrative Functions**

#### **9.49.1 Frequency Standards (clause 8.8.1)**

Notwithstanding anything else in the *Rules*, but subject to the other provisions of this Part F:

- (a) on and from the *Transition Date* until the start of the *Interconnection Date*, the *power system security and reliability standards* applicable in Tasmania are the *Tasmanian power system security and reliability standards* and not those determined by the *Reliability Panel* under clause 8.8;
- (b) on and from the *Interconnection Date* until the end of the second anniversary of the *Transition Date*, the standards governing *frequency* in respect of that part of the *power system* located in Tasmania are those set out in the *Tasmanian Determination on Power System Frequency Operating Standards* and not those in the *power system security and reliability standards* or applying elsewhere in or under the *Rules*; and
- (c) after the second anniversary of the *Transition Date*, the standards governing *frequency* in respect of that part of the *power system* located in Tasmania are those set out in the *power system security and reliability standards* determined as contemplated in clause 9.49.3 and not those in any other set of standards or applying elsewhere in or under the *Rules*,

and provisions of the *Rules* referring to or relating to *frequency*, *frequency operating standards*, *frequency bands*, *frequency ranges* or *frequency limits* must be interpreted accordingly.

#### **9.49.2 Termination of frequency derogations**

Clauses 9.46.1, 9.46.2, 9.46.3, 9.46.4 and 9.47.3 cease to have effect from the end of the second anniversary of the *Transition Date*.

#### **9.49.3 Reliability Panel**

Before the first anniversary of the *Transition Date*, the *Reliability Panel* must determine *power system security and reliability standards* under clause 8.8 that, in so far as they apply in respect of Tasmania, reflect the principles set out in clause 9.49.4.

#### 9.49.4 Principles to be applied by Reliability Panel

In determining and amending *power system security and reliability standards* the *Reliability Panel* must ensure that, in so far as they apply in respect of Tasmania, those standards reflect the following principles:

- (a) in so far as they relate to *frequency*, such standards must be made having regard to the following:
  - (1) any existing standards in relation to those matters;
  - (2) the costs and benefits of any change proposed to those existing standards; and
  - (3) the size and characteristics of the separate systems that make up the *power system*;
- (b) where the *network* or *networks* located in a particular area or *region* in Tasmania is or are only *connected* to other areas or *regions* by means of an asynchronous link, the *power system security and reliability standards*, in so far as they relate to *frequency*, may incorporate different standards for the first area or *region* to those applying elsewhere in the *power system*; and
- (c) the *power system security and reliability standards*, in so far as they relate to *frequency*, must allow less stringent standards for the *frequency* of a *network* or *networks* located in a particular area or *region* in Tasmania when that area or *region* is isolated from the remainder of the *power system*.

## Part G - Schedules to Chapter 9

### Schedule 9G1 - Metering Transitional Arrangements

#### 1. Introduction

- (a) The following minimum requirements apply in respect of *metering installations* commissioned before 13 December 1998.
- (b) [Deleted]

#### 2. [Deleted]

#### 3. General Principle

The general principle is that *meters* are required and a *metering installation(s)* capable of recording half-hour *energy* flows and of providing electronic data for transfer to the *metering database* is to be in place for each *Market Participant's connection point(s)* before the *Market Participant* is permitted to participate in the *market*, and there will be no relaxation of this principle in the *jurisdictional derogations*.

#### 4. [Deleted]

#### 5. Accuracy Requirements

##### 5.1 Existing Metering Installations Transitional Exemptions

In addition to those allowances in clause S7.2.2 of schedule 7.2 - "Metering installations commissioned prior to 13 December 1998", the following conditions/exemptions apply:

- (a) For *Generators*, *generated* quantities together with estimates for *generating unit* auxiliary loads may be used provided there is an agreed method with *NEMMCO* for determining *sent-out* energy. [refer to clause 7.3.2]
- (b) The *check metering* requirements of the *Rules* do not have to be met for Type 1 *metering installations*. A minimum of partial *check metering* is required for Types 1 and 2 *metering installations*. [refer to clause S7.2.4 of schedule 7.2 of Chapter 7]
- (c) Joint use of secondary circuits for *revenue metering* is permitted for Type 1 *metering installations*. [refer to cl.S7.2.6.1(a) of schedule 7.2 of Chapter 7]

**5.2** [Deleted]

**6.** [Deleted]

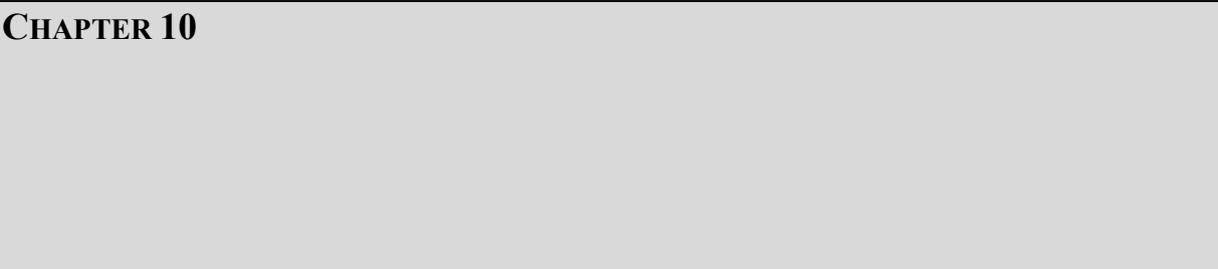
**7.** [Deleted]

**8.** [Deleted]

**9.** [Deleted]

**10.** [Deleted]

**CHAPTER 10**



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## 10. GLOSSARY

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### **AARR**

The *aggregate annual revenue requirement* for *prescribed transmission services*.

### **abnormal conditions**

A condition described in clause 4.2.3A(a).

### **above-standard system shared transmission service**

A *shared transmission service* that exceeds the requirements referred to in paragraph (a)(1) or (2) of the definition of *negotiated transmission service* principally as a consequence of investments that have *system-wide benefits*.

### **ACCC**

Australian Competition and Consumer Commission as established under the Trade Practices Act 1974 (Cth).

### **acceptable credit criteria**

The credit criteria defined in clause 3.3.3.

### **acceptable credit rating**

The credit rating determined by *NEMMCO* under clause 3.3.4.

### **accepted restriction offer**

A *restriction offer* accepted by *NEMMCO* in accordance with the *restriction offer procedures*.

### **access charge**

For a *Transmission Network Service Provider* - an amount described in clause 5.4A(g)-(j).

For a *Distribution Network Service Provider* - in respect of access to:

- (a) *negotiated distribution services* which would have been *negotiated distribution services* regardless of the operation of clause 6.24.2(c), an amount described in clause 5.5(f)(4); and
- (b) *negotiated distribution services* which would have been treated as *negotiated transmission services* were it not for the operation of clause 6.24.2(c), an amount described in clause 5.4A(g)-(j).

**access standard**

Either an *automatic access standard* or a *negotiated access standard* for a particular technical requirement as recorded in a *connection agreement*.

**Accredited Service Provider category**

A category of registration of a *Metering Provider* established by NEMMCO under S7.4.2(b) as a consequence of requirements of a *participating jurisdiction* to install *metering installations*.

**accumulated energy data**

The data that results from the measurement of the flow of electricity in a power conductor where the data represents a period in excess of a *trading interval*. The measurement is carried out at a *metering point*.

**activate, activated, activation**

The operation of a *generating unit* (other than a *scheduled generating unit*) at an increased *loading level* or reduction in demand (other than a *scheduled load*) undertaken in response to a request by NEMMCO in accordance with an *unscheduled reserve contract*.

**active energy**

A measure of electrical energy flow, being the time integral of the product of *voltage* and the in-phase component of current flow across a *connection point*, expressed in watthour (Wh).

**active power**

The rate at which *active energy* is transferred.

**active power capability**

The maximum rate at which *active energy* may be transferred from a *generating unit* to a *connection point* as specified or proposed to be specified in a *connection agreement* (as the case may be).

**additional intervention claim**

Has the meaning given in clause 3.12.2(k).

**adequately damped**

In relation to a *control system*, when tested with a step change of a feedback input or corresponding reference, or otherwise observed, any oscillatory response at a *frequency* of:

- (a) 0.05 Hz or less, has a damping ratio of at least 0.4;

- (b) between 0.05 Hz and 0.6 Hz, has a halving time of 5 seconds or less (equivalent to a damping coefficient  $-0.14$  nepers per second or less); and
- (c) 0.6 Hz or more, has a damping ratio of at least 0.05 in relation to a *minimum access standard* and a damping ratio of at least 0.1 otherwise.

### **ADJR Act**

The Administrative Decisions (Judicial Review) Act 1977 (Cth).

### **adjusted gross energy**

The *energy* adjusted in accordance with clause 3.15.5 (for a *transmission network connection point*) or clause 3.15.5A (for a *virtual transmission node*) or clause 3.15.4 (for any other *connection point*).

### **administered floor price**

A price floor to apply to a *regional reference price*, with the levels of the price floor being administered under clause 3.14.1 and the circumstances under which it can be invoked by *NEMMCO* being determined as set out in clause 3.14.2.

### **administered price cap**

A price cap to apply to a *dispatch price*, *regional reference price* or *ancillary service price*, with the levels of the price cap being set in accordance with clause 3.14.1 and the circumstances under which it can be invoked by *NEMMCO* being determined as set out in clause 3.14.2.

### **administered price period**

A period declared by *NEMMCO*, in accordance with clause 3.14.2, in which an *administered price cap* may be invoked.

### **Adviser**

The Dispute Resolution Adviser specified in clause 8.2.2(a).

### **Adviser referral notice**

A notice referring a dispute to the *Adviser* for the purposes of clause 8.2.5.

### **AEMC**

The Australian Energy Market Commission, which is established under section 5 of the Australian Energy Market Commission Establishment Act 2004 (SA).

### **AER**

The Australian Energy Regulator, which is established by section 44AE of the Trade Practices Act 1974 (Cth).

### **affected participant's adjustment claim**

Has the meaning given in clause 3.12.2(g)(3).

### **Affected Participant**

- (a) In respect of a particular *direction* in an *intervention price trading interval*:
  - (1) a *Scheduled Generator* or *Scheduled Network Service Provider*:
    - (i) which was not the subject of the *direction*, that had its *dispatched* quantity affected by that *direction*; or
    - (ii) which was the subject of the *direction*, that had its *dispatched* quantity for other *generating units* or other services which were not the subject of that *direction* affected by that *direction*, however, the *Scheduled Generator* or *Scheduled Network Service Provider* is only an *Affected Participant* in respect of those *generating units* and services which were not the subject of that *direction*; or
  - (2) an *eligible person* entitled to receive an amount from *NEMMCO* pursuant to clause 3.18.1(b)(1) where there has been a change in flow of a *directional interconnector*, for which the *eligible person* holds units for the *intervention price trading interval*, as a result of the *direction*; and
- (b) in relation to the exercise of the *RERT* under rule 3.20:
  - (1) a *Scheduled Generator* or *Scheduled Network Service Provider*:
    - (i) whose *plant* or *scheduled network service* was not *dispatched* under a *scheduled reserve contract*, that had its *dispatched* quantity affected by the *dispatch* of *plant* or *scheduled network service* under that *scheduled reserve contract*; and
    - (ii) who was not the subject of *activation* under an *unscheduled reserve contract*, that had its *dispatched* quantity affected by the *activation* of *generating units* or *loads* under that *unscheduled reserve contract*;
  - (2) a *Scheduled Generator* or *Scheduled Network Service Provider* whose *plant* or *scheduled network service* was *dispatched* under a *scheduled reserve contract*, that had its *dispatched* quantity for other *generating units* or other services which were not *dispatched* under the *scheduled reserve contract* affected by that *dispatch* of *plant* or *scheduled network service* under that *scheduled reserve contract*, however, the *Scheduled Generator* or *Scheduled Network Service Provider* is only an *Affected Participant* in respect of those *generating units* and services which were not *dispatched* under that *scheduled reserve contract*; or

- (3) an *eligible person* entitled to receive an amount from *NEMMCO* pursuant to clause 3.18.1(b)(1) where there has been a change in flow of a *directional interconnector*, for which the *eligible person* holds units for the *intervention price trading interval*, as a result of the *dispatch* of *plant* or *scheduled network service* under a *scheduled reserve contract* or the *activation* of *generating units* or *loads* under an *unscheduled reserve contract*.

**agency data collection system**

The system used by the operator of an *agency metering database* to collect, process and transfer the *metering data* from a *meter* to the *NEMMCO settlements* process.

**agency metering database**

A *metering database* which is operated under a service level agreement with *NEMMCO*.

**aggregate annual revenue requirement**

For *prescribed transmission services*, the meaning in clause 6A.22.1 and for any other service, the calculated total annual revenue to be earned by an entity for a defined class or classes of service.

**aggregate payment due**

The aggregate of the net amounts payable by *NEMMCO* to each of the *Market Participants* to whom payments are to be made in relation to *spot market transactions* or *reallocation transactions* in respect of a *billing period* determined in accordance with clause 3.15.22(c).

**agreed capability**

In relation to a *connection point*, the capability to receive or send out power for that *connection point* determined in accordance with the relevant *connection agreement*.

**alternative control service**

A *distribution service* that is a *direct control service* but not a *standard control service*.

**Amending Rule**

A Rule made by the *AEMC* under section 103 of the *National Electricity Law* on and from the date of commencement of the operation of that Rule, or parts of that Rule.

**ancillary service fees**

The fees determined by *NEMMCO* under Chapter 2 in relation to *ancillary services*.

**ancillary service generating unit**

A *generating unit* which has been classified in accordance with Chapter 2 as an *ancillary service generating unit*.

**ancillary service load**

A *market load* which has been classified in accordance with Chapter 2 as an *ancillary service load*.

**ancillary service price**

In respect of a *dispatch interval*, for a *market ancillary service*, the common clearing price for the *market ancillary service* determined in accordance with clause 3.9.

**Ancillary Service Provider**

A person who engages in the activity of owning, controlling or operating a *generating unit* or *market load* classified in accordance with Chapter 2 as an *ancillary service generating unit* or *ancillary service load*, as the case may be.

**ancillary services**

*Market ancillary services* and *non-market ancillary services*.

**ancillary services agreement**

An agreement under which a *Registered Participant* agrees to provide one or more *non-market ancillary services* to *NEMMCO*.

**annual building block revenue requirement**

The amount representing the revenue requirement of a *Transmission Network Service Provider* for each *regulatory year* of a *regulatory control period* calculated in accordance with clause 6A.5.4.

**annual national transmission review or ANTS review**

The review conducted by *NEMMCO* in accordance with clause 5.6.5.

**Annual National Transmission Statement or ANTS**

The statement *published* by *NEMMCO* in accordance with clause 5.6.5.

**Annual Planning Report**

A report prepared by a *Transmission Network Service Provider* under clause 5.6.2A(a).

**annual revenue requirement**

An amount representing revenue for a *Distribution Network Service Provider*, for each *regulatory year* of a *regulatory control period*, calculated in accordance with Part C of Chapter 6.

### **annual service revenue requirement**

Has the meaning set out in clause 6A.22.2.

### **apparent power**

The square root of the sum of the squares of the *active power* and the *reactive power*.

### **applicable regulatory instruments**

All laws, regulations, orders, licences, codes, determinations and other regulatory instruments (other than the *Rules*) which apply to *Registered Participants* from time to time, including those applicable in each *participating jurisdiction* as listed below, to the extent that they regulate or contain terms and conditions relating to access to a *network*, *connection* to a *network*, the provision of *network services*, *network service price* or *augmentation* of a *network*.

- (1) New South Wales:
  - (a) the Electricity Supply Act 1995 ("ES Act");
  - (b) all regulations made and licences ("Licences") issued under the ES Act;
  - (c) the Independent Pricing and Regulatory Tribunal Act 1992 ("IPART Act");
  - (d) all regulations and determinations made under the IPART Act;
  - (e) all regulatory instruments applicable under the Licences; and
  - (f) the Commercial Arbitration Act 1984.
- (2) Victoria:
  - (a) the Electricity Industry Act 2000 ("EI Act");
  - (b) all regulations made and licences ("Licences") issued under the EI Act;
  - (c) the Essential Services Commission Act 2001 ("ESCV Act");
  - (d) all regulations and determinations made under the ESCV Act;
  - (e) all regulatory instruments applicable under the Licences; and
  - (f) the Tariff Order made under section 158A(1) of the Electricity Industry Act 1993 and continued in effect by clause 6(1) of Schedule 4 to the Electricity Industry (Residual Provisions) Act 1993, as amended or varied in accordance with section 14 of the EI Act.
- (3) South Australia:
  - (a) the Electricity Act 1996;
  - (b) all regulations made and licences ("Licences") issued under the Electricity Act;
  - (c) the Essential Services Commission Act 2002 ("ESCSA Act");
  - (d) all regulations and determinations made under the ESCSA Act;
  - (e) all regulatory instruments applicable under the Licences; and
  - (f) the Electricity Pricing Order made under section 35B of the Electricity Act.

- (4) Australian Capital Territory:
  - (a) the Utilities Act 2000;
  - (b) all regulations made and licences ("Licences") issued under the Utilities Act;
  - (c) the Independent Competition and Regulatory Commission Act 1997 ("ICRC Act");
  - (d) all regulations and determinations made under the ICRC Act; and
  - (e) all regulatory instruments applicable under the Licences.
- (5) Queensland:
  - (a) the Electricity Act 1994;
  - (b) all regulations made and authorities and special approvals ("Licences") granted under the Electricity Act;
  - (c) the Queensland Competition Authority Act 1997 ("QCA Act");
  - (d) all regulations and determinations made under the QCA Act;
  - (e) all regulatory instruments applicable under the Licences; and
  - (f) the Gladstone Power Station Agreement Act 1993 and associated agreements.
- (6) Tasmania:
  - (a) the Electricity Supply Industry Act 1995;
  - (b) all regulations made and licences ("Licences") issued under the Electricity Supply Industry Act;
  - (c) all regulatory instruments under the Electricity Supply Industry Act or the Licences (including, without limitation, determinations of the Tasmanian Electricity Regulator under the Electricity Supply Industry (Price Control) Regulations); and
  - (d) the Tasmanian Electricity Code issued under section 49A of the Electricity Supply Industry Act.

### **application to connect**

An application made by a *Connection Applicant* in accordance with clause 5.3 for *connection to a network* and/or the provision of *network services* or modification of a *connection to a network* and/or the provision of *network services*.

### **approved pass through amount**

In respect of a *positive change event* for a *Transmission Network Service Provider*:

- (a) the amount which the *AER* determines should be passed through to *Transmission Network Users* under clause 6A.7.3(d)(2); or
- (b) the amount which the *AER* is taken to have determined under clause 6A.7.3(e)(1),

as the case may be.

In respect of a *positive change event* for a *Distribution Network Service Provider*:

- (a) the amount the *AER* determines should be passed through to *Distribution Network Users* under clause 6.6.1(d)(2); or
- (b) the amount the *AER* is taken to have determined under clause 6.6.1(e)(3),  
as the case may be.

**approved pricing proposal**

*A pricing proposal approved by the AER.*

**ASRR**

*The annual service revenue requirement.*

**asynchronous generating unit**

*A generating unit that is not a synchronous generating unit.*

**attributable connection point cost share**

Has the meaning set out in clause 6A.22.4.

**attributable cost share**

Has the meaning set out in clause 6A.22.3.

**auction**

*A settlement residue auction held under clause 3.18.*

**auction amounts**

All amounts:

- (1) payable to *NEMMCO* or *eligible persons* under *SRD agreements*; or
- (2) distributed to *Network Service Providers* under clause 3.18.4; or
- (3) recovered by *NEMMCO* under clause 3.18.4 or the *auction rules*.

**auction expense fees**

The costs and expenses incurred by *NEMMCO* referred to in clause 3.18.4(b).

**auction participation agreement**

Has the meaning given in clause 3.18.1(a).

**auction rules**

The rules developed by *NEMMCO* under clause 3.18.3, as amended from time to time in accordance with that clause.

**augment, augmentation**

Works to enlarge a *network* or to increase the capability of a *network* to transmit or distribute *active energy*.

**augmentation technical report**

A report by the *Inter-regional Planning Committee* of an *augmentation* under clause 5.6.3(j).

**Australian Standard (AS)**

The most recent edition of a standard publication by Standards Australia (Standards Association of Australia).

**Authority**

Any government, government department, instrumentality, *Minister*, agency, statutory authority or other body in which a government has a controlling interest, and includes the *AEMC*, *NEMMCO*, the *AER* and the *ACCC* and their successors.

**automatic access standard**

In relation to a technical requirement of access, a standard of performance, identified in a schedule of Chapter 5 as an automatic access standard for that technical requirement, such that a *plant* that meets that standard would not be denied access because of that technical requirement.

**automatic generation control system (AGC)**

The system into which the *loading levels* from economic *dispatch* will be entered for *generating units* operating on automatic generation control in accordance with clause 3.8.21(d).

**automatic reclose equipment**

In relation to a *transmission line* or *distribution line*, the equipment which automatically recloses the relevant line's circuit breaker(s) following their opening as a result of the detection of a fault in the *transmission line* or the *distribution line* (as the case may be).

**available capacity**

The total MW capacity available for *dispatch* by a *scheduled generating unit*, *semi-scheduled generating unit* or *scheduled load* (i.e. maximum plant availability) or, in relation to a specified *price band*, the MW capacity within that *price band* available for *dispatch* (i.e. availability at each price band).

**average electrical energy loss**

The volume-weighted average of the *electrical energy losses* incurred in each *trading interval* over all *trading intervals* in a defined period of time

### **average loss factor**

A multiplier used to describe the *average electrical energy loss* for electricity used or transmitted.

### **avoided Customer TUOS charges**

The charges described in rule 5.5(h).

### **B2B Communications**

Communications between *Local Retailers*, *Market Customers* and *Distribution Network Service Providers* relating to an end-user or *supply* to an end-user provided for in the *B2B Procedures*.

### **B2B Data**

Data relating to *B2B Communications*.

### **B2B Decision**

A decision of *NEMMCO* to approve or not approve an *Information Exchange Committee Recommendation*.

### **B2B Determination Dispute**

A dispute in relation to either a *B2B Decision* or an *Information Exchange Committee Recommendation*.

### **B2B e-Hub**

An electronic information exchange platform established by *NEMMCO* to facilitate *B2B Communications*.

### **B2B Objective**

The benefits from *B2B Communications* to *Local Retailers*, *Market Customers* and *Distribution Network Service Providers* as a whole should outweigh the detriments to *Local Retailers*, *Market Customers* and *Distribution Network Service Providers* as a whole.

### **B2B Principles**

The following principles:

- (a) *B2B Procedures* should provide a uniform approach to *B2B Communications* in *participating jurisdictions* in which there are no *franchise customers*;
- (b) *B2B Procedures* should detail operational and procedural matters and technical requirements that result in efficient, effective and reliable *B2B Communications*;
- (c) *B2B Procedures* should avoid unreasonable discrimination between *Local Retailers*, *Market Customers* and *Distribution Network Service Providers*; and

- (d) *B2B Procedures* should protect the confidentiality of commercially sensitive information.

### **B2B Procedures**

Procedures prescribing the content of, the processes for, and the information to be provided to support, *B2B Communications*.

### **B2B Procedures Change Pack**

A document consisting of:

- (a) a *B2B Proposal*;
- (b) a report setting out an overview of the likely impact of the *B2B Proposal* on *NEMMCO*, *Local Retailers*, *Market Customers* and *Distribution Network Service Providers*;
- (c) draft *B2B Procedures* (incorporating proposed changes in mark up, where appropriate); and
- (d) an issues paper explaining why the *B2B Proposal* is being presented.

### **B2B Proposal**

A proposal for *B2B Procedures*, or a *change* to the *B2B Procedures*, which is the subject of consultation by the *Information Exchange Committee*.

### **bank bill rate**

On any *day*, the rate determined by *NEMMCO* (having regard to such market indicators as *NEMMCO* in its discretion selects) to be the market rate as at 10.00 am on that *day* (or if not a *business day*, on the previous *business day*) for Australian dollar denominated bank accepted bills of exchange having a tenor of 30 *days*.

### **billing period**

The period of 7 *days* commencing at the start of the *trading interval* ending 12.30 am Sunday.

### **black start capability**

A capability that allows a *generating unit*, following its *disconnection* from the *power system*, to be able to deliver electricity to either:

- (a) its *connection point*; or
- (b) a suitable point in the *network* from which *supply* can be made available to other *generating units*,

without taking *supply* from any part of the *power system* following *disconnection*.

**black system**

The absence of *voltage* on all or a significant part of the *transmission system* or within a *region* during a *major supply disruption* affecting a significant number of customers.

**breaker fail**

In relation to a *protection system*, that part of the *protection system* that protects a *Market Participant's facilities* against the non-operation of a circuit breaker that is required to open.

**breaker fail protection system**

A *protection system* that protects a *facility* against the non-operation of a circuit breaker that is required to open to clear a fault.

**building block determination**

The component of a distribution determination relevant to the regulation of *standard control services* (See rule 6.3).

**building block proposal**

For a *Distribution Network Service Provider*, the part of the provider's *regulatory proposal* relevant to the regulation of *standard control services* (See clause 6.3.1).

**busbar**

A common *connection point* in a *power station switchyard* or a *transmission network substation*.

**business day**

A *day* other than a Saturday, Sunday or a *day* which is lawfully observed as a national public holiday on the same *day* in each of the *participating jurisdictions*.

**call amount**

The amount determined pursuant to the formula in clause 3.3.11 for the purposes of a *call notice* where the *outstandings* of a *Market Participant* exceed its *trading limit*.

**call notice**

A notice issued by *NEMMCO* pursuant to clause 3.3.11 where the *outstandings* of a *Market Participant* exceed its *trading limit*.

**capacitor bank**

Electrical equipment used to generate *reactive power* and therefore support *voltage* levels on *distribution* and *transmission lines* in periods of high *load*.

**capital expenditure criteria**

For a *Transmission Network Service Provider* – the matters listed in clause 6A.6.7(c)(1)–(3).

For a *Distribution Network Service Provider* – the matters listed in clause 6.5.7(c)(1)–(3).

### **capital expenditure factors**

For a *Transmission Network Service Provider* – the factors listed in clause 6A.6.7(e)(1)–(10).

For a *Distribution Network Service Provider* – the factors listed in clause 6.5.7(e)(1)–(10).

### **capital expenditure objectives**

For a *Transmission Network Service Provider* – the objectives set out in clause 6A.6.7(a).

For a *Distribution Network Service Provider* – the objectives set out in clause 6.5.7(a).

### **cascading outage**

The occurrence of an uncontrollable succession of *outages*, each of which is initiated by conditions (e.g. instability or overloading) arising or made worse as a result of the event preceding it.

### **categories of prescribed transmission services**

For the purposes of pricing for *prescribed transmission services*:

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

### **central dispatch**

The process managed by *NEMMCO* for the *dispatch* of *scheduled generating units*, *semi-scheduled generating units*, *scheduled loads*, *scheduled network services* and *market ancillary services* in accordance with rule 3.8.

### **change**

Includes amendment, alteration, addition or deletion.

### **charging parameters**

The constituent elements of a tariff.

**check meter**

A *meter*, other than a *revenue meter*, used as a source of *metering data* for Type 1 and Type 2 *metering installations* as specified in schedule 7.2.

**check metering data**

The *metering data* obtained from a *check metering installation*.

**check metering installation**

A *metering installation* used as the source of *metering data* for validation in the *settlements* process.

**clause 4.8.9 instruction**

Has the meaning given in clause 4.8.9(a1)(2).

**COAG**

Council of Australian Governments.

**commercial arbitrator**

A dispute resolution panel (within the meaning of section 58 of the *National Electricity Law*) established pursuant to clause 6A.30.2(b).

**commitment**

The commencement of the process of starting up and *synchronising* a *generating unit* to the *power system*.

**common service**

A service that ensures the integrity of a *distribution system* and benefits all *Distribution Customers* and cannot reasonably be allocated on a locational basis.

**communication link**

All communications equipment, processes and arrangements that lie between the *meter* and the *data logger*, where the *data logger* is external to the device that contains the *measurement elements*, and/or the *data logger* and the telecommunications network.

**compensation recovery amount**

Has the meaning given in clause 3.15.8(a).

**complainant**

The party which refers a dispute to the *Adviser* in accordance with clause 8.2.5(a).

### **confidential information**

In relation to a *Registered Participant* or *NEMMCO*, information which is or has been provided to that *Registered Participant* or *NEMMCO* under or in connection with the *Rules* and which is stated under the *Rules*, or by *NEMMCO*, the *AER* or the *AEMC*, to be *confidential information* or is otherwise confidential or commercially sensitive. It also includes any information which is derived from such information.

### **connect, connected, connection**

To form a physical link to or through a *transmission network* or *distribution network*.

### **connection agreement**

An agreement between a *Network Service Provider* and a *Registered Participant* or other person by which the *Registered Participant* or other person is *connected* to the *Network Service Provider's transmission* or *distribution network* and/or receives *transmission services* or *distribution services*. In some *participating jurisdictions*, the *Registered Participant* or other person may have one *connection agreement* with a *Network Service Provider* for *connection services* and another agreement with a different *Network Service Provider* for *network services* provided by the *transmission network*.

### **Connection Applicant**

A person who wants to establish or modify *connection* to a *transmission network* or *distribution network* and/or who wishes to receive *network services* and who makes a *connection enquiry* as described in clause 5.3.2.

### **connection assets**

Those components of a *transmission or distribution system* which are used to provide *connection services*.

### **connection point**

The agreed point of *supply* established between *Network Service Provider(s)* and another *Registered Participant*, *Non-Registered Customer* or *franchise customer*.

### **connection service**

An *entry service* (being a service provided to serve a *Generator* or a group of *Generators*, or a *Network Service Provider* or a group of *Network Service Providers*, at a single *connection point*) or an *exit service* (being a service provided to serve a *Transmission Customer* or *Distribution Customer* or a group of *Transmission Customers* or *Distribution Customers*, or a *Network Service Provider* or a group of *Network Service Providers*, at a single *connection point*).

**considered project**

- (a) In respect of a *transmission network augmentation*, a project that meets the following criteria:
- (1) the *Network Service Provider* has acquired the necessary land and easements;
  - (2) the *Network Service Provider* has obtained all necessary planning and development approvals;
  - (3) as applicable:
    - (i) the *augmentation* project has passed the *regulatory investment test for transmission*;
    - (ii) in respect of a *transmission* investment which has not been subject to a *regulatory investment test for transmission*, an intention to proceed with the project has been published in the *Network Service Provider's Annual Planning Report*; or
  - (4) construction has either commenced or the *Network Service Provider* has set a firm date for it to commence.
- (b) In respect of a *distribution network augmentation*, a project that meets the following criteria:
- (1) the *Network Service Provider* has acquired the necessary land and easements;
  - (2) the *Network Service Provider* has obtained all necessary planning and development approvals; and
  - (3) construction has either commenced or the *Network Service Provider* has set a firm date for it to commence.

**~~considered project~~**

- ~~(a) In respect of a *transmission network augmentation*, a project that meets the following criteria:~~
- ~~(1) the *Network Service Provider* has acquired the necessary land and easements;~~
  - ~~(2) the *Network Service Provider* has obtained all necessary planning and development approvals;~~
  - ~~(3) as applicable:~~
    - ~~(i) the *augmentation* project has passed the *regulatory test*;~~

- ~~(ii) in respect of a new small transmission network asset, an intention to proceed with the project has been published in the Network Service Provider's Annual Planning Report; or~~
- ~~(iii) in respect of a funded augmentation the arrangements have been made for its funding; and~~
- ~~(4) construction has either commenced or the Network Service Provider has set a firm date for it to commence.~~
- ~~(b) In respect of a distribution network augmentation, a project that meets the following criteria:~~
  - ~~(1) the Network Service Provider has acquired the necessary land and easements;~~
  - ~~(2) the Network Service Provider has obtained all necessary planning and development approvals; and~~
  - ~~(3) construction has either commenced or the Network Service Provider has set a firm date for it to commence.~~

**constrained off**

In respect of a *generating unit*, the state where, due to a *constraint* on a *network*, the output of that *generating unit* is limited below the level to which it would otherwise have been *dispatched* by NEMMCO on the basis of its *dispatch offer*.

**constrained on**

In respect of a *generating unit*, the state where, due to a *constraint* on a *network*, the output of that *generating unit* is limited above the level to which it would otherwise have been *dispatched* by NEMMCO on the basis of its *dispatch offer*.

**constraint, constrained**

A limitation on the capability of a *network*, *load* or a *generating unit* such that it is unacceptable to either transfer, consume or generate the level of electrical power that would occur if the limitation was removed.

**consulting party**

The person who is required to comply with the *Rules consultation procedures*.

**contestable**

- (a) In relation to *transmission services* a service which is permitted by the laws of the relevant *participating jurisdiction* to be provided by more than one *Transmission Network Service Provider* as a contestable service or on a competitive basis.

- (b) In relation to *distribution services*, a service which is permitted by the laws of the relevant *participating jurisdiction* to be provided by more than one *Distribution Network Service Provider* as a contestable service or on a competitive basis.

**contingency capacity reserve**

Actual *active* and *reactive energy* capacity, *interruptible load* arrangements and other arrangements organised to be available to be utilised on the actual occurrence of one or more *contingency events* to allow the restoration and maintenance of *power system security*.

**contingency capacity reserve standards**

The standards set out in the *power system security and reliability standards* to be used by *NEMMCO* to determine the levels of *contingency capacity reserves* necessary for *power system security*.

**contingency event**

An event described in clause 4.2.3(a).

**contingent project**

In relation to a *revenue determination*, a *proposed contingent project* that is determined by the *AER*, in accordance with clause 6A.8.1(b), to be a *contingent project* for the purposes of that *revenue determination*.

**continuous uninterrupted operation**

In respect of a *generating system* or operating *generating unit* operating immediately prior to a *power system* disturbance, not *disconnecting* from the *power system* except under its *performance standards* established under clauses S5.2.5.8 and S5.2.5.9 and, after clearance of any electrical fault that caused the disturbance, only substantially varying its *active power* and *reactive power* required by its *performance standards* established under clauses S5.2.5.11, S5.2.5.13 and S5.2.5.14, with all essential auxiliary and *reactive plant* remaining in service, and responding so as to not exacerbate or prolong the disturbance or cause a subsequent disturbance for other *connected plant*.

**control centre**

The *facilities* used by *NEMMCO* for managing *power system security* and administering the *market*.

**control system**

Means of monitoring and controlling the operation of the *power system* or equipment including *generating units connected* to a *transmission* or *distribution network*.

### **Convener**

The *representative* appointed by *NEMMCO* in accordance with clause 5.6.3 to convene the *Inter-regional Planning Committee*.

### **Co-ordinated Universal Time (UTC)**

The time as determined by the International Bureau of Weights and Measures and maintained under section 8AA of the *National Measurement Act*.

### **Co-ordinating Network Service Provider**

A *Network Service Provider* appointed by multiple *Transmission Network Service Providers* to allocate *AARR* in accordance with rule 6A.29.

### **Cost Allocation Guidelines**

For a *Transmission Network Service Provider* – the guidelines referred to in clause 6A.19.3.

For a *Distribution Network Service Provider* – the guidelines referred to in clause 6.15.3.

### **Cost Allocation Method**

For a *Distribution Network Service Provider*, the Cost Allocation Method approved by the *AER* for that *Distribution Network Service Provider* under clause 6.15.4(c) and (d) as amended from time to time in accordance with clause 6.15.4(f) and (g).

### **Cost Allocation Methodology**

For a *Transmission Network Service Provider*, the Cost Allocation Methodology approved or taken to be approved by the *AER* for that *Transmission Network Service Provider* under clauses 6A.19.4(c) and (d) as amended from time to time in accordance with clauses 6A.19.4(f) and (g).

### **Cost Allocation Principles**

For a *Transmission Network Service Provider* – the principles set out in clause 6A.19.2.

For a *Distribution Network Service Provider* – the principles set out in clause 6.15.2.

### **cost reflective network pricing**

A cost allocation method which reflects the value of assets used to provide *transmission* or *distribution services* to *Network Users*.

**cost reflective network pricing methodology or CRNP methodology or modified CRNP methodology**

The cost allocation methodologies described in schedule 6A.3.

**CPI**

As at a particular time, the Consumer Price Index: All Groups Index Number, weighted average of eight capital cities published by the Australian Bureau of Statistics for the most recent quarter that precedes that particular time and for which the index referred to has been published by the Australian Bureau of Statistics as at that time. If that index ceases to be published or is substantially changed, *CPI* will be such other index as is determined by the *AER* as a suitable benchmark for recording general movements in prices.

**cost threshold**

[Has the meaning given in clause 5.6.5E\(a\).](#)

**cost threshold consultation period**

[Has the meaning given in clause 5.6.5E\(d\).](#)

**cost threshold determination**

[Has the meaning given in clause 5.6.5E\(f\).](#)

**cost threshold review**

[Has the meaning given in clause 5.6.5E\(a\).](#)

**credible contingency event**

An event described in clause 4.2.3(b), certain examples of which are set out in schedule 5.1.

**credible option**

[Has the meaning given in clause 5.6.5D\(a\).](#)

**credit period**

The typical period of days over which *maximum credit limit* is calculated in accordance with schedule 3.3.

**credit support**

An obligation owed to *NEMMCO* by a third party supporting the obligations of a *Market Participant* and having the characteristics required by clause 3.3.2.

### **credit support provider**

The issuing party that assumes obligations to *NEMMCO* pursuant to a *credit support*.

### **cumulative price threshold**

The threshold for imposition of an *administered price cap* as defined in clause 3.14.1.

### **current rating**

The maximum current that may be permitted to flow (under defined conditions) through a *transmission line* or *distribution line* or other item of equipment that forms part of a *power system*.

### **current transformer (CT)**

A *transformer* for use with *meters* and/or protection devices in which the current in the secondary winding is, within prescribed error limits, proportional to and in phase with the current in the primary winding.

### **Customer**

A person who:

1. engages in the activity of purchasing electricity *supplied* through a *transmission or distribution system* to a *connection point*; and
2. is registered by *NEMMCO* as a *Customer* under Chapter 2.

### **Customer transmission use of system, Customer transmission use of system service**

A service provided to a *Transmission Network User* for use of the *transmission network* for the conveyance of electricity (including where it has been negotiated in accordance with clause 5.4A(f)(3)) that can be reasonably allocated to a *Transmission Network User* on a locational basis, but does not include *Generator transmission use of system services*.

### **data collection system**

All equipment and arrangements that lie between the *metering database* and the point where the *metering data* enters the *telecommunications network*.

### **data logger**

A *metering installation* database or a device that collects electronic signals from a *measurement element* and packages it into 30 minute intervals (or sub-multiples). This device may contain data storage capability, be a separate item of equipment, and/or be combined with the *energy* measuring components within one physical device.

**day**

Unless otherwise specified, the 24 hour period beginning and ending at midnight Eastern Standard Time (EST).

**declared NEM project**

A project determined to be a declared NEM project under clause 2.11.1(ba) or 2.11.1(bd), for which there is special treatment in the timing of cost recovery.

**decommission, decommit**

In respect of a *generating unit*, ceasing to generate and *disconnecting* from a *network*.

**default dispatch bid**

A *dispatch bid* made pursuant to clause 3.8.9.

**default dispatch offer**

A *dispatch offer* made pursuant to clause 3.8.9.

**default event**

An event defined as such in clause 3.15.21(a).

**default notice**

A notice issued by *NEMMCO* pursuant to clause 3.15.21(b)(1).

**defaulting Market Participant**

A *Market Participant* in relation to which a *default event* has occurred.

**delayed lower service**

The service of providing, in accordance with the *market ancillary service specification*, the capability of controlling the level of *generation* or *load* associated with a particular *facility* in response to a change in the *frequency* of the *power system* beyond a threshold or in accordance with electronic signals from *NEMMCO* in order to lower that *frequency* to within the *normal operating frequency band*.

**delayed raise service**

The service of providing, in accordance with the *market ancillary service specification*, the capability of controlling the level of *generation* or *load* associated with a particular *facility* in response to a change in the *frequency* of the *power system* beyond a threshold or in accordance with electronic signals from *NEMMCO* in order to raise that *frequency* to within the *normal operating frequency band*.

**delayed response capacity reserve**

That part of the *contingency capacity reserve* capable of realisation within 5 minutes of a major *frequency* decline in the *power system* as described further in the *power system security and reliability standards*.

**delayed service**

A *delayed raise service* or a *delayed lower service*.

**demand based price**

A price expressed in dollars per kilowatt per time period or dollars per kilovolt ampere per time period.

**demand management incentive scheme**

An incentive scheme for certain *Distribution Network Service Providers* developed and *published* by the AER under clause 6.6.3.

**deprival value**

A value ascribed to assets which is the lower of economic value or optimised depreciated replacement value.

**derogation**

Has the meaning given in the *National Electricity Law*.

**de-synchronising/de-synchronisation**

The act of *disconnection* of a *generating unit* from the *connection point* with the *power system*, normally under controlled circumstances.

**direct control service**

A *distribution service* that is a direct control network service within the meaning of section 2B of the Law.

**Directed Participant**

A *Scheduled Generator*, *Semi-Scheduled Generator*, *Market Generator*, *Scheduled Network Service Provider* or *Market Customer* the subject of a *direction*.

**direction**

Has the meaning given in clause 4.8.9(a1)(1).

**directional interconnector**

Has the meaning given in clause 3.18.1(c).

### **Disclosee**

In relation to a *Registered Participant* or *NEMMCO*, a person to whom that *Registered Participant* or *NEMMCO* (as the case may be) discloses *confidential information*.

### **disconnect, disconnected, disconnection**

The operation of switching equipment or other action so as to prevent the flow of electricity at a *connection point*.

### **dispatch**

The act of initiating or enabling all or part of the response specified in a *dispatch bid*, *dispatch offer* or *market ancillary service offer* in respect of a *scheduled generating unit*, *semi-scheduled generating unit*, a *scheduled load*, a *scheduled network service*, an *ancillary service generating unit* or an *ancillary service load* in accordance with rule 3.8, or a *direction* or operation of capacity the subject of a *reserve contract* as appropriate.

### **dispatch algorithm**

The algorithm used to determine *central dispatch* developed by *NEMMCO* in accordance with clause 3.8.1(d).

### **dispatch bid**

A notice submitted by a *Market Participant* to *NEMMCO* relating to the *dispatch* of a *scheduled load* in accordance with clause 3.8.7.

### **dispatch inflexibility profile**

Data which may be provided to *NEMMCO* by *Market Participants*, in accordance with clause 3.8.19, to specify *dispatch inflexibilities* in respect of *scheduled loads* or *scheduled generating units* which are not *slow start generating units*.

### **dispatch instruction**

An instruction given to a *Registered Participant* under clauses 4.9.2, 4.9.2A, 4.9.3 or 4.9.3A.

### **dispatch interval**

A period defined in clause 3.8.21(a1) in which the *dispatch algorithm* is run in accordance with clause 3.8.21(b).

### **dispatch level**

Means:

- (1) for a *semi-dispatch interval*, the amount of electricity specified in a *dispatch instruction* as the *semi-scheduled generating unit's* maximum permissible *active power* at the end of the *dispatch interval* specified in the *dispatch instruction*; and

- (2) for a *non semi-dispatch interval*, an estimate of the *active power* at the end of the *dispatch interval* specified in the *dispatch instruction*.

**dispatch offer**

A *generation dispatch offer* or a *network dispatch offer*.

**dispatch offer price**

The price submitted by a *Scheduled Generator*, *Semi-Scheduled Generator* or a *Scheduled Network Service Provider* for a *price band* and a *trading interval* in a *dispatch offer*.

**dispatch optimisation software**

The computer program used by *NEMMCO* for computing the *dispatch algorithm*.

**dispatch price**

The price determined for each *regional reference node* by the *dispatch algorithm* each time it is run by *NEMMCO*.

**dispatched generating unit**

A *scheduled generating unit* which has received instructions from *NEMMCO* in accordance with a *dispatch schedule*.

**dispatched generation**

The *generation* which has been *dispatched* as part of *central dispatch*.

**dispatched Generator**

A *Generator* who has received a *dispatch instruction* from *NEMMCO*.

**dispatched load**

The *load* which has been *dispatched* as part of *central dispatch*.

**dispute management system (or “DMS”)**

The dispute management system which each *Registered Participant* and *NEMMCO* must adopt in accordance with clause 8.2.3.

**dispute resolution panel (or “DRP”)**

A dispute resolution panel established pursuant to clause 8.2.6A.

**[dispute notice](#)**

[Has the meaning given in clause 5.6.6A\(c\)\(1\).](#)

**disputing party**

Has the meaning given in clause 5.6.6A(c).

**distribution**

Activities pertaining to a *distribution system* including the conveyance of electricity through that *distribution system*.

**distribution consultation procedures**

The procedures set out in Part G of Chapter 6.

**Distribution Customer**

*A Customer, Distribution Network Service Provider, Non-Registered Customer or franchise customer having a connection point with a distribution network.*

**distribution line**

A power line, including underground cables, that is part of a *distribution network*.

**distribution loss factor**

An *average loss factor* calculated according to clause 3.6.3.

**distribution losses**

*Electrical energy losses* incurred in distributing electricity over a *distribution network*.

**distribution network**

A *network* which is not a *transmission network*.

**distribution network connection point**

A *connection point* on a *distribution network*.

**Distribution Network Service Provider**

A person who engages in the activity of owning, controlling, or operating a *distribution system*.

**Distribution Network Service Provider Member**

A *Member* appointed to the *Information Exchange Committee* in that membership category as set out in the *Information Exchange Committee Election Procedures*.

**Distribution Network User**

A *Distribution Customer* or an *Embedded Generator*.

**distribution network user access**

The *power transfer capability* of the *distribution network* in respect of:

(a) *generating units* or a group of *generating units*; and

(b) *network elements*,

at a *connection point* which has been negotiated in accordance with rule 5.5.

### **Distribution Ring-Fencing Guidelines**

The guidelines developed by the *AER* under clause 6.17.2.

### **distribution service**

A service provided by means of, or in connection with, a *distribution system*.

### **distribution services access dispute**

A dispute referred to in clause 6.22.1.

### **distribution standard control service revenue**

Has the meaning given in rule 6.26(b)(2).

### **distribution system**

A *distribution network*, together with the *connection assets* associated with the *distribution network*, which is connected to another *transmission or distribution system*.

*Connection assets* on their own do not constitute a *distribution system*.

### **Distribution System Operator**

A person who is responsible, under the *Rules* or otherwise, for controlling or operating any portion of a *distribution system* (including being responsible for directing its operations during *power system* emergencies) and who is registered by *NEMMCO* as a *Distribution System Operator* under Chapter 2.

### **distribution use of system, distribution use of system service**

A service provided to a *Distribution Network User* for use of the *distribution network* for the conveyance of electricity that can be reasonably allocated on a locational and/or *voltage* basis.

### **DMS**

A dispute management system.

### **DMS Contact**

A person appointed by a *Registered Participant* or *NEMMCO* pursuant to its *DMS* to be the first point of contact for the notification of disputes under clause 8.2.

### **DMS referral notice**

A notice served on a *DMS Contact* pursuant to clause 8.2.4(a).

## **DRP**

*A dispute resolution panel.*

### **dual function asset**

Means any part of a *network* owned, operated or controlled by a *Distribution Network Service Provider* which operates between 66 kV and 220 kV and which operates in parallel, and provides support, to the higher voltage *transmission network* which is deemed by clause 6.24.2(a) to be a *dual function asset*. For the avoidance of doubt:

- (a) a *dual function asset* can only be an asset which forms part of a *network* that is predominantly a *distribution network*; and
- (b) an asset which forms part of a *network* which is predominantly a *transmission network* cannot be characterised as a *dual function asset*,

through the operation of clause 6.24.2(a).

### **dynamic performance**

The response and behaviour of *networks* and *facilities* which are *connected* to the *networks* when the *satisfactory operating state* of the *power system* is disturbed.

### **EAAP guidelines**

The guidelines *published* by *NEMMCO* in accordance with clause 3.7C(k) that *NEMMCO* must comply with in preparing the *EAAP*.

### **EAAP principles**

The principles referred to in clause 3.7C(b) that *NEMMCO* must comply with in preparing the *EAAP* and the *EAAP guidelines*.

### **Eastern Standard Time (EST)**

The time which is set at 10 hours in advance of *Co-ordinated Universal Time*.

### **efficiency benefit sharing scheme**

For a *Transmission Network Service Provider* – a scheme developed and *published* by the *AER* under clause 6A.5.

For a *Distribution Network Service Provider* – a scheme developed and *published* by the *AER* under clause 6.5.8.

### **efficiency benefit sharing scheme parameters**

For an *efficiency benefit sharing scheme*, those parameters that are *published* by the *AER* in respect of that scheme pursuant to clause 6A.6.5(c).

**electrical energy loss**

*Energy loss incurred in the production, transportation and/or use of electricity.*

**electrical sub-network**

A part of the *national grid* determined by NEMMCO in accordance with clause 3.11.4B.

**electronic communication system**

Includes the electronic communication and the *electronic data transfer* system provided to *Registered Participants* by NEMMCO.

**electronic data transfer**

The transfer of data by electronic means from one location to another.

**eligible pass through amount**

In respect of a *positive change event* for a *Transmission Network Service Provider*, the increase in costs in the provision of *prescribed transmission services* that the *Transmission Network Service Provider* has incurred and is likely to incur until the end of the *regulatory control period* as a result of that *positive change event* (as opposed to the revenue impact of that event).

In respect of a *positive change event* for a *Distribution Network Service Provider*, the increase in costs in the provision of *direct control services* that the *Distribution Network Service Provider* has incurred and is likely to incur until the end of the *regulatory control period* as a result of that *positive change event* (as opposed to the revenue impact of that event).

**eligible person**

Has the meaning given in clause 3.18.2(b).

**embedded generating unit**

A *generating unit* connected within a *distribution network* and not having direct access to the *transmission network*.

**Embedded Generator**

A *Generator* who owns, operates or controls an *embedded generating unit*.

**enabled**

A *market ancillary service* is enabled when NEMMCO has selected the relevant *generating unit* or *load* for the provision of the *market ancillary service* and has notified the relevant *Market Participant* accordingly.

**enablement limit**

In relation to any *market ancillary service offer*, the level of associated *generation* or *load* (in MW) above or below which no response is specified as being available.

**enabling price**

Has the meaning given in clause 3.8.7A(d).

**energise/energisation**

The act of operation of switching equipment or the start-up of a *generating unit*, which results in there being a non-zero *voltage* beyond a *connection point* or part of the *transmission* or *distribution network*.

**energy**

*Active energy* and/or *reactive energy*.

**energy adequacy assessment projection (EAAP)**

A projection of NEMMCO's assessment of *energy* availability that accounts for *energy constraints* for each month over a 24 month period, which is prepared and *published* in accordance with rule 3.7C and is measured as *unserved energy* for each *region*.

**energy based price**

A price expressed in cents per kilowatt hour of *energy*.

**energy constrained scheduled generating unit**

A *scheduled generating unit* in respect of which the amount of electricity it is capable of *supplying* on a *trading day* is less than the amount of electricity it would *supply* on that *trading day* if it were *dispatched* to its full nominated availability for the whole *trading day*.

**energy constrained scheduled load**

A *scheduled load* in respect of which the amount of electricity it can take in a *trading day*, if *normally off*, or it can *off-load*, if *normally on*, is *constrained*.

**energy constraint**

A limitation on the ability of a *generating unit* or group of *generating units* to generate *active power* due to the restrictions in the availability of fuel or other necessary expendable resources such as, but not limited to, gas, coal, or water for operating turbines or for cooling.

**energy conversion model**

The model that defines how the *intermittent* input energy source (such as wind) is converted by the *semi-scheduled generating unit* into electrical output. That model must contain the information set out in the guidelines *published* by NEMMCO in accordance with clause 2.2.7(d).

### **energy data**

*Interval energy data* or *accumulated energy data*.

### **energy data services**

The services that involve:

- (1) collation of *energy data* from the *meter* or *meter/associated data logger*;
- (2) the processing of the *energy data* in the *metering installation* database;
- (3) storage of the *energy data* in the *metering installation* database; and
- (4) the provision of access to the data for those parties that have rights of access to the data.

### **energy packets**

The value of *energy data* which is accumulated for a period of 30 minutes and stored as a separate data record.

### **energy support arrangement**

A contractual arrangement between a *Generator* or *Network Service Provider* on the one hand, and a customer or *participating jurisdiction* on the other, under which *facilities* not subject to an *ancillary services agreement* for the provision of *system restart ancillary services* are used to assist *supply* to a customer during a *major supply disruption* affecting that customer, or customers generally in the *participating jurisdictions*, as the case may be.

### **entry charge**

The charge payable by an *Embedded Generator* to a *Distribution Network Service Provider* for an *entry service* at a *distribution network connection point*.

### **entry cost**

For each *distribution network connection point*, the amount of the *aggregate annual revenue requirement* for all individual assets classified as *entry service* assets which provide *entry service* for the *connection point*.

### **entry service**

A service provided to serve a *Generator* or a group of *Generators*, or a *Network Service Provider* or a group of *Network Service Providers*, at a single *connection point*.

### **estimated energy data**

The data that results from an estimation of the flow of electricity in a power conductor where the data applies to a *trading interval* or a period in excess of a *trading interval*. The estimation is made in relation to a *market load* and would not apply to a *metering point* where *accumulated energy data* or *interval energy data* is not available, or an *unmetered connection point*.

### **excess generation**

Aggregate *self dispatch level* of *self-committed generation* which is in excess of the quantity needed to meet the expected *power system demand* and *reserve requirements*.

### **excess generation period**

A period made up of one or more *dispatch intervals* where the sum of the aggregate of *generating unit self dispatch levels* and the required *regulating capability* (which forms part of the *contingency capacity reserves standard*) exceeds the forecast *load* or actual *load* during those *dispatch intervals*.

### **excitation control system**

In relation to a *generating unit*, the automatic *control system* that provides the field excitation for the generator of the *generating unit* (including excitation limiting devices and any power system stabiliser).

### **exit charge**

The charge payable by a *Distribution Customer* to a *Distribution Network Service Provider* for *exit service* at a *distribution network connection point*.

### **exit cost**

For each *distribution network connection point*, the amount of the *aggregate annual revenue requirement* for all individual assets classified as *exit service* assets which provide *exit service* for the *connection point*.

### **exit service**

A service provided to serve a *Transmission Customer* or *Distribution Customer* or a group of *Transmission Customers* or *Distribution Customers*, or a *Network Service Provider* or a group of *Network Service Providers*, at a single *connection point*.

### **extension**

An *augmentation* that requires the *connection* of a power line or *facility* outside the present boundaries of the *transmission* or *distribution network* owned, controlled or operated by a *Network Service Provider*.

### **extreme frequency excursion tolerance limits**

In relation to the *frequency* of the *power system*, means the limits so described and specified in the *power system security and reliability standards*.

### **facilities**

A generic term associated with the apparatus, equipment, buildings and necessary associated supporting resources provided at, typically:

- (a) a *power station* or *generating unit*;
- (b) a *substation* or *power station switchyard*;
- (c) a *control centre* (being a *NEMMCO control centre*, or a *distribution* or *transmission network control centre*);
- (d) facilities providing an *exit service*.

### **fast lower service**

The service of providing, in accordance with the requirements of the *market ancillary service specification*, the capability of rapidly controlling the level of *generation* or *load* associated with a particular *facility* in response to the locally sensed *frequency* of the *power system* in order to arrest a rise in that *frequency*.

### **fast raise service**

The service of providing, in accordance with the requirements of the *market ancillary service specification*, the capability of rapidly controlling the level of *generation* or *load* associated with a particular *facility* in response to the locally sensed *frequency* of the *power system* in order to arrest a fall in that *frequency*.

### **fault clearance time**

In respect of a *fault type*, the time within which the *protection system* is designed, operated and maintained to clear a *short circuit fault* of that *fault type* within its protection zone.

### **fault type**

One of the following types of electrical fault:

- (a) three phase to ground fault;
- (b) three phase fault;
- (c) two phase to ground fault;
- (d) phase to phase fault; and
- (e) one phase to ground fault.

**final statement**

A statement issued by *NEMMCO* under clause 3.15.15 to a *Market Participant*.

**financial year**

A period commencing on 1 July in one calendar year and terminating on 30 June in the following calendar year.

**financially responsible**

In relation to any *market connection point*, a term which is used to describe the *Market Participant* which has either:

1. classified the *connection point* as one of its *market loads*;
2. classified the *generating unit connected* at that *connection point* as a *market generating unit*; or
3. classified the *network services* at that *connection point* as a *market network service*.

**First-Tier Customer**

A *Customer* which has classified any *load* as a *first-tier load* in accordance with Chapter 2.

**first-tier load**

Electricity purchased at a *connection point* directly and in its entirety from the *Local Retailer* and which is classified as a *first-tier load* in accordance with Chapter 2.

**framework and approach paper**

A document prepared and issued as a framework and approach paper under clause 6.8.1.

**franchise customer**

A person who does not meet its local jurisdiction requirements to make it eligible to be registered by *NEMMCO* as a *Customer* for a *load*.

**frequency**

For alternating current electricity, the number of cycles occurring in each second. The term Hertz (Hz) corresponds to cycles per second.

**frequency operating standards**

The standards which specify the *frequency* levels for the operation of the *power system* set out in the *power system security and reliability standards*.

### **frequency response mode**

The mode of operation of a *generating unit* which allows automatic changes to the generated power when the *frequency* of the *power system* changes.

### **funded augmentation**

A *transmission network augmentation* for which the *Transmission Network Service Provider* is not entitled to receive a charge pursuant to Chapter 6.

### **GELF parameters**

Variable parameters specific to a *Generator Energy Limitation Framework (GELF)* which are defined in the *EAAP guidelines* and supplement the *GELF*, and are submitted by a *Scheduled Generator* and updated in accordance with rule 3.7C for the purpose of the *EAAP*.

### **general purpose**

The term applied by the National Measurement Institute to refer to the classification of a *meter*.

### **generated**

In relation to a *generating unit*, the amount of electricity produced by the *generating unit* as measured at its terminals.

### **generating plant**

In relation to a *connection point*, includes all equipment involved in generating electrical *energy*.

### **generating system**

- (a) Subject to paragraph (b), for the purposes of the *Rules*, a system comprising one or more *generating units*.
- (b) For the purposes of clause 2.2.1(e)(3), clause 4.9.2, Chapter 5 and a *jurisdictional derogation* from Chapter 5, a system comprising one or more *generating units* and includes auxiliary or *reactive plant* that is located on the *Generator's* side of the *connection point* and is necessary for the *generating system* to meet its *performance standards*.

### **Generating System Design Data Sheet**

The data sheet *published* by *NEMMCO* under clause S5.5.7(a)(1).

### **Generating System Model Guidelines**

The guidelines *published* by *NEMMCO* under clause S5.5.7(a)(3).

## Generating System Setting Data Sheet

The data sheet *published* by NEMMCO under clause S5.5.7(a)(2).

### generating unit

The actual generator of electricity and all the related equipment essential to its functioning as a single entity.

### generation

The production of electrical power by converting another form of energy in a *generating unit*.

### generation centre

A geographically concentrated area containing a *generating unit* or *generating units* with significant combined generating capability.

### generation dispatch offer

A notice submitted by a *Scheduled Generator* or *Semi-Scheduled Generator* to NEMMCO relating to the *dispatch* of a *scheduled generating unit* or a *semi-scheduled generating unit* in accordance with clause 3.8.6.

## Generator

A person who engages in the activity of owning, controlling or operating a *generating system* that is *connected* to, or who otherwise *supplies* electricity to, a *transmission* or *distribution system* and who is registered by NEMMCO as a *Generator* under Chapter 2 and, for the purposes of Chapter 5, the term includes a person who is required to, or intends to register in that capacity.

## Generator Energy Limitation Framework (GELF)

A description of the *energy constraints* that affect the ability of a *scheduled generating unit* to generate electricity prepared in accordance with the *EAAP guidelines*.

## Generator transmission use of system, Generator transmission use of system service

A service provided to a *Generator* for:

- (a) use of the *transmission network* which has been negotiated in accordance with clause 5.4A(f)(3)(i); or
- (b) use of a *transmission investment* for the conveyance of electricity that can be reasonably allocated to a *Generator* on a locational basis.

## ~~Generator transmission use of system, Generator transmission use of system service~~

~~A service provided to a *Generator* for:~~

~~(a) use of the *transmission network* which has been negotiated in accordance with clause 5.4A(f)(3)(i); or~~

~~(b) use of a *new transmission network investment asset* for the conveyance of electricity that can be reasonably allocated to a *Generator* on a locational basis.~~

### **global market ancillary service requirement**

Has the meaning given to it by clause 3.8.1(e2).

### **good electricity industry practice**

The exercise of that degree of skill, diligence, prudence and foresight that reasonably would be expected from a significant proportion of operators of *facilities* forming part of the *power system* for the *generation, transmission* or *supply* of electricity under conditions comparable to those applicable to the relevant *facility* consistent with *applicable regulatory instruments, reliability, safety* and environmental protection. The determination of comparable conditions is to take into account factors such as the relative size, duty, age and technological status of the relevant *facility* and the *applicable regulatory instruments*.

### **governor system**

The automatic *control system* which regulates the speed of the power turbine of a *generating unit* through the control of the rate of entry into the *generating unit* of the primary *energy* input (for example, steam, gas or water).

### **hedge contract**

A contract between two or more parties affording one or each of them protection against certain financial risks.

### **high voltage (HV)**

A *voltage* greater than 1 kV.

### **identified need**

[Has the meaning given in clause 5.6.5C\(a\).](#)

### **Independent Member**

A *Member* appointed to the *Information Exchange Committee* in that membership category as set out in the *Information Exchange Committee Election Procedures*.

### **independent person**

A person who:

- (a) is not a member, employee or member of staff of the *AER* or the *AEMC*;
- (b) is not a director or employee of *NEMMCO*;

- (c) is not a director or employee of, or partner in, a *Registered Participant*;
- (d) does not have a direct or indirect financial interest (whether as shareholder, partner or other equity participant) in any *Registered Participant* or a *related body corporate* of any *Registered Participant*, other than an interest of less than 0.1% of the net shareholders funds of that entity (as determined at the date the relevant person is appointed to carry out a function under the *Rules*); or
- (e) is not a director or employee of a *related body corporate* of any *Registered Participant*.

### **independently controllable two-terminal link**

A *two-terminal link* through which the *power transfer* can be independently controlled within a range determined by the *power transfer capability* of the *two-terminal link* and the conditions prevailing in the rest of the *power system*.

### **indexed amount**

As at any time and in relation to a dollar value that is expressly set out in Part C of Chapter 6 or Part C of Chapter 6A, that dollar value multiplied by  $CPI_a/CPI_b$

where:

$CPI_a$  is the *CPI* as at that time; and

$CPI_b$  is the Consumer Price Index: All Groups Index Number, weighted average of eight capital cities published by the Australian Bureau of Statistics for the quarter ending 30 June 2006.

### **inflexible, inflexibility**

In respect of a *scheduled generating unit*, *scheduled load* or *scheduled network service* for a *trading interval* means that the *scheduled generating unit*, *scheduled load* or *scheduled network service* is only able to be *dispatched* in the *trading interval* at a fixed *loading level* specified in accordance with clause 3.8.19(a).

### **Information Exchange Committee**

The committee established under clause 7.2A.2(a).

### **Information Exchange Committee Annual Report**

The annual report prepared by the *Information Exchange Committee* in accordance with the *Information Exchange Committee Operating Manual*.

### **Information Exchange Committee Election Procedures**

The procedures of that title which set out the process for election of *Members*.

### **Information Exchange Committee Operating Manual**

The manual of that title prepared by the *Information Exchange Committee* which sets out the processes pursuant to which the *Information Exchange Committee* operates.

### **Information Exchange Committee Recommendation**

A recommendation made by the *Information Exchange Committee* to NEMMCO to make *B2B Procedures* or to change the *B2B Procedures*.

### **Information Exchange Committee Working Groups**

The groups established by the *Information Exchange Committee* to assist with the *Information Exchange Committee Works Programme*.

### **Information Exchange Committee Works Programme**

The work programme prepared by the *Information Exchange Committee* in respect of the development, implementation and operation of the *B2B Procedures* and other matters which are incidental to effective and efficient *B2B Communications*.

### **information guidelines**

Guidelines made by the AER for the purpose of guiding a *Transmission Network Service Provider* in the submission of certified annual statements and other related information in accordance with clause 6A.17.2.

### **instrument transformer**

Either a *current transformer (CT)* or a *voltage transformer (VT)*.

### **insurance event**

An event for which the risk of its occurrence is the subject of insurance taken out by or for a *Transmission Network Service Provider*, for which an allowance is provided in the *total revenue cap* for the *Transmission Network Service Provider* and in respect of which:

- (a) the cost of the premium paid or required to be paid by the *Transmission Network Service Provider* in the *regulatory year* in which the cost of the premium changes is higher or lower than the premium that is provided for in the *maximum allowed revenue* for the provider for that *regulatory year* by an amount of more than 1% of the *maximum allowed revenue* for the provider for that *regulatory year*;
- (b) the risk eventuates and, as a consequence, the *Transmission Network Service Provider* incurs or will incur all or part of a deductible where the amount so incurred or to be so incurred in a *regulatory year* is higher or lower than the allowance for the deductible (if any) that is provided for in the *maximum allowed revenue* for the provider for that *regulatory year* by

an amount of more than 1% of the *maximum allowed revenue* for the provider for that *regulatory year*;

- (c) insurance becomes unavailable to the *Transmission Network Service Provider*; or
- (d) insurance becomes available to the *Transmission Network Service Provider* on terms materially different to those existing as at the time the *revenue determination* was made (other than as a result of any act or omission of the provider which is inconsistent with good electricity industry practice).

### **intending load**

A proposed purchase of electricity at a *connection point* (the location of which may be undefined) which is classified as an *intending load* in accordance with Chapter 2.

### **Intending Participant**

A person who is registered by *NEMMCO* as an *Intending Participant* under Chapter 2.

### **interconnection, interconnector, interconnect, interconnected**

A *transmission line* or group of *transmission lines* that *connects* the *transmission networks* in adjacent *regions*.

### **interconnector flow**

The quantity of electricity in MW being transmitted by an *interconnector*.

### **interested party**

- (a) In Chapter 5, a person including an end user or its representative who, in NEMMCO's opinion, has or identifies itself to NEMMCO as having an interest in relation to the network planning and development activities covered under clause 5.6 or in the determination of plant standards covered under clause 5.3.3(b2).
- (b) Notwithstanding the definition in (a) above, in clauses 5.6.6 and 5.6.6A a person including an end user or its representative who, in the AER's opinion, has or identifies itself to the AER as having, the potential to suffer a material and adverse market impact from the transmission investment that is the preferred option identified in the project assessment conclusions report.
- (c) In Chapter 6 or Chapter 6A, a person (not being a Registered Participant or NEMMCO) that has, in the AER's opinion, or identifies itself to the AER as having, an interest in the Transmission Ring-Fencing Guidelines or the Distribution Ring-Fencing Guidelines.

(d) In Chapter 2, a person including an end user or its representative who, in NEMMCO's opinion, has or identifies itself to NEMMCO as having an interest in relation to the structure of Participant Fees.

**~~interested party~~**

~~1. In Chapter 5, a person including an end user or its representative who, in NEMMCO's opinion, has or identifies itself to NEMMCO as having an interest in relation to the network planning and development activities covered under clause 5.6 or in the determination of plant standards covered under clause 5.3.3(b2).~~

~~1A. Notwithstanding the definition in 1. above, in clause 5.6.6(j), a person including an end user or its representative who, in the AER's opinion, has or identifies itself to the AER as having the potential to suffer a material and adverse market impact from the new large transmission network asset identified in the clause 5.6.6(j) final report.~~

~~2. In Chapter 6 or Chapter 6A, a person (not being a Registered Participant or NEMMCO) that has, in the AER's opinion, or identifies itself to the AER as having, an interest in the Transmission Ring Fencing Guidelines or the Distribution Ring Fencing Guidelines.~~

~~3. [Deleted]~~

~~4. In Chapter 2, a person including an end user or its representative who, in NEMMCO's opinion, has or identifies itself to NEMMCO as having an interest in relation to the structure of Participant Fees.~~

**interim statement**

Has the meaning given in clause 3.3.11(a)(1).

**intermediary**

A person who is registered by NEMMCO as a *Generator* or a *Network Service Provider* instead of another person who, in the absence of an exemption under clause 2.9.3, would be required to be registered as such under the *Rules*.

**intermittent**

A description of a *generating unit* whose output is not readily predictable, including, without limitation, solar generators, wave turbine generators, wind turbine generators and hydro-generators without any material storage capability.

**inter-network test**

A test conducted for the purpose of verifying the magnitude of the *power transfer capability* of more than one *transmission network* in accordance with clause 5.7.7.

**inter-network testing constraint**

A *constraint* on a *transmission network* as contemplated by clause 5.7.7.

**inter-regional**

Between *regions*.

**inter-regional loss factor**

A *marginal loss factor* determined according to clause 3.6.1.

**inter-regional losses**

Has the meaning given to it by clause 3.6.1(a).

**inter-regional network constraint**

A *constraint* on the *transmission* and/or *distribution networks* between *regions* as specified in clause 3.6.4(a).

**Inter-regional Planning Committee**

The committee established in accordance with clause 5.6.3.

**interruptible load**

A *load* which is able to be *disconnected*, either manually or automatically initiated, which is provided for the restoration or control of the *power system frequency* by NEMMCO to cater for *contingency events* or shortages of *supply*.

**interval energy data**

The data that results from the measurement of the flow of electricity in a power conductor where the data is prepared by a *data logger* into intervals which correspond to a *trading interval* or are sub-multiples of a *trading interval*.

**intervention price dispatch interval**

A *dispatch interval* declared by NEMMCO to be an *intervention price dispatch interval* in accordance with clause 3.9.3.

**intervention price trading interval**

A *trading interval* in which NEMMCO has declared an *intervention price dispatch interval* in accordance with clause 3.9.3.

**intervention settlement timetable**

Has the meaning given in clause 3.12.1(b).

**intra-regional**

Within a *region*.

**intra-regional loss factor**

*A marginal loss factor determined according to clause 3.6.2.*

**intra-regional losses**

Has the meaning given to it by clause 3.6.2(a).

**intra-regional network constraint**

*A constraint on part of the transmission and distribution networks within a region as specified in clause 3.6.4(b).*

**invoiced amount**

The aggregate of the *settlement statements, interim, preliminary or final*, which at the time of issue of a *call notice* are unpaid by the *Market Participant*, notwithstanding that the usual time for issue or payment of those *settlement statements* has not been reached.

**involuntary load shedding**

*Load shedding* where the *load shed* is not an *interruptible load* except *load* under the control of underfrequency relays as described in clause S5.1.10.1(a), or a *scheduled load*.

**isolation**

Electrical isolation of one part of a communication system from another but where the passage of *electronic data transfer* is not prevented.

**Jurisdictional System Security Coordinator**

A person appointed by the *Minister* of a *participating jurisdiction* in accordance with section 110 of the *National Electricity Law*.

**jurisdictional derogation**

Has the meaning given in the *National Electricity Law*. The jurisdictional derogations are included in Chapter 9.

**jurisdictional electricity legislation**

Has the meaning given to that term in the *National Electricity Law*.

**jurisdictional metrology material**

Jurisdictional metrology matters that are to be included in the *metrology procedure* for one or more of the *participating jurisdictions* and which is submitted by the *Ministers of the MCE* to *NEMMCO* under clause 7.14.2.

**Jurisdictional NMI Standing Data schedule**

The schedules described in clause 3.13.12(a), as amended from time to time in accordance with clause 3.13.12(b).

### **Jurisdictional NMI Standing Data suppliers**

*Registered Participants* which are required by the relevant *participating jurisdiction's* legislation or licensing requirements to supply *NMI Standing Data* in respect of *connection points* in that *participating jurisdiction* to NEMMCO.

### **Jurisdictional Regulator**

The person authorised by a *participating jurisdiction* to regulate *distribution service* prices in that jurisdiction.

### **lack of reserve (LOR)**

Any of the conditions described in clause 4.8.4(b), (c) or (d).

### **last resort planning power**

The AEMC's power to direct a *Registered Participant* under clause 5.6.4(c).

### **last resort planning power guidelines**

The guidelines made by the AEMC relating to the exercise of the *last resort planning power* and referred to in clause 5.6.4(o)-(r).

### **load**

A *connection point* or defined set of *connection points* at which electrical power is delivered to a person or to another *network* or the amount of electrical power delivered at a defined instant at a *connection point*, or aggregated over a defined set of *connection points*.

### **load centre**

A geographically concentrated area containing *load* or *loads* with a significant combined consumption capability.

### **load class**

A grouping of customers with like *load* characteristics.

### **load shedding**

Reducing or disconnecting *load* from the *power system*.

### **load shedding procedures**

The procedures developed by NEMMCO for each *participating jurisdiction* in accordance with clause 4.3.2(h) for the implementation of the *load shedding* priority and *sensitive load* priority advised by that *Jurisdictional System Security Coordinator* under clauses 4.3.2(f)(1) and (2).

**loading level**

The level of output, consumption or power flow (in MW) of a *generating unit*, *load* or *scheduled network service*.

**loading price**

The price specified for a *price band* and a *trading interval* in a *dispatch offer*, in accordance with clause 3.8.6, for the *dispatch* of a *scheduled generating unit* at a level above its *self-dispatch level*.

**local area/local**

The geographical area allocated to a *Network Service Provider* by the authority responsible for administering the *jurisdictional electricity legislation* in the relevant *participating jurisdiction*.

**local black system procedures**

The procedures, described in clause 4.8.12, applicable to a *local area* as approved by *NEMMCO* from time to time.

**local market ancillary service requirement**

Has the meaning given to it by clause 3.8.1(e2).

**Local Network Service Provider**

Within a *local area*, a *Network Service Provider* to which that geographical area has been allocated by the authority responsible for administering the *jurisdictional electricity legislation* in the relevant *participating jurisdiction*.

**Local Retailer**

In relation to a *local area*, the *Customer* who is:

1. a business unit or *related body corporate* of the relevant *Local Network Service Provider*; or
2. responsible under the laws of the relevant *participating jurisdiction* for the *supply* of electricity to *franchise customers* in that *local area*; or
3. if neither 1 or 2 is applicable, such other *Customer* as *NEMMCO* may determine.

**Local Retailer/Market Customer Member**

A *Member* appointed to the *Information Exchange Committee* in that membership category as set out in the *Information Exchange Committee Election Procedures*.

**local spot price**

A price determined according to clause 3.9.1(c).

**loss factor**

A multiplier used to describe the *electrical energy loss* for electricity used or transmitted.

**low reserve**

The conditions described in clause 4.8.4(a).

**major supply disruption**

The unplanned absence of *voltage* on a part of the *transmission system* affecting one or more *power stations*.

**mandatory restrictions**

Restrictions imposed by a *participating jurisdiction* by a relevant law, other than the *Rules*, on the use of electricity in a *region*.

**mandatory restriction period**

The period of *mandatory restrictions*.

**mandatory restriction schedule**

A schedule prepared in accordance with clause 3.12A.2.

**marginal electrical energy loss**

The *electrical energy loss* associated with an infinitesimal increment in electricity produced, transported and/or used.

**marginal loss factor**

A multiplier used to describe the *marginal electrical energy loss* for electricity used or transmitted.

**market**

Any of the markets or exchanges described in the *Rules*, for so long as the market or exchange is conducted by *NEMMCO*.

**market ancillary service**

A service identified in clause 3.11.2(a).

**market ancillary service offer**

A notice submitted by an *Ancillary Service Provider* to *NEMMCO* in respect of a *market ancillary service* in accordance with clause 3.8.7A.

**market ancillary service specification**

Has the meaning given in clause 3.11.2(b).

**market ancillary services commencement date**

29 September 2001.

**market auditor**

A person appointed by *NEMMCO* to carry out a *review* under clause 3.13.10(a).

**market commencement**

The date declared as such by *NEMMCO*, on which trading in the *market* commences.

**market connection point**

A *connection point* where any *load* is classified in accordance with Chapter 2 as a *market load* or which *connects* any *market generating unit* to the *national grid*, or where the *network service connected* at that *connection point* is a *market network service*.

**Market Customer**

A *Customer* who has classified any of its *loads* as a *market load* and who is also registered by *NEMMCO* as a *Market Customer* under Chapter 2.

**market customer's additional claim**

Has the meaning given in clause 3.12.2(g)(4).

**market floor price**

A price floor on *regional reference prices* as described in clause 3.9.6.

**market generating unit**

A *generating unit* whose *sent out generation* is not purchased in its entirety by the *Local Retailer* or by a *Customer* located at the same *connection point* and which has been classified as such in accordance with Chapter 2.

**Market Generator**

A *Generator* who has classified at least one *generating unit* as a *market generating unit* in accordance with Chapter 2 and who is also registered by *NEMMCO* as a *Market Generator* under Chapter 2.

**market information**

Information, other than *confidential information*, concerning the operation of the *spot market* or relating to the operation of, inputs to, or outputs from the *central dispatch* process.

**market information bulletin board**

A facility established by *NEMMCO* on the *electronic communication system* for the posting of information which may then be available to *Registered Participants*.

### **market load**

A *load* at a *connection point* the electricity relating to which is purchased other than from the *Local Retailer* and which is classified by the person *connected* at that *connection point* or, with the consent of that person, by some other person, as a *market load* in accordance with Chapter 2. There can be more than one *market load* at any one *connection point*.

### **market management systems**

*NEMMCO's market information* systems and associated communications networks used to support the electronic communication by *Registered Participants* and others connected to or making use of the systems and networks in the operation of the *market*.

### **Market Management Systems Access Procedures**

The procedures to be followed by *Registered Participants* and *Metering Providers* in connecting to and making use of the *market management systems* from time to time *published* by *NEMMCO* under clause 3.19.

### **market network service**

A *network service* which is classified as a *market network service* in accordance with clause 2.5.2.

### **Market Network Service Provider**

A *Network Service Provider* who has classified any of its *network services* as a *market network service* in accordance with Chapter 2 and who is also registered by *NEMMCO* as a *Market Network Service Provider* under Chapter 2.

### **Market Participant**

A person who is registered by *NEMMCO* as a *Market Generator*, *Market Customer* or *Market Network Service Provider* under Chapter 2.

### **Market Participant registered data**

The data kept on the register in accordance with schedule 5.5.

### **Market Settlement and Transfer Solution Procedures**

The procedures from time to time *published* by *NEMMCO* under clause 7.2.8 which include those governing the recording of financial responsibility for *energy flows* at a *connection point*, the transfer of that responsibility between *Market Participants* and the recording of *energy flows* at a *connection point*.

### **market suspension**

Suspension of the *market* by *NEMMCO* in accordance with clause 3.14.3.

### **material inter-network impact**

A material impact on another *Transmission Network Service Provider's network*, which impact may include (without limitation):

- (a) the imposition of *power transfer constraints* within another *Transmission Network Service Provider's network*; or
- (b) an adverse impact on the quality of *supply* in another *Transmission Network Service Provider's network*.

### **materially**

For the purposes of the application of clause 6A.7.3, an event (other than a *network support event*) results in a *Transmission Network Service Provider* incurring materially higher or materially lower costs if the change in costs (as opposed to the revenue impact) that the *Transmission Network Service Provider* has incurred and is likely to incur in any *regulatory year* of the *regulatory control period*, as a result of that event, exceeds 1% of the *maximum allowed revenue* for the *Transmission Network Service Provider* for that *regulatory year*. In other contexts, the word has its ordinary meaning.

### **maximum allowed revenue**

For a *Transmission Network Service Provider* for a *regulatory year* of a *regulatory control period*, the amount calculated as such in accordance with rule 6A.3.

### **maximum credit limit**

In relation to a *Market Participant* a credit limit determined by *NEMMCO* for that *Market Participant* in accordance with clause 3.3.8.

### **maximum demand**

The highest amount of electrical power delivered, or forecast to be delivered, over a defined period (*day*, week, month, season or year) either at a *connection point*, or simultaneously at a defined set of *connection points*.

### **maximum power input (MPI)**

The largest single *supply* input to a particular location or *region*, typically the output of the largest single *generating unit* or group of *generating units* or the highest *power transfer* of a single *transmission line* or *interconnection*.

### **maximum ramp rate**

The *maximum ramp rate* that an item of equipment is capable of achieving in normal circumstances. This may be:

- (a) as specified by the manufacturer; or

- (b) as independently certified from time to time to reflect changes in the physical capabilities of the equipment.

**maximum total payment**

The amount determined in accordance with clause 3.15.22.

**measurement element**

An energy measuring component which converts the flow of electricity in a power conductor into an electronic signal and / or a mechanically recorded electrical measurement.

**medium term capacity reserve**

At any time, the amount of surplus generating capacity indicated by the relevant *Generators* as being available for a particular period, being more than 7 days in the future but not more than 12 weeks, and which is assessed as being in excess of the capacity requirement to meet the forecast *load* demand, taking into account the known or historical levels of demand management.

**medium term capacity reserve standard**

The level of *medium term capacity reserves* required for a particular period as set out in the *power system security and reliability standards*.

**medium-term PASA**

The PASA in respect of the period from the 8<sup>th</sup> day after the current *trading day* to 24 months after the current *trading day* in accordance with clause 3.7.2.

**Member**

A person appointed to the *Information Exchange Committee* pursuant to the *Information Exchange Committee Election Procedures*, and includes all membership categories, unless a contrary intention appears.

**meter**

A device complying with *Australian Standards* which measures and records the production or consumption of electrical *energy*.

**metering**

Recording the production or consumption of electrical *energy*.

**metering data**

The data obtained from a *metering installation*, the processed data or substituted data.

### **metering database**

A database of *metering data* and *settlements ready data* maintained and administered by *NEMMCO* in accordance with clause 7.9.

### **metering installation**

The assembly of components and/or processes that are controlled for the purpose of metrology and which lie between the *metering point(s)* or *unmetered connection point* and the point of connection to the *telecommunications network*, as shown in schedule 7.1.

[**Note:** The assembly of components may include the combination of several metering points to derive the metering data for a connection point. The metering installation must be classified as a revenue metering installation and/or a check metering installation.]

### **metering point**

The point of physical connection of the device measuring the current in the power conductor.

### **Metering Provider**

A person who meets the requirements listed in schedule 7.4 and has been accredited by and registered by *NEMMCO* as a Metering Provider.

### **metering register**

A register of information associated with a *metering installation* as required by schedule 7.5.

### **metering system**

The collection of all components and arrangements installed or existing between each *metering point* and the *metering database*, as shown in schedule 7.1 .

### **metrology procedure**

The procedure developed and published by *NEMMCO* in accordance with rule 7.14.

### **minimum access standard**

In relation to a technical requirement of access, a standard of performance, identified in a schedule of Chapter 5 as a minimum access standard for that technical requirement, such that a *plant* that does not meet that standard will be denied access because of that technical requirement.

### **minimum technical ancillary service standards**

The minimum technical service standards prepared by *NEMMCO* in accordance with clause 3.11.4.

**Minister**

A Minister that is a “Minister” under the *National Electricity Law*.

**Minister of (a, that, another, or other, etc) participating jurisdiction**

Has the same meaning as Minister of a participating jurisdiction has in the *National Electricity Law*.

**Ministers of the MCE**

*Ministers of the participating jurisdictions* acting as the MCE where MCE has the same meaning as in the *National Electricity Law*.

**monitoring equipment**

The testing instruments and devices used to record the performance of *plant* for comparison with expected performance.

**month**

Unless otherwise specified, the period beginning at 4.30 am on the relevant commencement date and ending at 4.30 am on the date in the next calendar month corresponding to the commencement date of the period.

**nameplate rating**

The maximum continuous output or consumption in MW of an item of equipment as specified by the manufacturer, or as subsequently modified.

**NATA**

National Association of Testing Authorities.

**National Electricity Code**

Has the same meaning as in the *National Electricity Law*.

**National Electricity Law**

The National Electricity Law set out in the schedule to the National Electricity (South Australia) Act 1996 (SA) and applied in each of the *participating jurisdictions*.

**National Electricity Market**

Has the same meaning as in the *National Electricity Law*.

**national electricity objective**

The objective stated in section 7 of the Law.

**national grid**

The sum of all *connected transmission systems* and *distribution systems* within the *participating jurisdictions*.

**National Measurement Act**

The National Measurement Act 1960 of the Commonwealth as amended from time to time.

**national transmission flow path**

That portion of a *transmission network* or *transmission networks* used to transport significant amounts of electricity between *generation centres* and *load centres*.

**NCAS**

*A network control ancillary service.*

**negative change event**

For a *Transmission Network Service Provider*, a *pass through event* which entails the *Transmission Network Service Provider* incurring *materially lower costs* in providing *prescribed transmission services* than it would have incurred but for that event.

For a *Distribution Network Service Provider*, a *pass through event* that materially reduces the costs of providing *direct control services*.

**negative network support event**

*A network support event* which entails a *Transmission Network Service Provider* making lower *network support payments* in the preceding *regulatory year* than the amount of *network support payments* (if any) that is provided for in the *annual building block revenue requirement* for the provider for that *regulatory year*.

**negative pass through amount**

In respect of a *negative change event* for a *Transmission Network Service Provider*, an amount that is not greater than a *required pass through amount* as determined by the *AER* under clause 6A.7.3(g).

In respect of a *negative change event* for a *Distribution Network Service Provider*, an amount that is not greater than a *required pass through amount* as determined by the *AER* under clause 6.6.1(g).

**negotiable service**

- (a) In relation to *transmission services* means *negotiated transmission services*.
- (b) In relation to *distribution services* means *negotiated distribution services*.

### **negotiated access standard**

In relation to a technical requirement of access for a particular *plant*, an agreed standard of performance determined in accordance with clause 5.3.4A and identified as a negotiated access standard for that technical requirement in a *connection agreement*.

### **negotiated distribution service**

A *distribution service* that is a *negotiated network service* within the meaning of section 2C of the Law;

### **Negotiated Distribution Service Criteria**

The criteria specified in a distribution determination in accordance with clause 6.7.4.

### **Negotiated Distribution Service Principles**

The principles set out in clause 6.7.1.

### **negotiated transmission service**

Any of the following services:

- (a) a *shared transmission service* that:
  - (1) exceeds the *network* performance requirements (whether as to quality or quantity) (if any) as that *shared transmission service* is required to meet under any *jurisdictional electricity legislation*; or
  - (2) except to the extent that the *network* performance requirements which that *shared transmission service* is required to meet are prescribed under any *jurisdictional electricity legislation*, exceeds or does not meet the *network* performance requirements (whether as to quality or quantity) as are set out in schedule 5.1a or 5.1;
- (b) *connection services* that are provided to serve a *Transmission Network User*, or group of *Transmission Network Users*, at a single *transmission network connection point*, other than *connection services* that are provided by one *Network Service Provider* to another *Network Service Provider* to connect their *networks* where neither of the *Network Service Providers* is a *Market Network Service Provider*; or
- (c) *use of system services* provided to a *Transmission Network User* and referred to in rule 5.4A(f)(3) in relation to *augmentations* or *extensions* required to be undertaken on a *transmission network* as described in rule 5.4A,

but does not include an *above-standard system shared transmission service* or a *market network service*.

## **Negotiated Transmission Service Criteria**

For a *Transmission Network Service Provider* under a *transmission determination*, the criteria set out in that *transmission determination* pursuant to clause 6A.9.4.

## **Negotiated Transmission Service Principles**

The principles set out in clause 6A.9.1.

### **negotiated use of system service**

A *use of system service* in respect of which:

- (a) a *Connection Applicant* may negotiate with a *Transmission Network Service Provider*;
- (b) an *Embedded Generator* may negotiate with a *Distribution Network Service Provider*; or
- (c) a *Market Network Service Provider* may negotiate with a *Distribution Network Service Provider*,

in accordance with clauses 5.4A(f)(3) or 5.5(f)(3).

### **negotiated use of system charges**

The charges described in clauses 5.4A(f)(3) or 5.5(f)(3).

### **negotiating framework**

For a *Transmission Network Service Provider*, the negotiating framework approved or included by the *AER* for that *Transmission Network Service Provider* in a final decision under clause 6A.14.1(6).

For a *Distribution Network Service Provider*, a negotiating framework as approved or substituted by the *AER* in its final decision under clause 6.12.1(15).

## **NEM**

The *National Electricity Market*.

## **NEMMCO**

National Electricity Market Management Company Limited A.C.N. 072 010 327.

### **NEMMCO co-ordinating centre**

The control centre from which *NEMMCO* conducts *market* related activities and the coordination of the operation of the *national grid*.

### **NEMMCO intervention event**

An event where *NEMMCO* intervenes in the *market* under the *Rules* by:

- (a) issuing a *direction* in accordance with clause 4.8.9; or

- (b) exercising the *reliability and emergency reserve trader* in accordance with rule 3.20 by:
  - (1) *dispatching scheduled generating units, scheduled network services or scheduled loads* in accordance with a *scheduled reserve contract*; or
  - (2) *activating loads or generating units* under an *unscheduled reserve contract*.

### **NEMMCO power system security responsibilities**

The responsibilities described in clause 4.3.1.

#### **network**

The apparatus, equipment, plant and buildings used to convey, and control the conveyance of, electricity to customers (whether wholesale or retail) excluding any *connection assets*. In relation to a *Network Service Provider*, a *network* owned, operated or controlled by that *Network Service Provider*.

#### **network capability**

The capability of the *network* or part of the *network* to transfer electricity from one location to another.

#### **network connection**

The formation of a physical link between the *facilities* of two *Registered Participants* or a *Registered Participant* and a customer being a *connection* to a *transmission* or *distribution network* via *connection assets*.

#### **network constraint**

A *constraint* on a *transmission network* or *distribution network*.

#### **network control ancillary service**

A service identified in clause 3.11.4(a) which provides *NEMMCO* with a capability to control the real or *reactive power flow* into or out of a *transmission network* in order to:

- (a) maintain the *transmission network* within its current, *voltage*, or stability limits following a *credible contingency event*; or
- (b) enhance the value of *spot market* trading in conjunction with the *central dispatch* process.

#### **network coupling point**

The point at which *connection assets* join a *distribution network*, used to identify the *distribution service price* payable by a *Customer*.

**network dispatch offer**

An notice submitted by a *Scheduled Network Service Provider* to *NEMMCO* relating to the *dispatch* of a *scheduled network service* in accordance with clause 3.8.6A.

**network element**

A single identifiable major component of a *transmission system* or *distribution system* involving:

- (a) an individual *transmission* or *distribution* circuit or a phase of that circuit; or
- (b) a major item of apparatus or equipment associated with the function or operation of a *transmission line*, *distribution line* or an associated *substation* or *switchyard* which may include *transformers*, circuit breakers, *reactive plant* and *monitoring equipment* and control equipment.

**network loop**

A set of *network elements* that are *connected* together in the form of a closed path, that is in such a way that by progressing from each element to the next it is possible to return to the starting point.

**network losses**

*Energy* losses incurred in the transfer of electricity over a *transmission network* or *distribution network*.

**network service**

*Transmission service* or *distribution service* associated with the conveyance, and controlling the conveyance, of electricity through the *network*.

**Network Service Provider**

A person who engages in the activity of owning, controlling or operating a *transmission or distribution system* and who is registered by *NEMMCO* as a *Network Service Provider* under Chapter 2.

**network service provider performance report**

A report prepared by the *AER* under section 28V of the Law.

**network support event**

- (a) If, at the end of a *regulatory year* of a *regulatory control period*, the amount of *network support payments* made by a *Transmission Network Service Provider* for that previous *regulatory year* is higher or lower than the amount of *network support payments* (if any) that is provided for in the *annual building block revenue requirement* for the *Transmission Network*

*Service Provider* for that *regulatory year*, this constitutes a *network support event*.

- (b) In calculating the amount for the purposes of a *network support event* referred to in paragraph (a), the amount of *network support payments* made by a *Transmission Network Service Provider* must not include an amount of *network support payments* that are a substitute for a *network augmentation* where an allowance for capital expenditure in relation to that *network augmentation* has been provided for in the *revenue determination*.

### **network support pass through amount**

The amount that should be passed through to *Transmission Network Users* in the *regulatory year* following the preceding *regulatory year*, in respect of a *network support event* for a *Transmission Network Service Provider*.

### **network support payment**

A payment by a *Transmission Network Service Provider* to:

- (a) any *Generator* providing *network support services* in accordance with clause 5.6.2; or
- (b) any other person providing a *network support service* that is an alternative to *network augmentation*.

### **Network User**

A *Generator*, a *Transmission Customer*, a *Distribution Customer* or a *Market Network Service Provider*.

### **new distribution network investment**

Investment in a *new large distribution network asset* or a *new small distribution network asset*.

### **new large distribution network asset**

An asset of a *Distribution Network Service Provider* which is an *augmentation* and in relation to which the *Distribution Network Service Provider* has estimated it will be required to invest a total capitalised expenditure in excess of \$10 million, unless the *AER* publishes a requirement that a *new large distribution network asset* is to be distinguished from a *new small distribution network asset* if it involves investment of a total capitalised expenditure in excess of another amount, or satisfaction of another criterion. Where such a specification has been made, an asset must require total capitalised expenditure in excess of that amount or satisfaction of those other criteria to be a *new large distribution network asset*.

### **~~new large network asset~~**

~~A *new large distribution network asset* or a *new large transmission network asset*.~~

~~**new large transmission network asset**~~

~~An asset of a *Transmission Network Service Provider* which is an *augmentation* and in relation to which the *Transmission Network Service Provider* has estimated it will be required to invest a total capitalised expenditure in excess of \$20 million (as varied in accordance with a *total capitalised expenditure threshold determination*).~~

~~**new network investment**~~

~~*New distribution network investment or new transmission network investment.*~~

**new small distribution network asset**

An asset of a *Distribution Network Service Provider* which is an *augmentation* and:

- (a) in relation to which the *Distribution Network Service Provider* has estimated it will be required to invest a total capitalised expenditure in excess of \$1 million, unless the *AER* publishes a requirement that an asset will be a *new small distribution network asset* if it involves investment of a total capitalised expenditure in excess of another amount, or satisfaction of another criterion. Where such specification has been made, an asset must require total capitalised expenditure in excess of that amount or satisfaction of those other criteria to be a *new small distribution network asset*; and
- (b) is not a *new large distribution network asset*.

~~**new small network asset**~~

~~*A new small distribution network asset or a new small transmission network asset.*~~

~~**new small transmission network asset**~~

~~An asset of a *Transmission Network Service Provider* which is an *augmentation* and:~~

- ~~(a) in relation to which the *Transmission Network Service Provider* has estimated it will be required to invest a total capitalised expenditure in excess of \$5 million (as varied in accordance with a *total capitalised expenditure threshold determination*); and~~
- ~~(b) is not a *new large transmission network asset*.~~

~~**new transmission network investment**~~

~~Investment in a *new large transmission network asset* or a *new small transmission network asset*.~~

**NMAS**

*A non-market ancillary service.*

## **NMI**

A National Metering Identifier as described in clause 7.3.1(d).

### **NMI Standing Data**

The following data in respect of a *connection point*:

- (a) the *NMI* of the *connection point* and the street address of the relevant *connection point* to which that *NMI* is referable;
- (b) the *NMI* checksum for the *connection point*;
- (c) the identity of the *Local Network Service Provider*;
- (d) the code (known as a *TNI*) identifying the relevant *transmission node* which identifies the *transmission loss factor* and/or *transmission use of system charge* for the *connection point*;
- (e) the relevant *distribution loss factor* applicable to the *connection point*;
- (f) the Network Tariff (identified by a code) applicable in respect of the *connection point*;
- (g) the *NMI* classification code (as set out in the *Market Settlement and Transfer Solution Procedures*) of the *connection point*;
- (h) the read cycle date, or date of next scheduled read or date in a relevant code representing the read cycle date or date of next scheduled read, for that *connection point*;
- (i) the profile type applicable to the *connection point*; and
- (j) such other categories of data as may be referred to in the *Market Settlement and Transfer Solution Procedures* as forming *NMI Standing Data*,

and, for the avoidance of doubt, does not include any *metering data* or other details of an end-user's consumption at that *connection point*.

### **nomenclature standards**

The standards approved by *NEMMCO* in conjunction with the *Network Service Providers* relating to numbering, terminology and abbreviations used for information transfer between *Registered Participants* as provided for in clause 4.12.

### **nominal voltage**

The design *voltage* level, nominated for a particular location on the *power system*, such that power lines and circuits that are electrically connected other than

through transformers have the same *nominal voltage* regardless of operating *voltage* and *normal voltage*.

**non-credible contingency event**

An event described in clause 4.2.3(e).

**non-market ancillary service**

*Network control ancillary services* and *system restart ancillary services*.

**non-market generating unit**

A *generating unit* whose *sent out generation* is purchased in its entirety by the *Local Retailer* or by a *Customer* located at the same *connection* point and which has been classified as such in accordance with Chapter 2.

**Non-Market Generator**

A *Generator* who has classified a *generating unit* as a *non-market generating unit* in accordance with Chapter 2.

**Non-Registered Customer**

A person who:

1. purchases electricity through a *connection point* with the *national grid* other than from the *spot market*; and
2. is eligible to be registered by *NEMMCO* as a *Customer* and to classify the *load* described in (1) as a *first-tier load* or a *second-tier load*, but is not so registered.

**non-regulated transmission services**

A *transmission service* that is neither a *prescribed transmission service* nor a *negotiated transmission service*.

**non-scheduled generating unit**

A *generating unit* so classified in accordance with Chapter 2.

**non-scheduled generating system**

A *generating system* comprising *non-scheduled generating units*.

**Non-Scheduled Generator**

A *Generator* in respect of which any *generating unit* is classified as a *non-scheduled generating unit* in accordance with Chapter 2.

**non-scheduled load**

A *market load* which is not a *scheduled load*.

**non semi-dispatch interval**

For a *semi-scheduled generating unit*, a *dispatch interval* other than a *semi-dispatch interval*.

**normal operating frequency band**

In relation to the *frequency* of the *power system*, means the range 49.9Hz to 50.1Hz or such other range so specified in the *power system security and reliability standards*.

**normal operating frequency excursion band**

In relation to the *frequency* of the *power system*, means the range specified as being acceptable for infrequent and momentary excursions of *frequency* outside the *normal operating frequency band*, being the range of 49.75 Hz to 50.25 Hz or such other range so specified in the *power system security and reliability standards*.

**normal voltage**

In respect of a *connection point*, its *nominal voltage* or such other *voltage* up to 10% higher or lower than *nominal voltage*, as approved by NEMMCO, for that *connection point* at the request of the *Network Service Provider* who provides *connection* to the *power system*.

**normally off**

Describes a *scheduled load* which, unless *dispatched* in accordance with its *dispatch bid*, and in accordance with clause 3.8.7(j), should be considered as being switched off.

**normally on**

Describes a *scheduled load* which, unless *dispatched* in accordance with its *dispatch bid*, and in accordance with clause 3.8.7(i), should be considered as being switched on.

**off-loading price**

The price specified for a *price band* and a *trading interval* in a *dispatch offer*, in accordance with clause 3.8.6, for the *off-loading* of a *scheduled generating unit* below its *self-dispatch level*.

**off-loading price band**

A *price band* submitted for *off-loading* below a *self-dispatch level* for a *trading interval* in a *dispatch offer*.

**off-loading, off-load**

The reduction in electricity output or consumption.

**operating expenditure criteria**

For a *Transmission Network Service Provider* – the matters listed in clause 6A.6.6(c)(1)–(3).

For a *Distribution Network Service Provider* – the matters listed in clause 6.5.6(c)(1)–(3).

**operating expenditure factors**

For a *Transmission Network Service Provider* – the factors listed in clause 6A.6.6(e)(1)–(10).

For a *Distribution Network Service Provider* – the factors listed in clause 6.5.6(e)(1)–(10).

**operating expenditure objectives**

For a *Transmission Network Service Provider* – the objectives set out in clause 6A.6.6(a).

For a *Distribution Network Service Provider* – the objectives set out in clause 6.5.6(a).

**operational communication**

A communication concerning the arrangements for, or actual operation of, the *power system* in accordance with the *Rules*.

**operational frequency tolerance band**

The range of *frequency* within which the *power system* is to be operated to cater for the occurrence of a *contingency event* as specified in the *power system security and reliability standards*.

**outage**

Any full or partial unavailability of equipment or *facility*.

**outstandings**

In relation to a *Market Participant*, the dollar amount determined by the formula in clause 3.3.9.

**over-recovery amount**

Any amount by which the revenue earned from the provision of *prescribed transmission services* in previous *financial years* exceeds the sum of the *AARR* in those *financial years*, grossed up by the application of an annual interest rate approved by the *AER* for this purpose.

**Participant compensation fund**

The fund of that name referred to in clause 3.16.

**participant derogation**

Has the meaning given in the *National Electricity Law*. The participant derogations are included in Chapter 8A.

**Participant fees**

The fees payable by *Registered Participants* described in clause 2.11.

**participating jurisdiction**

A jurisdiction that is a “participating jurisdiction” under the *National Electricity Law*.

**PASA availability**

The *physical plant capability* of a *scheduled generating unit*, *scheduled load* or *scheduled network* service, including any capability that can be made available within 24 hours.

**pass through event**

Any of the following is a pass through event:

- (a) a regulatory change event;
- (b) a service standard event;
- (c) a tax change event;
- (d) a terrorism event.

An *insurance event* is a pass through event for a *transmission determination* (in addition to those listed above).

An event nominated in a distribution determination as a pass through event is a pass through event for the determination (in addition to those listed above).

**payment date**

The 20<sup>th</sup> *business day* after the end of a *billing period*.

**payment period**

The typical period between trading and payment defined in schedule 3.3.

**peak load**

Maximum *load*.

### **performance incentive scheme parameters**

For a *service target performance incentive scheme*, those parameters that are *published* by the *AER* in respect of that scheme pursuant to clause 6A.7.4(c).

### **performance standard**

A standard of performance that:

- (a) is established as a result of it being taken to be an applicable performance standard in accordance with clause 5.3.4A(i); or
- (b) is included in the register of *performance standards* established and maintained by *NEMMCO* under rule 4.14(n),

as the case may be.

### **performance standards commencement date**

For:

- (a) *Generators, Customers and Network Service Providers* who plan, own, operate or control a *facility* located in a *participating jurisdiction* (other than Tasmania), the *performance standards commencement date* is, in relation to that *facility*, 16 November 2003; and
- (b) *Generators, Customers and Network Service Providers* who plan, own, operate or control a *facility* located in Tasmania, the *performance standards commencement date* is, in relation to that *facility*, the date that Tasmania becomes a *participating jurisdiction*.

### **physical plant capability**

The maximum MW output or consumption which an item of electrical equipment is capable of achieving for a given period.

### **plant**

In relation to a *connection point*, includes all equipment involved in generating, utilising or transmitting electrical *energy*.

In relation to *dispatch bids and offers*, controllable generating equipment and controllable *loads*.

In relation to the *statement of opportunities* prepared by *NEMMCO*, individually controllable generating facilities registered or capable of being registered with *NEMMCO*.

### **plant availability**

The *active power capability* of a *generating unit* (in MW), based on the availability of its electrical power conversion process and assuming no fuel supply limitations on the *energy* available for input to that electrical power conversion process.

### **plant standard**

An Australian or international standard or a part thereof that:

- (a) the *Reliability Panel* determines to be an acceptable alternative to a particular *minimum access standard* or *automatic access standard* for a particular class of *plant*, or
- (b) a schedule in Chapter 5 establishes as an acceptable alternative to a particular *minimum access standard* or *automatic access standard* for a particular class of *plant*.

### **positive change event**

For a *Transmission Network Service Provider*, a *pass through event* which entails the *Transmission Network Service Provider* incurring *materially* higher costs in providing *prescribed transmission services* than it would have incurred but for that event, but does not include a *contingent project* or an associated *trigger event*.

For a *Distribution Network Service Provider*, a *pass through event* that materially increases the costs of providing *direct control services*.

### **positive network support event**

A *network support event* which entails a *Transmission Network Service Provider* making higher *network support payments* in the preceding *regulatory year* than the amount of *network support payments* (if any) that is provided for in the *annual building block revenue requirement* for the provider for that *regulatory year*.

### **positive pass through amount**

For a *Transmission Network Service Provider*, an amount (not exceeding the *eligible pass through amount*) proposed by the provider under clause 6A.7.3(c).

For a *Distribution Network Service Provider*, an amount (not exceeding the *eligible pass through amount*) proposed by the provider under clause 6.6.1(c).

### **postage stamp basis**

A system of charging *Network Users* for *transmission service* or *distribution service* in which the price per unit is the same regardless of how much *energy* is used by the *Network User* or the location in the *transmission network* or *distribution network* of the *Network User*.

### **post-tax revenue model**

For a *Transmission Network Service Provider*, the model prepared and *published* by the *AER* in accordance with clause 6A.5.1.

For a *Distribution Network Service Provider*, the model prepared and *published* by the *AER* in accordance with clause 6.4.1.

**potential transmission project**

*New transmission network investment identified by the AEMC which, in the opinion of the AEMC, is likely, if constructed, to relieve forecast constraints in respect of national transmission flow paths between regional reference nodes.*

**potential value**

In relation to a *transaction* for a *Market Participant*, the dollar amount determined by the procedure in clause 3.3.14.

**power factor**

The ratio of the *active power* to the *apparent power* at a *metering point*.

**power station**

In relation to a *Generator*, a *facility* in which any of that *Generator's generating units* are located.

**power system**

The electricity power system of the *national grid* including associated *generation* and *transmission* and *distribution networks* for the *supply* of electricity, operated as an integrated arrangement.

**power system damping**

The rate at which disturbances to the *satisfactory operating state* reduce in magnitude.

**power system demand**

The total *load* (in MW) supplied by the *power system*.

**power system operating procedures**

The procedures to be followed by *Registered Participants* in carrying out operations and/or maintenance activities on or in relation to primary and *secondary equipment connected* to or forming part of the *power system* or *connection points*, as described in clause 4.10.1.

**power system reserve constraint**

A *constraint* in the *central dispatch* due to the need to provide or maintain a specified type and level of *scheduled reserve*.

**power system security**

The safe scheduling, operation and control of the *power system* on a continuous basis in accordance with the principles set out in clause 4.2.6.

### **power system security and reliability standards**

The standards (other than the *system restart standard*) governing *power system security* and *reliability* of the *power system* to be approved by the *Reliability Panel* on the advice of *NEMMCO*, but which may include but are not limited to standards for the *frequency* of the *power system* in operation, *contingency capacity reserves* (including guidelines for assessing requirements), *short term capacity reserves* and *medium term capacity reserves*.

### **power transfer**

The instantaneous rate at which *active energy* is transferred between *connection points*.

### **power transfer capability**

The maximum permitted *power transfer* through a *transmission* or *distribution network* or part thereof.

### **pre-dispatch**

Forecast of *dispatch* performed one *day* before the *trading day* on which *dispatch* is scheduled to occur.

### **pre-dispatch schedule**

A schedule prepared in accordance with clause 3.8.20(a).

### **preferred option**

Has the meaning given in clause 5.6.5B(b).

### **preliminary program**

The program to be prepared by a *Network Service Provider* showing proposed milestones for *connection* and access activities as specified in clause 5.3.3(b)(6).

### **preliminary statement**

Has the meaning given in clause 3.15.14(a).

### **prescribed common transmission services**

*Prescribed transmission services* that provide equivalent benefits to all *Transmission Customers* who have a *connection point* with the relevant *transmission network* without any differentiation based on their location within the *transmission system*.

### **prescribed entry services**

*Entry services* that are *prescribed transmission services* by virtue of the operation of clause 11.6.11.

### **prescribed exit services**

*Exit services* that are *prescribed transmission services* by virtue of the operation of clause 11.6.11 and *exit services* provided to *Distribution Network Service Providers*.

### **prescribed transmission service**

Any of the following services:

- (a) a *shared transmission service* that:
  - (1) does not exceed such *network* performance requirements (whether as to quality or quantity) as that *shared transmission service* is required to meet under any *jurisdictional electricity legislation*;
  - (2) except to the extent that the *network* performance requirements which that *shared transmission service* is required to meet are prescribed under any *jurisdictional electricity legislation*, does not exceed such *network* performance requirements (whether as to quality or quantity) as are set out in schedule 5.1a or 5.1; or
  - (3) is an *above-standard system shared transmission service*;
- (b) services that are required to be provided by a *Transmission Network Service Provider* under the *Rules*, or in accordance with *jurisdictional electricity legislation*, to the extent such services relate to the provision of the services referred to in paragraph (a), including such of those services as are:
  - (1) required by *NEMMCO* to be provided under the *Rules*; and
  - (2) necessary to ensure the integrity of a *transmission network*, including through the maintenance of *power system security* and assisting in the planning of the *power system*; or
- (c) *connection services* that are provided by a *Transmission Network Service Provider* to another *Network Service Provider* to *connect* their *networks* where neither of the *Network Service Providers* is a *Market Network Service Provider*;

but does not include a *negotiated transmission service* or a *market network service*.

### **prescribed TUOS services or prescribed transmission use of system services;**

*Prescribed transmission services* that:

- (a) provide different benefits to *Transmission Customers* who have a *connection point* with the relevant *transmission network* depending on their location within the *transmission system*; and

- (b) are not *prescribed common transmission services, prescribed entry services or prescribed exit services*.

**price band**

A MW quantity specified in a *dispatch bid, dispatch offer or market ancillary service offer* as being available for *dispatch* at a specified price.

**pricing methodology**

For a *Transmission Network Service Provider*, means the pricing methodology approved by the *AER* for that *Transmission Network Service Provider* and included in a *transmission determination* as referred to in rule 6A.24.

**pricing methodology guidelines**

Guidelines made by the *AER* under rule 6A.25 that contain the matters set out in clause 6A.25.2.

**Pricing Principles for Prescribed Transmission Services**

The principles set out in rule 6A.23.

**pricing proposal**

A pricing proposal under Part I of Chapter 6.

**pricing zone**

A geographic area within which *Network Users* are charged a specific set of *distribution service prices*.

**primary restart service**

A *system restart ancillary service* that meets the technical and availability requirements of a *primary restart service* specified by *NEMMCO* under clause 3.11.4A(d).

**profile**

*Energy data* or costs for a period longer than a *trading interval* allocated into *trading intervals*.

**[project assessment conclusions report](#)**

[The report prepared under clause 5.6.6\(s\)](#)

**[project assessment draft report](#)**

[The report prepared under clause 5.6.6\(j\)](#)

**[project specification consultation report](#)**

[The report prepared under clause 5.6.6\(c\)](#)

**projected assessment of system adequacy process (“PASA”)**

The medium term and short term processes described in clause 3.7 to be administered by *NEMMCO*.

**Proponent**

In respect of clause 5.7.7 has the meaning given in clause 5.7.7(a).

**proposed contingent capital expenditure**

The total forecast capital expenditure for the relevant *proposed contingent project*, as included in the *Revenue Proposal* for that project.

**proposed contingent project**

A proposal by a *Transmission Network Service Provider* as part of a *Revenue Proposal* for a project to be determined by the *AER* as a *contingent project* for the purposes of a *revenue determination* in accordance with clause 6A.8.1(b).

**prospective reallocation**

A *reallocation transaction* that occurs in a *trading interval* that takes place at a time after the *reallocation request* is made.

**protection system**

A system, which includes equipment, used to protect a *Registered Participant’s facilities* from damage due to an electrical or mechanical fault or due to certain conditions of the *power system*.

**prudential margin**

A dollar amount to be determined by *NEMMCO* in accordance with clause 3.3.8.

**prudential requirements**

The requirements which must be satisfied as a condition of eligibility to remain a *Market Participant* in accordance with clause 3.3.

**publish/publication**

A document is published by the *AER* if it is:

- (a) published on the *AER's* website; and
- (b) made available for public inspection at the *AER's* public offices; and
- (c) in the case of a document inviting submissions from members of the public – published in a newspaper circulating generally throughout Australia.

A document is published by someone else if it is made available to *Registered Participants* electronically.

**ramp rate**

The rate of change of *active power* (expressed as MW/minute) required for *dispatch*.

**rated active power**

- (1) In relation to a *generating unit*, the maximum amount of *active power* that the *generating unit* can continuously deliver at the *connection point* when operating at its *nameplate rating*.
- (2) In relation to a *generating system*, the combined maximum amount of *active power* that its in-service *generating units* can deliver at the *connection point*, when its in-service *generating units* are operating at their *nameplate ratings*.

**reaction period**

The estimated period of time taken to remove defaulting *Market Participants* from the *market* as defined in schedule 3.3.

**reactive energy**

A measure, in varhour-(varh), of the alternating exchange of stored energy in inductors and capacitors, which is the time-integral of the product of *voltage* and the out-of-phase component of current flow across a *connection point*.

**reactive plant**

*Plant* which is normally specifically provided to be capable of providing or absorbing *reactive power* and includes the *plant* identified in clause 4.5.1(g).

**reactive power**

The rate at which *reactive energy* is transferred.

*Reactive power* is a necessary component of alternating current electricity which is separate from *active power* and is predominantly consumed in the creation of magnetic fields in motors and *transformers* and produced by *plant* such as:

- (a) alternating current generators;
- (b) capacitors, including the capacitive effect of parallel *transmission* wires; and
- (c) *synchronous condensers*.

**reactive power capability**

The maximum rate at which *reactive energy* may be transferred from a *generating unit* to a *connection point* as specified or proposed to be specified in a *connection agreement* (as the case may be).

**reactive power reserve**

Unutilised sources of *reactive power* arranged to be available to cater for the possibility of the unavailability of another source of *reactive power* or increased requirements for *reactive power*.

**reactive power support/reactive support**

The provision of *reactive power*.

**reactor**

A device, similar to a *transformer*, specifically arranged to be *connected* into the *transmission system* during periods of low *load* demand or low *reactive power* demand to counteract the natural capacitive effects of long *transmission lines* in generating excess *reactive power* and so correct any *transmission voltage* effects during these periods.

**reallocation**

A process under which two *Market Participants* request *NEMMCO* to make matching debits and credits to the position of those *Market Participants* with *NEMMCO*.

**reallocation amount**

In respect of a *Market Participant*, the positive or negative dollar amount in respect of a *reallocation transaction* being an amount payable to or by the *Market Participant*.

**reallocation procedures**

The procedures *published* by *NEMMCO* under clause 3.15.11A.

**reallocation request**

A request to *NEMMCO* for a *reallocation*, pursuant to clause 3.15.11(c).

**reallocation transaction**

A *transaction* which occurs when the applicable *trading interval* specified in a *reallocation request* occurs and the *reallocation request* has been registered and not deregistered before the expiration of the *trading interval*.

**Reallocator**

A person registered as a Reallocator by *NEMMCO* in accordance with rule 2.5B.

**reasonable worst case**

A position that, while not being impossible, is to a probability level that the estimate would not be exceeded more than once in 48 months.

**rebid**

A variation to a bid or offer made in accordance with clause 3.8.22.

**reconfiguration investment**

Has the meaning given in clause 5.6.5C(a)(6).

**reduced payment period request**

A written request to *NEMMCO* for the purpose of schedule 3.3, paragraph VI(C).

**Referred Affected Participant**

An *Affected Participant* who has a claim referred to an independent expert pursuant to clauses 3.12.2(l) or 3.12.2(m).

**Referred Directed Participant**

A *Directed Participant* who has a claim referred to an independent expert pursuant to clauses 3.15.7B(c) or 3.15.7B(d).

**Referred Market Customer**

A *Market Customer* who has a claim referred to an independent expert pursuant to clauses 3.12.2(l) or 3.12.2(m).

**region, regional**

An area determined by the *AEMC* in accordance with Chapter 2A, being an area served by a particular part of the *transmission network* containing one or more major *load centres* or *generation centres* or both.

**regional benefit directions procedures**

Has the meaning given in clause 3.15.8(b2).

**regional reference node**

A location on a *transmission* or *distribution network* to be determined for each *region* by the *AEMC* in accordance with Chapter 2A.

**regional reference price**

*Spot price* at the *regional reference node*.

**regional specific power system operating procedures**

The procedures described in clause 4.10.1(a)(3).

### **Regions Publication**

The document *published* by *NEMMCO* under clause 2A.1.3 that provides a list of all *regions*, *regional reference nodes* and the *region* to which each *market connection point* is assigned.

### **registered bid and offer data**

Data submitted by *Scheduled Generators*, *Semi-Scheduled Generators* and *Market Participants* to *NEMMCO* in relation to their *scheduled loads*, *scheduled generating units*, *semi-scheduled generating units* and *scheduled market network services* in accordance with schedule 3.1.

### **Registered Participant**

A person who is registered by *NEMMCO* in any one or more of the categories listed in clauses 2.2 to 2.7 (in the case of a person who is registered by *NEMMCO* as a *Trader*, such a person is only a *Registered Participant* for the purposes referred to in clause 2.5A). However, as set out in clause 8.2.1(a1), for the purposes of some provisions of clause 8.2 only, *NEMMCO* and *Connection Applicants* who are not otherwise *Registered Participants* are also deemed to be *Registered Participants*.

### **Registered Participant Agent**

An agent of a *Registered Participant* appointed under clause 4.11.5.

### **regulated interconnector**

An *interconnector* which is referred to in clause 11.8.2 of the *Rules* and is subject to *transmission service* regulation and pricing arrangements in Chapter 6A.

### **regulating capability**

The capability to perform *regulating duty*.

### **regulating capability constraints**

*Constraints* on the formulation of a realisable *dispatch* or *predispatch schedule* due to the need to provide for *regulating capability*.

### **regulating duty**

In relation to a *generating unit*, the duty to have its *generated* output adjusted frequently so that any *power system frequency* variations can be corrected.

### **regulating lower service**

The service of controlling the level of *generation* or *load* associated with a particular *facility*, in accordance with the requirements of the *market ancillary service specification*, in accordance with electronic signals from *NEMMCO* in order to lower the *frequency* of the *power system*.

### **regulating raise service**

The service of controlling the level of *generation* or *load* associated with a particular *facility*, in accordance with the requirements of the *market ancillary service specification*, in accordance with electronic signals from *NEMMCO* in order to raise the *frequency* of the *power system*.

### **regulation services**

The *regulating raise service* and *regulating lower service*.

### **regulatory change event**

A change in a *regulatory obligation* or *requirement* that:

- (a) falls within no other category of *pass through event*; and
- (b) occurs during the course of a *regulatory control period*; and
- (c) substantially affects the manner in which the *Transmission Network Service Provider* provides *prescribed transmission services* or the *Distribution Network Service Provider* provides *direct control services* (as the case requires); and
- (d) *materially* increases or *materially* decreases the costs of providing those services.

### **regulatory control period**

- (a) In respect of a *Transmission Network Service Provider*, a period of not less than 5 *regulatory years* in which a *total revenue cap* applies to that provider by virtue of a *revenue determination*.
- (b) In respect of a *Distribution Network Service Provider*, a period of not less than 5 *regulatory years* for which the provider is subject to a control mechanism imposed by a distribution determination.

### **regulatory investment test for transmission**

The test developed and published by the AER in accordance with clause 5.6.5B, as in force from time to time, and includes amendments made in accordance with clause 5.6.5B.

### **regulatory investment test for transmission application guidelines**

The guidelines developed and published by the AER in accordance with clause 5.6.5B as in force from time to time, and includes amendments made in accordance with clause 5.6.5B.

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**regulatory obligation or requirement**

Has the meaning assigned in the Law.

**regulatory proposal**

A proposal (by a *Distribution Network Service Provider*) under rule 6.8.

**regulatory test**

The test developed and published by the *AER* in accordance with clause 5.6.5A, as in force from time to time, and includes amendments made in accordance with clause 5.6.5A.

**regulatory year**

Each consecutive period of 12 calendar months in a *regulatory control period*, the first such 12 month period commencing at the beginning of the *regulatory control period* and the final 12 month period ending at the end of the *regulatory control period*.

**related body corporate**

In relation to a body corporate, a body corporate that is related to the first-mentioned body by virtue of the Corporations Act 2001 (Cth).

**releasable user guide**

A document associated with a functional block diagram and model source code provided under clause S5.2.4(b) (combined, forming the “**model**”), that contains sufficient information to enable a *Registered Participant* to use encrypted model source code provided under clause 3.13.3(l) to carry out *power system* studies for planning and operational purposes. The information in a releasable user guide must include, but is not limited to:

- (1) the **model** parameters and their values;
- (2) information about how the **model** parameter values vary with the operating state or output level of the *plant* or with the operating state or output level of any associated *plant*;
- (3) instructions relevant to the use and operation of the encrypted model source code provided under clause 3.13.3(l);
- (4) settings of *protection systems* that are relevant to load flow or dynamic simulation studies;
- (5) information provided in accordance with Schedule 5.5 only to the extent that the information is not a part of the **model** or the **model** parameters and that is reasonably necessary to allow modelling of the *generating unit*, *generating system* or related *plant* in *power system* load flow or dynamic simulation studies;

- (6) *connection point* details including its parameters and values, location, *network augmentations* or modifications and other relevant *connection* information; and
- (7) if the *generating unit* or *generating system*, as appropriate, is not yet *connected*, the expected *connection* and commissioning dates.

**relevant NEMMCO intervention event**

A *NEMMCO intervention event* that involves the exercise of the *reliability and emergency reserve trader* in accordance with rule 3.20 as referred to in paragraph (b) of the definition of *NEMMCO intervention event*.

**relevant tax**

Any tax payable by a *Transmission Network Service Provider* or a *Distribution Network Service Provider* other than:

- (a) income tax and capital gains tax;
- (b) stamp duty, financial institutions duty and bank accounts debits tax;
- (c) penalties, charges, fees and interest on late payments, or deficiencies in payments, relating to any tax; or
- (d) any tax that replaces or is the equivalent of or similar to any of the taxes referred to in paragraphs (a) to (b) (including any State equivalent tax).

**Relevant Transmission Network Service Provider, Relevant TNSP**

In respect of clause 5.7.7 has the meaning given in clause 5.7.7(a).

**reliability**

The probability of a system, device, *plant* or equipment performing its function adequately for the period of time intended, under the operating conditions encountered.

**reliability and emergency reserve trader (RERT)**

The actions taken by *NEMMCO* as referred to in clause 3.20.2, in accordance with rule 3.20, to ensure reliability of *supply*.

**reliability augmentation**

A *transmission network augmentation* that is necessitated principally by inability to meet the minimum *network* performance requirements set out in schedule 5.1 or in relevant legislation, regulations or any statutory instrument of a *participating jurisdiction*.

**Reliability Panel**

The panel established by the *AEMC* under section 38 of the *National Electricity Law*.

### **reliable**

The expression of a recognised degree of confidence in the certainty of an event or action occurring when expected.

### **reliable operating state**

In relation to the *power system*, has the meaning set out in clause 4.2.7.

### **remote acquisition**

The acquisition of interval *metering data* from a *metering installation*, where the acquisition process transmits the *metering data* from the site of the *metering point* to the *metering database*, and does not, at any time, require the presence of a person at, or near, the interval *meter* for the purposes of data collection or data verification (whether this occurs manually as a walk-by reading or through the use of a vehicle as a close proximity drive-by reading), and remote acquisition includes but is not limited to methods that transmit *metering data* via:

- (1) direct dial-up;
- (2) satellite;
- (3) the internet;
- (4) a general packet radio service;
- (5) power line carrier; or
- (6) any other equivalent technology.

### **remote control equipment**

Equipment used to control the operation of elements of a *power station* or *substation* from a *control centre*.

### **remote monitoring equipment**

Equipment installed to enable monitoring of a *facility* from a *control centre*.

### **replacement transmission network asset**

New assets of a *Transmission Network Service Provider* which the relevant *Transmission Network Service Provider* reasonably estimates to have an estimated capital cost in excess of \$5 million (as varied in accordance with a *cost threshold determination*) and which will replace any existing element of its *transmission network*. For the avoidance of doubt, if the cost of replacing any existing element also results in an *augmentation* to the *network*, then such an asset must be included in this definition where the *Transmission Network Service Provider* has estimated that the asset will have a estimated capital cost in excess of \$5 million.

**replacement transmission network asset**

~~A new asset of a Transmission Network Service Provider that will replace any existing element of its transmission network in respect of which the Transmission Network Service Provider reasonably estimates it will be required to invest total capitalised expenditure in excess of \$5 million (as varied in accordance with a total capitalised expenditure threshold determination). For the avoidance of doubt, if the expenditure on replacing any existing element also results in an augmentation to the network, then such an asset shall be included in this definition where the Transmission Network Service Provider has estimated that the asset will have a total capitalised expenditure in excess of \$5 million.~~

**representative**

In relation to a person, any employee, agent or professional adviser of:

- (a) that person; or
- (b) a *related body corporate* of that person; or
- (c) a third party contractor to that person.

**required pass through amount**

In respect of a *negative change event* for a *Transmission Network Service Provider*, the costs in the provision of *prescribed transmission services* that the *Transmission Network Service Provider* has saved and is likely to save until the end of the *regulatory control period* as a result of that *negative change event* (as opposed to the revenue impact of that event).

In respect of a *negative change event* for a *Distribution Network Service Provider*, the costs in the provision of *direct control services* that the *Distribution Network Service Provider* has saved and is likely to save up to the end of the *regulatory control period* as a result of the *negative change event* (as opposed to the revenue impact of that event).

**RERT guidelines**

The guidelines developed and *published* by the *Reliability Panel* under clause 3.20.8.

**RERT principles**

The principles referred to in clause 3.20.2(b).

**reserve**

*Scheduled reserve* or *unscheduled reserve*.

**reserve contract**

*A scheduled reserve contract or an unscheduled reserve contract.*

**response breakpoint**

- (a) In relation to a *market ancillary service offer* to raise the *frequency* of the *power system*, the level of associated *generation* or *load* (in MW) above which the amount of response specified in the *offer* reduces with increased *generation* or *load* level; and
- (b) in relation to a *market ancillary service offer* to lower the *frequency* of the *power system*, the level of associated *generation* or *load* (in MW) below which the amount of response specified in the *offer* reduces with decreased *generation* or *load* level.

**response capability**

- (a) In relation to a *market ancillary service offer* to raise the *frequency* of the *power system*, the amount of the response in (MW) which is specified in the *offer* for every level of associated *generation* or *load* below the associated *response breakpoint*; and
- (b) in relation to a *market ancillary service offer* to lower the *frequency* of the *power system*, the amount of the response in (MW) which is specified in the *offer* for every level of associated *generation* or *load* above the associated *response breakpoint*.

**responsible person**

The person who has responsibility for the provision of a *metering installation* for a particular *connection point*, being either the *Local Network Service Provider* or the *Market Participant* as described in Chapter 7.

**restriction demand reduction**

The reduction in a *Market Customer's* demand due to the imposition of *mandatory restrictions* as reasonably determined by an independent expert in accordance with clause 3.12A.7. For the avoidance of doubt, the reduction of a *Market Customer's* demand due to the imposition of *mandatory restrictions* should exclude any reduction in its demand which the *Market Customer* claims was due to the operation of *generation* and as reasonably verified by the independent expert in a similar manner to that used by the independent expert to determine restrictions due to demand management.

**restriction offer**

An offer by a *Scheduled Generator* or a *Scheduled Network Service Provider* to provide capacity to *NEMMCO* for all or part of a *mandatory restriction period* made in accordance with the *restriction offer procedures*.

**restriction offer procedures**

The procedures developed by *NEMMCO* in accordance with clause 3.12A.1.

**restriction shortfall amount**

The amount determined in accordance with clause 3.12A.7(b).

**retailer of last resort**

In relation to a jurisdiction, means a person or persons required under the retailer of last resort arrangements of that jurisdiction to assume the obligations under the *Rules* (including the obligation to pay *trading amounts* and other amounts due under the *Rules*) of a *Market Customer* that has defaulted in the performance of its obligations under the *Rules*.

**revenue determination**

A determination referred to in clause 6A.2.2(1) and rule 6A.4 as substituted (if at all) pursuant to clause 6A.7.1 or rule 6A.15 or as amended pursuant to clause 6A.8.2.

**revenue meter**

The *meter* that is used for obtaining the primary source of *metering data*.

**revenue metering data**

The *metering data* obtained from a *revenue metering installation*.

**revenue metering installation**

A *metering installation* used as the primary source of *metering data* for the *settlements* process.

**revenue metering point**

The *metering point* at which the *revenue metering installation* is *connected*.

**Revenue Proposal**

For a *Transmission Network Service Provider*, a proposal submitted or resubmitted by the *Transmission Network Service Provider* to the *AER* pursuant to clause 6A.10.1(a), clause 6A.11.2 or clause 6A.12.3(a) (as the context requires).

**review**

An examination of the specified matters conducted to the standard specified for a "review" in Auditing Standard AUS106: "Explanatory Framework for standards on Audit and Audit Related Services" prepared by the Auditing Standards Board, as varied from time to time.

### **revised statement**

A statement issued by *NEMMCO* under clause 3.15.19 following the resolution of a dispute regarding a *final statement*.

### **RMS phase voltage**

The *voltage of supply* measured as the average of the root mean square of the *voltages* between each pair of phases.

### **roll forward model**

According to context:

- (a) the model developed and published by the *AER* for the roll forward of the regulatory asset base for *transmission systems* in accordance with clause 6A.6.1;
- (b) the model developed and published by the *AER* for the roll forward of the regulatory asset base for *distribution systems* in accordance with clause 6.5.1.

### **routine revised statement**

A *settlement statement* issued by *NEMMCO* under clause 3.15.19(b).

### **Rule fund**

A fund referred to in clause 1.11(a).

### **Rules**

The rules called the National Electricity Rules made under Part 7 of *the National Electricity Law* as amended from time to time in accordance with that Part.

### **Rules bodies**

Any person or body, other than *NEMMCO*, the *AER*, the *AEMC*, or the *ACCC*, that is appointed or constituted by the *Rules* to perform functions under the *Rules*.

### **Rules consultation procedures**

The procedures for consultation with *Registered Participants* or other persons as set out in clause 8.9.

### **satisfactory operating state**

In relation to the *power system*, has the meaning given in clause 4.2.2.

### **scheduled generating unit**

- (a) A *generating unit* so classified in accordance with Chapter 2.

- (b) For the purposes of Chapter 3 and rule 4.9, two or more *generating units* referred to in paragraph (a) that have been aggregated in accordance with clause 3.8.3.

**scheduled generating system**

A *generating system* comprising *scheduled generating units*.

**Scheduled Generator**

A *Generator* in respect of which any *generating unit* is classified as a *scheduled generating unit* in accordance with Chapter 2.

**scheduled high price**

The dollar amount per MWh or MW, as the case may be, determined as such by *NEMMCO* pursuant to clause 3.3.17.

**scheduled load**

- (a) A *market load* which has been classified by *NEMMCO* in accordance with Chapter 2 as a *scheduled load* at the *Market Customer's* request. Under Chapter 3, a *Market Customer* may submit *dispatch bids* in relation to *scheduled loads*.
- (b) For the purposes of Chapter 3 and rule 4.9, two or more *scheduled loads* referred to in paragraph (a) that have been aggregated in accordance with clause 3.8.3.

**scheduled low price**

The dollar amount per MWh or MW, as the case may be, determined as such by *NEMMCO* pursuant to clause 3.3.17.

**scheduled network service**

- (a) A *network service* which is classified as a *scheduled network service* in accordance with Chapter 2.
- (b) For the purposes of Chapter 3 and rule 4.9, two or more *scheduled network services* referred to in paragraph (a) that have been aggregated in accordance with clause 3.8.3.

**Scheduled Network Service Provider**

A *Network Service Provider* who has classified any of its *network services* as a *scheduled network service*.

**scheduled plant**

In respect of a *Registered Participant*, a *scheduled generating unit*, a *semi-scheduled generating unit*, a *scheduled network service* or a *scheduled load*

classified by or in respect to that *Registered Participant* in accordance with Chapter 2.

**scheduled reserve**

The amount of surplus or unused capacity:

- (a) of *scheduled generating units*;
- (b) of *scheduled network services*; or
- (c) arising out of the ability to reduce *scheduled loads*.

**scheduled reserve contract**

A contract entered into by *NEMMCO* for the provision of *scheduled reserve* in accordance with rule 3.20.

**scheduling error**

*Scheduling error* means any of the events described in clause 3.8.24(a).

**secondary equipment**

Those assets of a *Market Participant's facility* which do not carry the *energy* being traded, but which are required for control, protection or operation of assets which carry such *energy*.

**secondary restart service**

A *system restart ancillary service* that meets the technical and availability requirements of a *secondary restart service* specified by *NEMMCO* under clause 3.11.4A(d).

**Second-Tier Customer**

A *Customer* which has classified any *load* as a *second-tier load* in accordance with Chapter 2.

**second-tier load**

Electricity purchased at a *connection point* in its entirety other than directly from the *Local Retailer* or the *spot market* and which is classified as a *second-tier load* in accordance with Chapter 2.

**secure operating state**

In relation to the *power system* has the meaning given in clause 4.2.4.

### **self-commitment, self-commit**

*Commitment*, where the decision to *commit* a *generating unit* was made by the relevant *Generator* without instruction or direction from *NEMMCO*.

### **self-decommitment**

*Decommitment*, where the decision to *decommit* a *generating unit* was made by the relevant *Generator* without instruction or direction from *NEMMCO*.

### **semi-dispatch interval**

For a *semi-scheduled generating unit*, a *dispatch interval* for which either:

- (a) a *network constraint* would be violated if the *semi-scheduled generating unit's generation* were to exceed the *dispatch level* specified in the related *dispatch instruction* at the end of the *dispatch interval*; or
- (b) the *dispatch level* specified in that *dispatch instruction* is less than the *unconstrained intermittent generation forecast* at the end of the *dispatch interval*,

and which is notified by *NEMMCO* in that *dispatch instruction* to be a *semi-dispatch interval*.

### **self-dispatch level**

The level of *generation* in MW, as specified in a *dispatch offer* for a *generating unit* and a *trading interval*, which is the level at which that *generating unit* must be *dispatched* by *NEMMCO* in that *trading interval* unless otherwise *dispatched* in accordance with clause 3.8 or unless required to operate under a *direction* issued by *NEMMCO* in accordance with clause 4.8.9.

### **semi-scheduled generating system**

A *generating system* comprising *semi-scheduled generating units*.

### **semi-scheduled generating unit**

- (a) A *generating unit* classified in accordance with clause 2.2.7.
- (b) For the purposes of Chapter 3 and rule 4.9, two or more *generating units* referred to in paragraph (a) that have been aggregated in accordance with clause 3.8.3.

### **Semi-Scheduled Generator**

A *Generator* in respect of which any *generating unit* is classified as a *semi-scheduled generating unit* in accordance with Chapter 2.

### **sensitive loads**

*Loads defined as sensitive for each participating jurisdiction by the Jurisdictional System Security Coordinator for that participating jurisdiction.*

### **sent out generation**

In relation to a *generating unit*, the amount of electricity *supplied* to the *transmission* or *distribution network* at its *connection point*.

### **Service Applicant**

According to context:

- (a) a person who is an existing or intending *Registered Participant* or a person who is eligible to become a *Registered Participant*; or
- (b) a person who asks a *Distribution Network Service Provider* for access to a *distribution service*.

### **service standard event**

A legislative or administrative act or decision that:

- (a) has the effect of:
  - (i) substantially varying, during the course of a *regulatory control period*, the manner in which a *Transmission Network Service Provider* is required to provide a *prescribed transmission service*, or a *Distribution Network Service Provider* is required to provide a *direct control service*; or
  - (ii) imposing, removing or varying, during the course of a *regulatory control period*, minimum service standards applicable to *prescribed transmission services* or *direct control services*; or
  - (iii) altering, during the course of a *regulatory control period*, the nature or scope of the *prescribed transmission services* or *direct control services*, provided by the service provider; and
- (b) *materially* increases or *materially* decreases the costs to the service provider of providing *prescribed transmission services* or *direct control services*.

### **service target performance incentive scheme**

A For a *Transmission Network Service Provider* – a scheme developed and *published* by the AER in accordance with clause 6A.7.4.

For a *Distribution Network Service Provider* – a scheme developed and *published* by the AER in accordance with clause 6.6.2.

**settlement amount**

The amount calculated by *NEMMCO* pursuant to clause 3.15.12.

**settlement statement**

Includes an *interim statement*, *preliminary statement* and *final statement*.

**settlements**

The activity of producing bills and credit notes for *Market Participants*.

**settlements ready data**

The *metering data* that has undergone a validation and substitution process by *NEMMCO* for the purpose of *settlements* and is delivered to the *metering database*.

**settlements residue**

Any surplus or deficit of funds retained by *NEMMCO* upon completion of *settlements* to all *Market Participants* in respect of a *trading interval*.

**settlement residue committee**

The committee established by *NEMMCO* in accordance with clause 3.18.5.

**settlement residue distribution agreement or SRD agreement**

Has the meaning given in clause 3.18.1(b).

**shared distribution service**

A service provided to a *Distribution Network User* for use of a *distribution network* for the conveyance of electricity (including a service that ensures the integrity of the related *distribution system*).

**shared transmission service**

A service provided to a *Transmission Network User* for use of a *transmission network* for the conveyance of electricity (including a service that ensures the integrity of the related *transmission system*).

**short circuit fault**

A fault having a metallic conducting path between any two or more conductors or between any conductor and ground, including touching conductors and faults through earthing facilities, and excluding faults within equipment at a station.

**short term capacity reserve**

At any time, the amount of surplus or unused generating capacity indicated by the relevant *Generators* as being available for any half hour period during the next 7 *days* and which is assessed as being in excess of the capacity requirement to meet

the current forecast *load* demand, taking into account the known or historical levels of demand management.

**short term capacity reserve standard**

The level of *short term capacity reserve* required for a particular period in accordance with the *power system security and reliability standards*.

**short term PASA**

The *PASA* in respect of the period from 2 *days* after the current *trading day* to the end of the 7<sup>th</sup> day after the current *trading day* inclusive in respect of each *trading interval* in that period.

**short term PASA inputs**

The inputs to be prepared by *NEMMCO* in accordance with clause 3.7.3(d).

**shunt capacitor**

A type of *plant connected to a network* to generate *reactive power*.

**shunt reactor**

A type of *plant connected to a network* to absorb *reactive power*.

**single contingency**

In respect of a *transmission* or *distribution network* and *Network Users*, a sequence of related events which result in the removal from service of one *Network User*, *transmission* or *distribution line*, or *transformer*. The sequence of events may include the application and clearance of a fault of defined severity.

**slow lower service**

The service of providing, in accordance with the requirements of the *market ancillary service specification*, the capability of controlling the level of *generation* or *load* associated with a particular *facility* in response to the locally sensed *frequency* of the *power system* in order to stabilise a rise in that *frequency*.

**slow raise service**

The service of providing, in accordance with the requirements of the *market ancillary service specification*, the capability of controlling the level of *generation* or *load* associated with a particular *facility* in response to the locally sensed *frequency* of the *power system* in order to stabilise a fall in that *frequency*.

**slow start generating unit**

A *generating unit* described in clause 3.8.17(a).

**slow start reserve generating unit**

A *slow start generating unit* providing *scheduled reserve*.

### **Special Participant**

*A System Operator or a Distribution System Operator.*

### **special revised statement**

*A settlement statement issued by NEMMCO under clause 3.15.19(a)(3).*

### **spot market**

The spot market established and operated by *NEMMCO* in accordance with clause 3.4.1.

### **spot market transaction**

*A transaction as defined pursuant to clause 3.15.6 which occurs in the spot market.*

### **spot price**

The price for electricity in a *trading interval* at a *regional reference node* or a *connection point* as determined in accordance with clause 3.9.2.

### **spot price forecast**

*A forecast of the spot price.*

### **SRAS**

*A system restart ancillary service.*

### **stand-alone amount**

For a *category of prescribed transmission services*, the costs of a *transmission system asset* that would have been incurred had that *transmission system asset* been developed, exclusively to provide that *category of prescribed transmission services*.

### **standard control service**

*A direct control service* that is subject to a control mechanism based on a *Distribution Network Service Provider's total revenue requirement*.

### **Standards Australia**

The Standards Association of Australia and includes its heirs or successors in business.

### **statement of opportunities**

*A statement prepared by NEMMCO to provide information to assist Scheduled Generators, Semi-Scheduled Generators, Transmission Network Service Providers and Market Participants in making an assessment of the future need for*

electricity generating or demand management capacity or augmentation of the *power system*.

**statement of regulatory intent**

A statement issued by the *AER* under clause 6.5.4(c).

**static excitation system**

An *excitation control system* in which the power to the rotor of a *synchronous generating unit* is transmitted through high power solid-state electronic devices.

**static VAR compensator**

A device specifically provided on a *network* to provide the ability to generate and absorb *reactive power* and to respond automatically and rapidly to *voltage* fluctuations or *voltage* instability arising from a disturbance or disruption on the *network*.

**submission guidelines**

The guidelines made by the *AER* in accordance with rule 6A.10 for the purposes of guiding a *Transmission Network Service Provider* in the submission of a *Revenue Proposal* under Part E of Chapter 6A.

**substation**

A *facility* at which two or more lines are switched for operational purposes. May include one or more *transformers* so that some *connected* lines operate at different nominal *voltages* to others.

**supply**

The delivery of electricity.

**survey period**

An agreed sample period used to determine the allocation of costs and prices for use of *transmission network* or *distribution network* assets.

**suspended region**

A region in which the *spot market* is suspended in accordance with clause 3.14.5(a).

**suspension notice**

A notice issued by *NEMMCO* to a *defaulting Market Participant* pursuant to clause 3.15.21(c).

**switchyard**

The *connection point* of a *generating unit* into the *network*, generally involving the ability to *connect* the *generating unit* to one or more outgoing *network* circuits.

### **Sydney time**

Eastern Standard Time or Eastern Daylight Saving Time as applicable in Sydney.

### **synchronise**

The act of *synchronising* a *generating unit* or a *scheduled network service* to the *power system*.

### **synchronising, synchronisation**

To electrically *connect* a *generating unit* or a *scheduled network service* to the *power system*.

### **synchronous condensers**

*Plant*, similar in construction to a *generating unit* of the *synchronous generator* category, which operates at the equivalent speed of the *frequency* of the *power system*, specifically provided to generate or absorb *reactive power* through the adjustment of rotor current.

### **synchronous generating unit**

The alternating current generators of most thermal and hydro (water) driven power turbines which operate at the equivalent speed of the *frequency* of the *power system* in its *satisfactory operating state*.

### **synchronous generator voltage control**

The automatic *voltage control system* of a *generating unit* of the *synchronous generator* category which changes the output *voltage* of the *generating unit* through the adjustment of the generator rotor current and effectively changes the *reactive power* output from that *generating unit*.

### **System Operator**

A person whom *NEMMCO* has engaged as its agent, or appointed as its delegate, under clause 4.3.3 to carry out some or all of *NEMMCO*'s rights, functions and obligations under Chapter 4 of the *Rules* and who is registered by *NEMMCO* as a *System Operator* under Chapter 2.

### **system restart ancillary service**

A service provided by *facilities* with *black start capability* which allows:

- (a) *energy* to be supplied; and
- (b) a *connection* to be established,

sufficient to restart large *generating units* following a *major supply disruption*.

**system restart plan**

The plan described in clause 4.8.12(a).

**system restart standard**

The standard as determined by the *Reliability Panel* in accordance with clause 8.8.3(a)(1a), for the acquisition of *system restart ancillary services*.

**system standard**

A standard for the performance of the *power system* as set out in schedule 5.1a.

**system-wide benefits**

Benefits that extend beyond a *Transmission Network User*, or group of *Transmission Network Users*, at a single *transmission connection point* to other *Transmission Network Users*.

**take or pay contract**

A contract between a buyer and a seller of an asset-based service under which the buyer undertakes to pay regularly to the seller a fixed or minimum sum regardless of the actual level of consumption of the service by the buyer. The contract has the effect of transferring market risk associated with the assets from the seller (as the owner of the assets) to the buyer.

**tap-changing transformer**

A *transformer* with the capability to allow internal adjustment of output *voltages* which can be automatically or manually initiated and which is used as a major component in the control of the *voltage* of *transmission* and *distribution networks* in conjunction with the operation of *reactive plant*. The *connection point* of a *generating unit* may have an associated tap-changing transformer, usually provided by the *Generator*.

**tariff class**

A class of customers for one or more *direct control services* who are subject to a particular tariff or particular tariffs.

**tax**

Any tax, levy, impost, deduction, charge, rate, rebate, duty, fee or withholding which is levied or imposed by an *Authority*.

**tax change event**

A tax change event occurs if:

- (a) any of the following occurs during the course of a *regulatory control period* for a *Transmission Network Service Provider* or a *Distribution Network Service Provider*:

- (i) a change in a *relevant tax*, in the application or official interpretation of a *relevant tax*, in the rate of a *relevant tax*, or in the way a *relevant tax* is calculated;
  - (ii) the removal of a *relevant tax*;
  - (iii) the imposition of a *relevant tax*; and
- (b) in consequence, the costs to the service provider of providing *prescribed transmission services* or *direct control services* are materially increased or decreased.

### **technical envelope**

The limits described in clause 4.2.5.

### **telecommunications network**

A telecommunications network that provides access for public use or an alternate telecommunications network that has been approved by *NEMMCO* for the delivery of *metering data*.

### **template for generator compliance programs**

The template determined and *published* by the *Reliability Panel* under clause 8.8.3 of the *Rules*.

### **terms and conditions of access**

According to context:

- (a) the terms and conditions described in clause 6A.1.2 (access to transmission services);
- (b) the terms and conditions described in clause 6.1.3 (access to *distribution services*).

### **terrorism event**

An act (including, but not limited to, the use of force or violence or the threat of force or violence) of any person or group of persons (whether acting alone or on behalf of in connection with any organisation or government), which from its nature or context is done for, or in connection with, political, religious, ideological, ethnic or similar purposes or reasons (including the intention to influence or intimidate any government and/or put the public, or any section of the public, in fear) and which *materially* increases the costs to a *Transmission Network Service Provider* of providing *prescribed transmission services* or the costs to a *Distribution Network Service Provider* of providing *direct control services*.

### test program

In respect of an *inter-network test*, means the program and co-ordination arrangements for the test including, without limitation:

- (1) test procedures;
- (2) the proposed timing of the test;
- (3) operational procedures to manage *power system security* during the test;
- (4) required *power system* conditions for conducting the test;
- (5) test facilitation services including, as necessary, *ancillary services* required to achieve those *power system* conditions;
- (6) criteria for continuing or concluding a test and the decision-making process relevant to the test; and
- (7) contingency arrangements.

### tie

Identically priced *dispatch bids* or *dispatch offers*.

### time

*Eastern Standard Time*.

### time stamp

The means of identifying the *time* and date at which data is transmitted or received.

### timetable

The timetable published by *NEMMCO* under clause 3.4.3 for the operation of the *spot market* and the provision of *market* information.

### ~~total capitalised expenditure threshold~~

~~Means each of the following amounts:~~

- ~~(a) the total capitalised expenditure in excess of \$20 million referred to in the definition of "new large transmission network asset";~~
- ~~(b) the total capitalised expenditure in excess of \$5 million referred to in the definition of "new small transmission network asset"; and~~
- ~~(c) the total capitalised expenditure in excess of \$5 million referred to in the definition of "replacement transmission network asset".~~

~~**total capitalised expenditure threshold consultation period**~~

~~Has the meaning given in clause 5.6.6C(d).~~

~~**total capitalised expenditure threshold determination**~~

~~Means a determination made by the AER in accordance with clause 5.6.6C(e).~~

~~**total capitalised expenditure threshold review**~~

~~Has the meaning given in clause 5.6.6C(a).~~

**total revenue cap**

For a *Transmission Network Service Provider* for a *regulatory control period*, the sum of the *maximum allowed revenues* for that provider for each *regulatory year* of that *regulatory control period* as calculated in accordance with clause 6A.5.3 and set out in a *revenue determination*.

**total revenue requirement**

For a *Distribution Network Service Provider*, an amount representing revenue calculated for the whole of a *regulatory control period* in accordance with Part C of Chapter 6.

**Trader**

A person who is registered by NEMMCO as a *Trader* under Chapter 2.

**trading amount**

The positive or negative dollar amount resulting from a *transaction*, determined pursuant to clauses 3.15.6, 3.15.6A or 3.15.11.

**trading day**

The 24 hour period commencing at 4.00 am and finishing at 4.00 am on the following *day*.

**trading interval**

A 30 minute period ending on the hour (EST) or on the half hour and, where identified by a time, means the 30 minute period ending at that time.

**trading limit**

A dollar amount for a *Market Participant*, determined pursuant to clause 3.3.10.

**trading margin**

Has the meaning given in clause 3.3.15.

**transaction**

A *spot market transaction*, *reallocation transaction* or any other transaction either in the *market* or to which NEMMCO is a party.

**transformer**

A *plant* or device that reduces or increases the *voltage* of alternating current.

**transformer tap position**

Where a tap changer is fitted to a *transformer*, each tap position represents a change in *voltage* ratio of the *transformer* which can be manually or automatically adjusted to change the *transformer* output *voltage*. The tap position is used as a reference for the output *voltage* of the *transformer*.

**transmission**

Activities pertaining to a *transmission system* including the conveyance of electricity through that *transmission system*.

**transmission consultation procedures**

The procedures set out in Part H of Chapter 6A that must be followed by:

- (a) the *AER* in making, developing or amending guidelines, models or schemes or in reviewing methodologies; or
- (b) the *AEMC* in developing or amending guidelines.

**Transmission Customer**

A *Customer*, *Non-Registered Customer* or *Distribution Network Service Provider* having a *connection point* with a *transmission network*.

**transmission determination**

Has the meaning given in the *National Electricity Law*, and includes a determination by the *AER* as described in rule 6A.2.

**transmission element**

A single identifiable major component of a *transmission system* involving:

- (a) an individual *transmission* circuit or a phase of that circuit;
- (b) a major item of *transmission plant* necessary for the functioning of a particular *transmission* circuit or *connection point* (such as a *transformer* or a circuit breaker).

**transmission line**

A power line that is part of a *transmission network*.

**transmission network**

A *network* within any *participating jurisdiction* operating at nominal *voltages* of 220 kV and above plus:

- (a) any part of a *network* operating at nominal *voltages* between 66 kV and 220 kV that operates in parallel to and provides support to the higher voltage *transmission network*;
- (b) any part of a *network* operating at nominal *voltages* between 66 kV and 220 kV that is not referred to in paragraph (a) but is deemed by the AER to be part of the *transmission network*.

**transmission network connection point**

*A connection point on a transmission network.*

**Transmission Network Service Provider**

A person who engages in the activity of owning, controlling or operating a *transmission system*.

**Transmission Network User**

In relation to a *transmission network*, a *Transmission Customer*, a *Generator* whose *generating unit* is directly *connected* to the *transmission network* or a *Network Service Provider* whose *network* is *connected* to the *transmission network*.

**transmission network user access**

The *power transfer capability* of the *transmission network* in respect of:

- (a) *generating units* or group of *generating units*;
- (b) *network elements*; or
- (c) *plant*,

at a *connection point* which has been negotiated in accordance with rule 5.4A.

**transmission or distribution system**

*A transmission system or distribution system that:*

1. is used to convey, and control the conveyance of, electricity to customers (whether wholesale or retail); and
2. is *connected* to another such system.

**transmission plant**

Apparatus or equipment associated with the function or operation of a *transmission line* or an associated *substation* or *switchyard*, which may include *transformers*, circuit breakers, *reactive plant* and *monitoring equipment* and control equipment.

## **Transmission Ring-Fencing Guidelines**

The Guidelines made under rule 6A.21.

### **transmission service**

The services provided by means of, or in connection with, a *transmission system*.

### **transmission services access dispute**

A dispute between a *Transmission Network Service Provider* and a *Service Applicant* as to *terms and conditions of access* for the provision of *prescribed transmission services* or for the provision of *negotiated transmission services* as referred to in clause 6A.1.2, that is for determination by a *commercial arbitrator* under Part K of Chapter 6A.

### **transmission standard control service**

Has the meaning given in rule 6.25(a).

### **transmission standard control service revenue**

Has the meaning given in rule 6.26(b)(1).

### **transmission system**

A *transmission network*, together with the *connection assets* associated with the *transmission network*, which is connected to another *transmission or distribution system*.

### **transmission use of system, transmission use of system service**

A *Generator transmission use of system service* or a *Customer transmission use of system service*.

### **trigger event**

In relation to a *proposed contingent project* or a *contingent project*, a specific condition or event described in clause 6A.8.1(c), the occurrence of which, during the relevant *regulatory control period*, may result in the amendment of a *revenue determination* under clause 6A.8.2.

### **two-terminal link**

One or more *network elements* that together enable the transfer of *energy* between two, and only two, *connection points*.

### **type 5 accumulation boundary**

The volume of *energy* for a *connection point* above which the *metering data* that is extracted or emanates from a *type 5 metering installation* must be extracted or emanate as *interval energy data* for the purpose of producing *settlements ready data*.

[**Note:** Below the type 5 accumulation boundary, the metering data may be extracted or emanate from the metering installation as accumulated energy data for the purpose of producing settlements ready data, in which case the metering installation must be registered with NEMMCO as a type 6 metering installation. Otherwise the metering data may be extracted or emanate as interval energy data for the purpose of producing settlements ready data in which case the metering installation must be registered with NEMMCO as a type 5 metering installation.]

**typical accrual**

Has the meaning given in clause 3.3.12(a).

**uncompleted transaction**

Has the meaning given in clause 3.3.16(b).

**unconstrained**

Free of *constraint*.

**unconstrained intermittent generation forecast**

The forecast prepared by *NEMMCO* in accordance with rule 3.7B of the *available capacity* of each *semi-scheduled generating unit*.

**under-recovery amount**

Any amount by which the sum of the *AARR* in previous *financial years* exceeds the revenue earned from the provision of *prescribed transmission services* in those previous years, grossed up by the application of an annual interest rate approved by the *AER* for this purpose.

**unmetered connection point**

A *connection point* at which a *meter* is not necessary under schedule 7.2.

**unscheduled reserve**

The amount of surplus or unused capacity:

- (a) of *generating units* (other than *scheduled generating units*); or
- (b) arising out of the ability to reduce demand (other than a *scheduled load*).

**unscheduled reserve contract**

A contract entered into by *NEMMCO* for the provision of *unscheduled reserve* in accordance with rule 3.20.

**unserved energy**

The amount of *energy* that is demanded, but cannot be supplied, in a *region* and which is defined in accordance with the *power system security and reliability standards* and is expressed as:

- (a) GWh; or
- (b) a percentage of the total *energy* demanded in that *region* over a specific period of time such as a year.

**use of system**

Includes *transmission use of system* and *distribution use of system*.

**use of system services**

*Transmission use of system service* and *distribution use of system service*.

**value of lost load (VoLL)**

A price cap on *regional reference prices*, described in clause 3.9.4.

**violation**

In relation to *power system security*, a failure to meet the requirements of Chapter 4 or the *power system security and reliability standards*.

**virtual transmission node**

A non-physical node used for the purpose of *market settlements*, having a *transmission loss factor* determined in accordance with clause 3.6.2(b)(3).

**voltage**

The electronic force or electric potential between two points that gives rise to the flow of electricity.

**voltage transformer (VT)**

A *transformer* for use with *meters* and/or protection devices in which the *voltage* across the secondary terminals is, within prescribed error limits, proportional to and in phase with the *voltage* across the primary terminals.

**WACC**

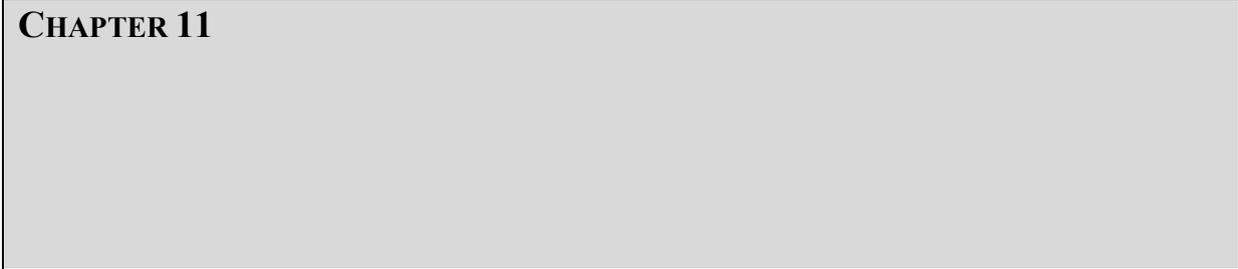
*Weighted average cost of capital*.

**weighted average cost of capital**

For a *Transmission Network Service Provider* for a *regulatory control period*, the return on capital for that *Transmission Network Service Provider* for that *regulatory control period* as calculated in accordance with clauses 6A.6.2(b) to (e), and in any other case an amount determined in a manner consistent with schedule 6.1.

For a *Distribution Network Service Provider* for a *regulatory control period*, the return on capital for that *Distribution Network Service Provider* for that *regulatory control period* calculated in accordance with clause 6.5.2.

**CHAPTER 11**



## 11. Savings and Transitional Rules

### Part A Negative Inter-Regional Settlements Residue (2006 amendments)

#### 11.1 Rules consequent on making of the National Electricity Amendment (Negative Inter-Regional Settlements Residue) Rule 2006

##### 11.1.1 Recovery of accrued negative settlements residue

- (a) Clause 3.6.5(a)(4), as in force immediately before 1 July 2006 which is the date the National Electricity Amendment (Negative Inter-Regional Settlements Residue) Rule 2006 commences operation, continues to apply to any negative *settlements residue* amounts arising before 1 July 2005 and not recovered as at 1 July 2005 until all such negative amounts have been recovered.
- (b) Where negative *settlements residue* amounts arise on or after 1 July 2005 and are not recovered before 1 July 2006 which is the date the National Electricity Amendment (Negative Inter-Regional Settlements Residue) Rule 2006 commences operation, then:
  - (i) the whole or any part of the amount may be recovered from the proceeds of the first *auction* after 1 July 2006 which is the date the National Electricity Amendment (Negative Inter-Regional Settlements Residue) Rule 2006 commences operation; and
  - (ii) if the whole or a part of the amount is not recoverable under clause 11.1.1(b)(i), the unrecovered amount may be recovered from the proceeds of successive *auctions* until the negative amount is recovered.
- (c) Clause 3.6.5(a)(4A), as in force immediately before 30 June 2009, continues to apply to any *negative settlements residue* amounts arising on or after 1 July 2006 but before 30 June 2009, and not recovered as at 30 June 2009, until all such negative amounts have been recovered.

##### 11.1.2 Recovery of interest costs associated with accrued negative settlements residue

- (a) Where interest costs interest costs incurred by *NEMMCO* in relation to any unrecovered negative *settlements residue* amounts referred to in clause 3.6.5(a)(4A) arise on or after 1 July 2005 and are not recovered before 1 July 2006 which is the date the National Electricity Amendment (Negative Inter-Regional Settlements Residue) Rule 2006 commences operation, then:

- (i) the whole or any part of the interest costs may be recovered from the proceeds of the first *auction* after 1 July 2006 which is the date the National Electricity Amendment (Negative Inter-Regional Settlements Residue) Rule 2006 commences operation; and
  - (ii) if the whole or a part of the interest costs are not recoverable under clause 11.1.2(b)(i), the unrecovered interest costs may be recovered from the proceeds of successive *auctions* until the interest costs are recovered.
- (b) Clause 3.6.5(a)(4B), as in force immediately before 30 June 2009, continues to apply to any interest costs arising on or after 1 July 2006 but before 30 June 2009, and not recovered as at 30 June 2009, until all such interest costs have been recovered.

## Part B System Restart Ancillary Services (2006 amendments)

### 11.2 Rules consequent on making of the National Electricity Amendment (System Restart Ancillary Services and pricing under market suspension) Rule 2006 No.6

#### 11.2.1 Transitional provision for acquisition of non-market ancillary services

- (a) For the purposes of clause 11.2.1:

**Amending Rule** means the National Electricity Amendment (System Restart Ancillary Services and pricing under market suspension) Rule 2006.

**Existing NMAS contract** means an *ancillary services agreement* between NEMMCO and another person to acquire *non-market ancillary services* from that person, entered into prior to the NMAS commencement date.

**NMAS commencement date** means the date of commencement of the National Electricity Amendment (System Restart Ancillary Services and pricing under market suspension) Rule 2006;

- (b) On the *NMAS* commencement date
- (1) Any action taken by NEMMCO or a *Rules body* prior to the *NMAS* commencement date in anticipation of the commencement of the Amending Rule is deemed to have been taken for the purpose of the Amending Rule and continues to have effect for that purpose.
  - (2) NEMMCO may continue to acquire *non-market ancillary services* under an existing *NMAS* contract and may extend the period of an

existing *NMAS* contract for such period as *NEMMCO* and that person reasonably determine.

- (3) At any time when no *system restart standard* under clause 8.8.3(a)(1a) is in force, *NEMMCO* must develop and *publish* an interim *system restart standard* that is:
- (i) consistent with the requirements in clause 8.8.3(a); and
  - (ii) approved by the *Reliability Panel*;

and the interim *system restart standard* applies until such time as the *Reliability Panel* determines a *system restart standard*.

### 11.3 [Deleted]

## Part C Dispute Resolution for Regulatory Test (2006 amendments)

### 11.4 Rules consequent on making of the National Electricity Amendment (Dispute Resolution for Regulatory Test) Rule 2006

#### 11.4.1 Continuation of things done under old clause 5.6.6

- (a) For the purposes of clause 11.4.1:

**amending Rule** means the National Electricity Amendment (Dispute Resolution for Regulatory Test) Rule 2006

**commencement date** means the date of commencement of the amending Rule

**new clause 5.6.6** means clause 5.6.6 after the commencement of the amending Rule

**old clause 5.6.6** means clause 5.6.6 before the commencement of the amending Rule.

- (b) On the commencement date:
- (1) any dispute commenced under the old clause 5.6.6 and not completed before the commencement date, must continue to be conducted and completed as if it were a dispute commenced in accordance with the old clause 5.6.6.
  - (2) Subject to clause 11.4.1(b)(1), any action taken under the old clause 5.6.6 is deemed to have been taken for the purposes of the corresponding requirement in the new clause 5.6.6 and continues to have effect for those purposes.

## Part D Metrology (2006 amendments)

### 11.5 Rules consequential on the making of the National Electricity Amendment (Metrology) Rule 2006

#### 11.5.1 Definitions

For the purposes of this rule 11.5:

**Amending Rule** means the National Electricity Amendment (Metrology) Rule 2006.

**commencement date** means the day on which the Amending Rule commences operation.

**old Chapter 7** means Chapter 7 of the *Rules* as in force immediately before the commencement date.

**new Chapter 7** means Chapter 7 of the *Rules* as in force immediately after the commencement date.

#### 11.5.2 Metrology procedures continues to apply until 31 December 2006

A metrology procedure as in force under the old Chapter 7 continues in force in accordance with the old Chapter 7 until 31 December 2006.

#### 11.5.3 Responsible person

A *Local Network Service Provider* who is the responsible person for a *metering installation* under Chapter 9 of the *Rules* immediately before the commencement date continues to be the *responsible person* for that *metering installation* for the purposes of clause 7.2.3.

#### 11.5.4 NEMMCO's responsibility to develop a metrology procedure

- (a) Subject to this clause 11.5.4, *NEMMCO* must *publish* an initial metrology procedure by 1 January 2007 in accordance with the new Chapter 7 and this procedure must commence operation on 1 January 2007.
- (b) The requirement in clause 7.14.1(b) that requires a minimum period of 3 months between the date the *metrology procedure* is published and the date the *metrology procedure* commences does not apply to the initial metrology procedure developed and published under this clause 11.5.4.
- (c) Any action taken by *NEMMCO* for the purpose of developing and publishing an initial metrology procedure prior to the commencement date is taken to satisfy the equivalent actions required for a *metrology procedure* under the new Chapter 7.

- (d) *NEMMCO* may dispense with, or not comply with, any relevant action under rule 7.14, if the action duplicates or is consistent with action that has already been taken under paragraph (c).
- (e) An initial metrology procedure developed and published under this clause 11.5.4 is taken to be the *metrology procedure* for the purposes of Chapter 7 of the *Rules*.
- (f) The initial metrology procedure is not required to incorporate the matters referred to in clause 7.14.1(c)(4) until 30 June 2008 and *NEMMCO* may develop a separate procedure for those matters during that period to 30 June 2008.

### 11.5.5 Jurisdictional metrology material in the metrology procedure

- (a) For the purposes of this clause 11.5.5, **expiry date** means 1 January 2009.
- (b) Until the expiry date, the *Ministers of the MCE* is taken to be each *Minister of the participating jurisdictions*, acting on behalf of that jurisdiction and undertaking the role of the *Ministers of the MCE* in relation to *jurisdictional metrology material* under clause 7.14.2.
- (c) For the avoidance of doubt, a *Minister of a participating jurisdiction* may delegate the role of submitting *jurisdictional metrology material* to *NEMMCO* under paragraph (b) by instrument in writing.
- (d) A certified copy of any delegation given under paragraph (c) must be provided to *NEMMCO* at the time any *jurisdictional metrology material* is submitted to *NEMMCO* under clause 7.14.2.

[**Note:** Ministers of participating jurisdiction have powers of delegation under their own jurisdictional legislation governing the procedure for conferring such delegations.]

## Part E Economic Regulation of Transmission Services (2006 amendments)

### 11.6 Rules consequent on making of the National Electricity Amendment (Economic Regulation of Transmission Services) Rule 2006

#### 11.6.1 Definitions

Subject to this rule 11.6, in this rule 11.6:

**Amending Rule 2006** means the National Electricity Amendment (Economic Regulation of Transmission Services) Rule 2006.

**commencement date** means the date on which the *Amending Rule 2006* commences operation.

**current regulatory control period** means the regulatory control period applicable to an existing revenue determination.

**distribution matters** includes matters relating to the economic regulation of *distribution services*, including, but not limited to, existing determinations, decisions, instruments, agreements or any other relevant action.

**ElectraNet** means ElectraNet Pty Ltd ACN 094 482 416 trading as ElectraNet.

**existing revenue determination** means any determination made, or deemed to be made, by the *ACCC* or the *AER* on or prior to the commencement date for the purpose of regulating the revenues of a *Transmission Network Service Provider*.

**first regulatory control period** means a *regulatory control period* immediately after a current regulatory control period.

**first revenue cap determination** means the first *revenue cap determination* after an existing revenue cap determination.

**new Chapter 6A** means Chapter 6A of the *Rules* as in force immediately after the commencement of the *Amending Rule 2006*.

**old Chapter 6** means Chapter 6 of the *Rules* as in force immediately before the commencement of the *Amending Rule 2006*.

**old clause 6.5.9** means clause 6.5.9 of the *Rules* as in force immediately before the commencement of the *Amending Rule 2006*.

**old Part C** means Part C (Transmission Pricing) of Chapter 6 of the *Rules* as in force immediately before the commencement of the *Amending Rule 2006*.

**old Part F** means Part F (Interconnections) of Chapter 6 of the *Rules* as in force immediately before the commencement of the *Amending Rule 2006*.

**relevant action** includes (without limitation) any of the following actions in relation to *distribution* matters:

- (a) the performance or exercise of any function, power, obligation or right;
- (b) the making or publishing of any guideline, standard, procedure, report, negotiating framework or other document;
- (c) the giving, publishing, service or receipt of any communication, notice or other document;
- (d) the provision or receipt of any submission or information;

- (e) the making or receiving any inquiry, request or application;
- (f) the undertaking or completion of any transaction;
- (g) the payment of any monetary amount or fee.

**renumbered Chapter 6** means Chapter 6 of the *Rules* as in force immediately after the commencement of the *Amending Rule 2006*.

**SP AusNet** means SPI PowerNet Pty Ltd ACN 079 798 173.

**Statement of Regulatory Principles** means the Statement of Principles published by the *AER* as part of the Compendium of Electricity Transmission Regulatory Guidelines dated August 2005.

**VENCorp** means the Victorian Energy Networks Corporation established under the Gas Industry Act 1994 (Vic) and continued under the Gas Industry Act 2001 (Vic).

#### **11.6.2 New Chapter 6A does not affect existing revenue determinations**

- (a) Subject to this rule 11.6, the old Chapter 6 continues to apply to and in respect of, existing revenue determinations as if the new Chapter 6A had not been made.
- (b) The Amending Rule 2006 has no effect on the continuing operation of clause 9.8.4G.
- (c) The Amending Rule 2006 has no effect on the continuing operation of clause 9.16.5 in so far as it:
  - (1) applies to deem a revenue cap for the *financial year* commencing on 1 July 2004;
  - (2) specifies the basis on which prices for certain transmission services during the *financial year* commencing on 1 July 2004 are to be determined;
  - (3) specifies the manner in which clause 6.4.3C of the old Chapter 6 is to apply for the *financial year* commencing on 1 July 2005; and
  - (4) deems a revenue cap for the period commencing on 1 July 2004 until the end of 30 June 2009 to be for a period of five years.

#### **11.6.3 Old Part C and Schedules 6.2, 6.3, 6.4, 6.7 and 6.8 of old Chapter 6**

Subject to this rule 11.6 and rule 11.8, old Part C (including Schedules 6.2, 6.3, 6.4, 6.7 and 6.8) continues to apply for the duration of a current regulatory control period.

#### **11.6.4 Old Part F of Chapter 6**

Subject to this rule 11.6, old Part F of Chapter 6 continues to apply for the duration of a current regulatory control period.

#### **11.6.5 Application of new Chapter 6A to Transmission Network Service Providers**

Subject to this rule 11.6, a *Transmission Network Service Provider* is not required to submit a *Revenue Proposal* or a proposed *negotiating framework* to the *AER* under the new Chapter 6A until a date that is 13 months before the expiry of a current regulatory control period.

#### **11.6.6 Application of Chapter 6 to old distribution matters**

- (a) The restructuring and renumbering of provisions of the old Chapter 6 by the *Amending Rule 2006* does not affect:
- (1) *distribution* matters occurring or in existence before the commencement date; or
  - (2) anything done or omitted to be done in respect of *distribution* matters before the commencement date.
- (b) Without limiting paragraph (a), anything done or omitted to be done under a provision of the old Chapter 6 in respect of *distribution* matters before the commencement date is deemed to have been done or omitted to be done under the corresponding provision of that Chapter as restructured and renumbered by the *Amending Rule 2006*, as if that Rule had been in operation when the thing was done or omitted to be done.

#### **11.6.7 References to the old Chapter 6**

Unless the context otherwise requires, on and from the commencement date every reference to the old Chapter 6 in a document (however described) is deemed to be a reference to the renumbered Chapter 6 or the new Chapter 6A (as the case may be).

#### **11.6.8 References to provisions of the old Chapter 6**

Unless the context otherwise requires, on and from the commencement date every reference to a provision of the old Chapter 6 in a document (however described) is deemed to be a reference to the corresponding provision of the renumbered Chapter 6 or the corresponding provision (if any) of the new Chapter 6A (as the case may be).

### **11.6.9 Roll forward of regulatory asset base for first regulatory control period**

In making a *revenue determination* for the first *regulatory control period*, the value of the regulatory asset base at the beginning of the first *regulatory year* of that period calculated in accordance with clause S6A.2.1(f), may be adjusted having regard to an existing revenue determination and any other arrangements agreed between the *AER* and the *Transmission Network Service Provider*.

### **11.6.10 Other adjustment carry-over mechanisms from current to first regulatory control period**

The *maximum allowed revenue* that a *Transmission Network Service Provider* may earn in any *regulatory year* of the first *regulatory control period* may be adjusted for any carry-over mechanisms provided for in the relevant existing revenue determination and in any other arrangements agreed between the *AER* and the *Transmission Network Service Provider* for the purposes of, and in accordance with, the existing revenue determination.

### **11.6.11 Clause consequent upon making National Electricity Amendment (Cost Allocation Arrangements for Transmission Services) Rule No 2009 No 3 - Transition to new Chapter 6A: existing prescribed connection services**

#### **Definitions**

(a) In this clause 11.6.11:

**existing asset** means an asset that as at 9 February 2006:

- (1) was used in connection with a *transmission system* where the value, or a portion of the value, of that asset was included in the regulatory asset base; or
- (2) was committed to be constructed for use in connection with a *transmission system* where the forecast value, or a portion of the forecast value, of that asset was included in the forecast capital expenditure,

for that *transmission system* under a revenue determination in force as at 9 February 2006.

For the purpose of this definition, an asset is, and is only, to be taken to be committed to be constructed if it satisfied the criteria which a project needed to satisfy to be a “committed project” for the purpose of the *regulatory test* in force as at 9 February 2006.

**replacement asset** means:

- (1) an asset which replaces an existing asset after 9 February 2006; or

- (2) an asset which replaces an asset referred to in this clause 11.6.11(a) after 9 February 2006.

For the purpose of this definition, an asset will be treated as replacing another asset even if it provides an increased or different functionality to the asset it replaces, provided that the increased or different functionality was not requested by the relevant *Transmission Network User*.

**eligible asset** means, subject to clause 11.6.11(d)(3):

- (1) an existing asset which was, immediately before the commencement date, or was or is, when first commissioned after the commencement date, wholly and exclusively used by a *Transmission Network Service Provider* to provide *connection services* to a *Transmission Network User* or a group of *Transmission Network Users* at a *transmission network connection point*; and
- (2) a replacement asset which is wholly and exclusively used after the commencement date by a *Transmission Network Service Provider* to continue providing *connection services* to a *Transmission Network User* or a group of *Transmission Network Users* at a *transmission network connection point*,

and excludes:

- (3) an existing asset or a replacement asset to the extent that it ceases to be used after the commencement date to provide *connection services* to a *Transmission Network User* or a group of *Transmission Network Users* at a *transmission network connection point*; and
- (4) an existing asset or replacement asset that, as at the 2009 commencement date, was wholly and exclusively used by a *Transmission Network Service Provider* to provide connection services to a *Transmission Network User* or a group of *Transmission Network Users* at a *transmission network connection point* but had all of its costs treated as directly attributable to, or incurred in providing, *transmission use of system services* at that date.

**prescribed connection service** means a *connection service* provided by a *Transmission Network Service Provider* to a *Transmission Network User* at a *transmission network connection point* on or after the 2009 commencement date in respect of which the following criteria are satisfied:

- (1) the relevant service is provided by using assets that include eligible assets;

- (2) the whole of the relevant service is being provided under a *connection agreement* which was first entered into before the commencement date (as extended, amended or novated from time to time);
- (3) the *connection agreement* has not at any time after the 2009 commencement date been amended at the request of the *Transmission Network User* for the purposes of altering the relevant service; and
- (4) the relevant service would not otherwise be a *prescribed transmission service* for the purposes of new Chapter 6A but for this clause 11.6.11.

If, at the date a *Transmission Network Service Provider* submits a *Revenue Proposal* after the 2009 commencement date to the *AER* under new Chapter 6A, a *connection service* does not satisfy each of the above criteria, then the *connection service* remains a prescribed connection service until the start of the next *regulatory control period* to which the *Revenue Proposal* relates, from which time it ceases to be a prescribed connection service.

**2009 commencement date** means the date on which the National Electricity Amendment (Cost Allocation Arrangements for Transmission Services) Rule 2009 commences operation.

#### **Prescribed transmission services**

- (b) References to *prescribed transmission services* in new Chapter 6A include prescribed connection services and, where a service is a *prescribed transmission service* by virtue of the operation of this clause 11.6.11, that service is taken not to be a *negotiated transmission service*.

#### **Interaction with new Chapter 6A**

- (c) For the purposes of new Chapter 6A:
  - (1) the costs of the *transmission system* assets that from time to time may be treated as:
    - (i) directly attributable to the provision of a prescribed connection service; or
    - (ii) incurred in providing a prescribed connection service,  
  
to a *Transmission Network User* or a group of *Transmission Network Users* at a *transmission network connection point* are limited to the costs of the eligible assets which, from time to time, provide that prescribed connection service;
  - (2) any costs of an existing asset or a replacement asset (or of any portion of an existing asset or a replacement asset) that:

- (i) is not an eligible asset (other than as a result of clause 11.6.11(d)); and
- (ii) is used by a *Transmission Network Service Provider* to provide *connection services* to a *Transmission Network User* or a group of *Transmission Network Users* at a *transmission network connection point*,

must be treated as costs that are directly attributable to the provision of, or are incurred in providing, *prescribed TUOS services* and, to avoid doubt, the services provided by those assets which would otherwise be *connection services* are taken to be *prescribed TUOS services*; and

- (3) the *stand-alone amount* for *prescribed TUOS services* is taken to include any portion of the costs referred to in clause 11.6.11(c)(2) that has not been allocated under clause 6A.23.2(d)(1).

#### **Cessation of prescribed connection services**

- (d) If a *connection service* ceases to be a prescribed connection service at the start of a *regulatory control period* for the relevant *Transmission Network Service Provider*:
  - (1) the *connection service* is taken to be a *negotiated transmission service*;
  - (2) despite clause 6A.19.2(7), the costs which were allocated to the prescribed connection service may be reallocated to *negotiated transmission services*;
  - (3) the eligible assets that previously provided the prescribed connection service cease to be eligible assets; and
  - (4) despite clause S6A.2.3, the value of the eligible assets which previously provided the prescribed connection service may be removed from the regulatory asset base of the *Transmission Network Service Provider*.

#### **11.6.12 Powerlink transitional provisions**

##### **Definitions**

- (a) In this clause 11.6.12:

**contingent project** means a project identified in the transitional revenue determination as a contingent project.

**Powerlink** means the Queensland Electricity Transmission Corporation Limited (ACN 078 849 233), trading as Powerlink Queensland .

**transitional regulatory control period** means the regulatory control period commencing on 1 July 2007 and ending on 30 June 2012.

**transitional revenue determination** means a final revenue determination by the *AER* for the Powerlink transmission network, in respect of the transitional regulatory control period.

**trigger** means the unique investment driver identified in the transitional revenue determination as a trigger for a contingent project.

### Scope and application

- (b) This clause 11.6.12:
- (1) applies only in respect of the Powerlink *transmission network* and applies only until 30 June 2012; and
  - (2) prevails, to the extent of any inconsistency, over any other clause in the *Rules*.

### Transitional revenue determination

- (c) Except as provided in this clause 11.6.12, and despite any changes to the old Chapter 6:
- (1) the old Chapter 6 continues to apply in respect of the *AER* setting the revenue cap for the transitional regulatory control period for the Powerlink *transmission network*; and
  - (2) in setting the revenue cap for the transitional regulatory control period, the *AER* must substantially adhere to the Statement of Regulatory Principles including the *ex ante* approach to setting the revenue cap set out in the statement.
- (d) The *AER* must calculate the *weighted average cost of capital* for the transitional regulatory control period, in accordance with the values, methodologies or benchmarks in the new Chapter 6A, in respect of the following items:
- (1) the nominal risk free rate including the maturity period and source of the benchmark;
  - (2) the debt risk premium including the maturity period and source of the benchmark;
  - (3) the equity beta;

- (4) the market risk premium; and
  - (5) the ratio of the market value of debt as a proportion of the market value of equity and debt.
- (e) In calculating the *WACC* for the transitional regulatory control period, the *AER* must use an average gamma of 0.5.

**Contingent projects**

- (f) Where the trigger event identified in respect of a contingent project occurs prior to 30 June 2012, the *AER* must, in accordance with the transitional revenue determination:
- (1) determine:
    - (i) the amount of capital and incremental operating expenditure for that contingent project for each remaining regulatory year of the transitional regulatory control period, which the *AER* considers is reasonably required for the purpose of undertaking the contingent project;
    - (ii) the likely commencement and completion dates for the contingent project;
    - (iii) the incremental revenue which is likely to be earned by Powerlink in each remaining regulatory year of the transitional regulatory control period as a result of the contingent project being undertaken; and
    - (iv) the *maximum allowed revenue* for each regulatory year in the remainder of the transitional regulatory control period by adding the incremental revenue for that regulatory year; and
  - (2) calculate the estimate referred to in subparagraph (1)(iii):
    - (i) on the basis of the rate of return for Powerlink for the transitional regulatory control period in accordance with the transitional revenue determination; and
    - (ii) consistently with the manner in which depreciation is calculated under the transitional revenue determination; and
  - (3) amend the transitional revenue determination to apply for the remainder of the transitional regulatory control period in accordance with paragraph (g).
- (g) The *AER* may only vary the transitional revenue determination to the extent necessary:

- (1) to adjust the forecast capital expenditure for the transitional regulatory control period to accommodate the amount of additional capital expenditure determined under paragraph (f)(1)(i);
  - (2) to adjust the forecast operating expenditure for the current regulatory control period to accommodate the amount of additional operating expenditure determined under paragraph (f)(1)(i); and
  - (3) to reflect the effect of any resultant increase in forecast capital expenditure and incremental operating expenditure on the maximum allowed revenue for each regulatory year in the remainder of the transitional regulatory control period.
- (h) An application for approval of a contingent project may only be made if the intended date for commencing the contingent project is during the transitional regulatory control period.
- (i) For the first *regulatory control period* after the transitional regulatory control period, the forecast of capital expenditure for that first *regulatory control period* must be determined by applying the provisions of clause 6A.6.7 of the new Chapter 6A, in respect of the capital expenditure for a contingent project, with such modifications as are necessary to properly apply clause 6A.6.7.

#### **Cost pass-through**

- (j) For the duration of the transitional regulatory control period:
- (1) subject to subparagraph (2), clause 6A.7.2 of the new Chapter 6A applies to a *network support event* under the transitional revenue determination;
  - (2) the process to apply to the calculation, presentation and approval of pass through resulting from a network support event is as set out in the transitional revenue determination; and
  - (3) in respect of any *positive change event* or *negative change event*, the new Chapter 6A applies, with any modifications that are necessary to apply the relevant provisions to the transitional revenue determination.

#### **Roll forward of regulatory asset base**

- (k) For the avoidance of doubt, in making a *revenue determination* for the first *regulatory control period* after the transitional regulatory control period, the value of the regulatory asset base at the beginning of the first *regulatory year* of that period calculated in accordance with clause S6A.2.1(f), may be adjusted having regard to the transitional revenue determination and any other arrangements agreed between the AER and Powerlink.

### **Application of efficiency benefit sharing scheme**

- (l) The *efficiency benefit sharing scheme* in force under clause 6A.6.5 applies to Powerlink during the transitional regulatory control period.

### **Power to re-open transitional revenue determination**

- (m) Clause 6A.7.1 applies to the transitional revenue determination, and a reference in the clause to:
- (1) “revenue determination” is taken to be a reference to the transitional revenue determination;
  - (2) “regulatory control period” is taken to be a reference to the transitional regulatory control period;
  - (3) “contingent project” has the meaning referred to in paragraph (a); and
  - (4) “X Factor” has the same meaning as in the transitional revenue determination.
- (n) Subject to rule 11.8, old Part C (including Schedules 6.2, 6.3, 6.4, 6.7 and 6.8 of old Chapter 6) continues to apply for the duration of the transitional regulatory control period

### **11.6.13 ElectraNet easements transitional provisions**

- (a) In this clause 11.6.13:

**current regulatory control period** means the regulatory control period for ElectraNet commencing on 1 January 2003 and ending on 30 June 2008.

**Determination** means the South Australian Transmission Network Revenue Cap Decision of the ACCC dated 11 December 2002.

**easement** means easements referred to in the Determination.

- (b) Without limiting the operation of the new Chapter 6A, in establishing the opening regulatory asset base for ElectraNet for the regulatory control period subsequent to ElectraNet’s current regulatory control period, the *AER* may also consider adjustments to the regulatory asset base for ElectraNet that relate to easements, as agreed by letter dated 3 August 2004, between the ACCC and ElectraNet.

### **11.6.14 TransGrid contingent projects**

- (a) In this clause 11.6.14:

**contingent project** means a project identified in the Determination as a contingent project.

**current regulatory control period** means the period 1 July 2004 to 30 June 2009.

**Determination** means the “Final Decision, NSW and ACT Transmission Network Revenue Cap TransGrid 2004-05 to 2008-09” dated 27 April 2005 determined by the ACCC pursuant to clause 6.2.4(b) of the National Electricity Code.

**TransGrid** means the energy services corporation constituted under section 6A of the Energy Services Corporations Act 1995 (NSW) and specified in Part 1A of Schedule 1 to that Act.

- (b) For the purposes of the application of clause 11.6.2(a) to the Determination, a reference to the old Chapter 6 is a reference to the old Chapter 6 as modified by rule 8A.1.
- (c) For the first *regulatory control period* after the current regulatory control period, the forecast of capital expenditure for TransGrid for that first *regulatory control period* must be determined by applying the provisions of clause 6A.6.7 in respect of the capital expenditure for a contingent project, with such modifications as are necessary to properly apply clause 6A.6.7.

#### **11.6.15 Transmission determination includes existing revenue determinations**

The definition of a *transmission determination* may, where the context so requires, include a determination (or substituted determination) made, or deemed to be made, by the AER or the ACCC prior to the commencement date.

#### **11.6.16 References to regulatory control period**

A reference to a *regulatory control period* may, where the context so requires, include a period during which a revenue cap applied by virtue of a determination (or substituted determination) made, or deemed to be made, by the AER or the ACCC prior to the commencement date.

#### **11.6.17 Consultation procedure for first proposed guidelines**

- (a) In this clause 11.6.17:

**guideline** means:

- (1) the *post-tax revenue model* referred to in rule 6A.5.2;
- (2) the *roll forward model* referred to in rule 6A.6.1;

- (3) an *efficiency benefit sharing scheme* referred to in rule 6A.6.5;
  - (4) a *service target performance incentive scheme* referred to in rule 6A.7.4;
  - (5) *submission guidelines* referred to in rule 6A.10.2; and
  - (6) *Cost Allocation Guidelines* referred to in rule 6A.19.3.
- (b) The *AER* must develop and *publish* the first proposed guidelines on or before 31 January 2007, and may carry out consultation in the preparation of those proposed guidelines as the *AER* considers appropriate.
  - (c) Each proposed guideline must be *published* in accordance with the requirements of rule 6A.20(b), including an explanatory statement and an invitation for written submissions.
  - (d) The invitation for written submissions for the proposed guidelines must allow no less than 60 *business days* for the making of submissions.
  - (e) The *AER* may *publish* papers and hold conferences or information sessions in relation to the proposed guidelines as provided by rule 6A.20(d).
  - (f) Rule 6A.20(e)-(f) applies to the publication of the final decision of the *AER* in relation to the first guidelines, which must be published under rule 6A.20 on or before 30 September 2007.

#### **11.6.18 Reliance on proposed guidelines for SP AusNet, VENCORP and ElectraNet**

- (a) In this clause 11.6.18:

**guideline** has the same meaning as in clause 11.6.17.

**proposed guideline** means a proposed guideline published under clause 11.6.17.

**relevant provider** means SP AusNet, VENCORP or ElectraNet.

**2008 determination** means a transmission determination to be made in 2008 for a relevant provider.

- (b) For the purposes of making a 2008 determination for the regulatory control period to be covered by a 2008 determination, anything that must be done in accordance with a guideline must instead be done in accordance with the corresponding proposed guideline.
- (c) Unless sooner revoked, a proposed guideline ceases to have effect in relation to a relevant provider at the end of the regulatory control period

covered by a 2008 determination applying to the provider. For the avoidance of doubt, a proposed guideline does not apply to or in respect of the making of a subsequent transmission determination.

- (d) For the purposes of making a 2008 determination for the regulatory control period to be covered by a 2008 determination, a relevant provider is taken to have complied with a requirement to comply with a *Cost Allocation Methodology* under the new Chapter 6A if the AER is satisfied that the relevant provider has complied with the relevant proposed guideline for cost allocation referred to in clause 11.6.17(a)(6), but only until the AER has approved a *Cost Allocation Methodology* for that provider under clause 6A.19.4.

### 11.6.19 EnergyAustralia transitional provisions

- (a) In this clause 11.6.19:

**contingent project** means a project approved by the ACCC and identified in the Determination as a contingent project.

**current regulatory control period** means the period 1 July 2004 to 30 June 2009.

**Determination** means the “Final Decision, NSW and ACT Transmission Network Revenue Cap EnergyAustralia 2004-05 to 2008-09”.

**EnergyAustralia** means the energy services corporation constituted under section 7 of the Energy Services Corporations Act 1995 (NSW) and specified in Part 2 of Schedule 1 to that Act.

**maximum allowed revenue** means the maximum allowed revenue in the Determination.

**trigger event** means an event identified as a trigger in Appendix A of the Determination in respect of a contingent project.

**triggered contingent project** means the contingent project referred to in Appendix A of the Determination as “A.1 Replacement of Feeders 908/909”.

#### Application of Chapter 6A to Determination

- (b) Subject to paragraph (c), clauses 6A.7.1, 6A.7.2 and 6A.7.3 apply to the Determination from the commencement date.
- (c) In applying clause 6A.7.1 to the Determination, a reference in the clause to:
- (1) “revenue determination” is taken to be a reference to the Determination;

- (2) “regulatory control period” is taken to be a reference to the current regulatory control period;
- (3) “contingent project” has the meaning referred to in paragraph (a); and
- (4) “X Factor” has the same meaning as in the Determination.

### **Treatment of contingent projects**

- (d) Where the trigger event identified in respect of a contingent project occurs prior to 1 July 2009, the *AER* must, in accordance with the Determination:
  - (1) determine:
    - (i) the total capital expenditure which the *AER* considers is reasonably required for the purpose of undertaking the *contingent project* including any amount for forecast capital expenditure already included in the Determination in respect of the triggered contingent project;
    - (ii) the forecast capital and incremental operating expenditure for that contingent project (in addition to any amount for forecast capital expenditure already included in the Determination in respect of the triggered contingent project) for each remaining regulatory year of the current regulatory control period, which the *AER* considers is reasonably required for the purpose of undertaking the contingent project in accordance with Appendix A of the Determination;
    - (iii) the likely commencement and completion dates for the contingent project;
    - (iv) the incremental revenue which is likely to be earned by EnergyAustralia in each remaining regulatory year of the current regulatory control period as a result of the contingent project being undertaken; and
    - (v) the maximum allowed revenue for each regulatory year in the remainder of the current regulatory control period by adding the incremental revenue for that regulatory year;
  - (2) calculate the estimate referred to in subparagraph (1)(iv) in accordance with the Determination, including:
    - (i) on the basis of the rate of return for EnergyAustralia for the current regulatory control period; and
    - (ii) consistently with the manner in which depreciation is calculated under the Determination; and

- (3) vary the Determination to apply for the remainder of the current regulatory control period in accordance with paragraph (e).
- (e) The *AER* may only vary the Determination to the extent necessary:
- (1) to adjust the forecast capital expenditure for the current regulatory control period to accommodate the amount of additional capital expenditure determined under paragraph (d)(1)(ii); and
  - (2) to adjust the forecast operating expenditure for the current regulatory control period to accommodate the amount of additional operating expenditure determined under paragraph (d)(1)(ii); and
  - (3) to reflect the effect of any resultant increase in forecast capital expenditure and incremental operating expenditure on the maximum allowed revenue for each regulatory year in the remainder of the current regulatory control period.
- (f) The intended date for commencing the contingent project must be during the current regulatory control period.
- (g) For the first *regulatory control period* after the current regulatory control period, the forecast of capital expenditure for EnergyAustralia for that first *regulatory control period* must be determined by applying the provisions of clause 6A.6.7 in respect of the capital expenditure for a contingent project, with such modifications as are necessary to properly apply clause 6A.6.7.

## 11.6.20 Basslink transitional provisions

### Definitions

- (a) In this clause 11.6.20:

**Basslink** has the meaning provided in the *Electricity Supply Industry Act 1995* of Tasmania, and means the interconnection between the electricity grids of the States of Tasmania and Victoria by means of:

- (1) a high voltage, direct current, submarine cable across Bass Strait;
- (2) converter stations in those States;
- (3) direct current connecting lines to those converter stations;
- (4) alternating current transmission connections to the transmission networks of those States; and
- (5) related infrastructure.

**previous regulatory approach** means the methodologies, objectives and principles for determination of a regulatory asset base applied in the previous regulatory determinations.

**previous regulatory determinations** means the decision (including the reasons for decision) made under clause 2.5.2(c) of the National Electricity Code or clause 2.5.2(c) of the *Rules* (as the case may be):

- (1) by the *ACCC*, entitled the “Murraylink Transmission Company Application for Conversion and Maximum Allowable Revenue” dated 1 October 2003; and
- (2) by the *AER*, entitled “Directlink Joint Ventures’ Application for Conversion and Revenue Cap” dated 3 March 2006.

### **Application**

- (b) Where, after the commencement date, a service provided by means of, or in connection with, the Basslink *transmission system* ceases to be classified as a *market network service*:
  - (1) paragraph (c) applies to that service to the exclusion of clause 2.5.2(c); and
  - (2) paragraphs (d),(e),(f) and (g) apply to that service to the exclusion of clause S6A.2.1(e)(1) and (2).
- (c) If, after the commencement date, a *network service* provided by means of, or in connection with, the Basslink *transmission system* ceases to be classified as a *market network service*, it may at the discretion of the *AER* be determined to be a *prescribed transmission service*, in which case the relevant *total revenue cap* may be adjusted in accordance with Chapter 6A and this clause 11.6.20 to include to an appropriate extent the relevant *network* elements which provide those *network services*.
- (d) Where services are determined to be *prescribed transmission services* as referred to in paragraph (c), the value of the regulatory asset base, as at the beginning of the first *regulatory year* of the first *regulatory control period* for which those *prescribed transmission services* are to be regulated under a *revenue determination*, is the amount that is determined by the *AER* in accordance with paragraphs (e), (f) and (g).
- (e) Subject to paragraph (f), the *AER* must determine the value of the regulatory asset base for the Basslink *transmission system* for the purposes of paragraph (d) by applying the previous regulatory approach to the circumstances of that *transmission system*.
- (f) In the event of an inconsistency between the previous regulatory approach adopted in each of the previous regulatory determinations, the approach

adopted in a decision of the *AER* regarding the Directlink *transmission system* prevails over the approach adopted in the decision of the *ACCC* regarding the Murraylink *transmission system* to the extent of the inconsistency.

- (g) Without limiting paragraph (e), the *AER* must, when exercising any discretion in relation to the application of paragraph (e) above:
- (1) have regard to the prudent and efficient value of the assets that are used by the relevant *Transmission Network Service Provider* to provide those *prescribed transmission services* (but only to the extent that those assets are used to provide such services); and
  - (2) for this purpose, determine that value having regard to the matters referred to in clause S6A.2.2.

### 11.6.21 SPI Powernet savings and transitional provision

#### Definitions

- (a) In this clause 11.6.21:

**easements tax change event** means a *change* in the amount of land *tax* that is payable by SPI PowerNet in respect of the easements which are used for the purposes of SPI PowerNet's *transmission network*. For the purposes of this definition, the *change* in the amount of land tax that is payable by SPI PowerNet must be calculated as the difference between:

- (1) the amount of land tax that is payable in each *regulatory year* by SPI PowerNet, as advised by the Commissioner of State Revenue, Victoria; and
- (2) the amount of land tax which is forecast for the purposes of and included in the *revenue determination* for each *regulatory year* of the *regulatory control period*.

**Regulated owner** and **SPI PowerNet** both have the meaning provided in clause 9.3.1(2) of the *Rules*.

#### Transition to new Chapter 6A: existing prescribed transmission services

- (b) Notwithstanding clause 11.5.11, references to *prescribed transmission services* in the new Chapter 6A include a service provided by an asset used in connection with, or committed to be constructed for use in connection with, a *transmission system* as at 9 February 2006, where that asset is the subject of an agreement between SPI PowerNet and any of:
- (1) VENCORP;

- (2) a Distributor;
  - (3) a Regulated owner;
  - (4) a *Generator*; or
  - (5) a *Market Network Service Provider*,
- and:
- (6) the agreement provides or contemplates that following an interim period the relevant asset will become subject to regulation under a revenue determination applicable to SPI PowerNet; and
  - (7) in the case of an agreement with a *Generator* or a *Market Network Service Provider*, the service the subject of the agreement is for *connection assets* provided on a non-contestable basis.

#### **Method of adjustment of value of regulatory asset base**

- (c) For the avoidance of doubt, in adjusting the previous value of the regulatory asset base for SPI PowerNet's *transmission system* as required by clause S6A.2.1(f), the previous value of the regulatory asset base must be increased by the amount of capital expenditure specified in, or that forms the basis of, agreements pursuant to which SPI PowerNet constructed assets during the previous regulatory control period used to provide *prescribed transmission services*, adjusted for outturn inflation and depreciation in accordance with the terms of those agreements.
- (d) For the purposes of a *revenue determination* for SPI PowerNet (including but not limited to, a 2008 determination as defined in clause 11.6.18(a)) and clause 6A.7.3, easements tax change event is deemed to be:
  - (1) a *pass through event*; and
  - (2) a *positive change event* or *negative change event*, as the case may be, whether or not the easements tax change event would be *material* for the purposes of those definitions.

#### **11.6.22 Interim arrangements pricing-related information**

- (a) Clause 6.2.5(a1) as in force immediately before the commencement date continues to apply during the current regulatory control period.
- (b) The *information guidelines* may, in addition to the matter referred to in clause 6A.17.2(e), require the inclusion in the certified annual statements of:
  - (1) information on the amount of each instance, during the relevant reporting period, of any reduction in the prices payable by a

*Transmission Customer* for prescribed transmission services provided by the *Transmission Network Service Provider*;

- (2) information on each instance, during the relevant reporting period, of a reduction in the prices payable by a *Transmission Customer* for prescribed transmission use of system services or prescribed common transmission services (or both) that were recovered from other *Transmission Customers* for prescribed transmission use of system services or prescribed common transmission services; and
- (3) information to substantiate any claim by the *Transmission Network Service Provider* that the information provided to the *AER* with respect to reductions in the prices payable by a *Transmission Customer* for the relevant prescribed transmission services under subparagraphs (2) or (3) is confidential information.

## Part F Reform of Regulatory Test Principles (2006 amendments)

### 11.7 Rules consequent on making of the National Electricity Amendment (Reform of the Regulatory Test Principles) Rule 2006 No.19

#### 11.7.1 Definitions

For the purposes of this rule 11.7:

**Amending Rule** means the National Electricity Amendment (Reform of the Regulatory Test Principles) Rule 2006 No.19.

**commencement date** means the date on which the Amending Rule commences operation.

**current application** means any action taken or process commenced under the *Rules*, which relies on or is referenced to, the *regulatory test*, and is not completed as at the commencement date.

**new clause 5.6.5A** means clause 5.6.5A of the *Rules* as in force immediately after the commencement of the Amending Rule.

**old clause 5.6.5A** means clause 5.6.5A of the *Rules* as in force immediately before the commencement of the Amending Rule.

**transitional application** means any action taken or process commenced under the *Rules*, which relies on or is referenced to, the *regulatory test* and is not completed on 31 December 2007, or the date on which amendments (if any) to the *regulatory test* commence, whichever is the earlier.

### 11.7.2 Amending Rule does not affect old clause 5.6.5A

- (a) On the commencement date, the *regulatory test* promulgated by the AER in accordance with the old clause 5.6.5A and in effect immediately before the commencement date, continues in effect and is taken to be consistent with the new clause 5.6.5A until 31 December 2007.
- (b) Old clause 5.6.5A, and the *regulatory test* promulgated under that clause 5.6.5A, continues to apply to and in respect of, any current application and any transitional application.

## Part G Pricing of Prescribed Transmission Services (2006 amendments)

### 11.8 Rules consequent on making the National Electricity Amendment (Pricing of Prescribed Transmission Services) Rule 2006

#### 11.8.1 Definitions

Subject to this rule 11.8, in this rule 11.8:

**agreed interim requirements** means interim requirements that are equivalent to the requirements of the *pricing methodology guidelines* referred to in rule 6A.25 and have been developed in consultation with the relevant providers for the purposes of a proposed 2008 pricing methodology.

**ElectraNet** means ElectraNet Pty Ltd ACN 094 482 416 trading as ElectraNet.

**existing assets** means *transmission system* assets in existence as at 24 August 2006.

**previous regulatory determinations** means the decision (including the reasons for decision) made under clause 2.5.2(c) of the National Electricity Code or clause 2.5.2(c) of the *Rules* (as the case may be):

- (1) by the ACCC, entitled the “Murraylink Transmission Company Application for Conversion and Maximum Allowable Revenue” dated 1 October 2003; and
- (2) by the AER, entitled “Directlink Joint Ventures’ Application for Conversion and Revenue Cap” dated 3 March 2006.

**Pricing Rule commencement date** means the date on which the National Electricity Amendment (Pricing of Prescribed Transmission Services) Rule 2006 commences operation.

**relevant provider** means SPAusNet, ElectraNet or VENCORP.

**SPAusNet** means SPI PowerNet Pty Ltd ACN 079 798 173.

**2008 pricing methodology** means a pricing methodology to be made in 2008 for a relevant provider.

**VENCorp** means the Victorian Energy Networks Corporation established under the Gas Industry Act 1994(Vic) and continued under the Gas Industry Act 2001(Vic).

### **11.8.2 Regulated interconnectors**

- (a) All *interconnectors* that formed part of the *power system* in the *participating jurisdictions* as at 31 December 1997 continue to be taken to be *regulated interconnectors*.
- (b) All *interconnectors* that ceased to be classified as a *market network service* by a previous regulatory determination made before 28 December 2006 are taken to be *regulated interconnectors*.
- (c) All *interconnectors* that, by a decision made after 28 December 2006 under clause 2.5.2(c) of the *Rules* cease to be classified as a *market network service* are taken to be *regulated interconnectors*.

### **11.8.3 Application of new Part J of Chapter 6A to Transmission Network Service Providers**

- (a) Subject to this rule 11.8, a *Transmission Network Service Provider* is not required to submit a proposed *pricing methodology* to the *AER* under the new Part J of Chapter 6A until a date that is 13 months before the expiry of a current *regulatory control period*.
- (b) For the purposes of this clause 11.8.3, the transitional regulatory control period referred to in rule 11.6.12 (a) for Powerlink is taken to be the current *regulatory control period*.

### **11.8.4 Reliance on agreed interim guideline for ElectraNet, SPAusNet, and VenCorp**

For the purpose of making a 2008 pricing methodology, anything that must be done in accordance with the *pricing methodology guidelines* must instead be done in accordance with the agreed interim requirements.

### **11.8.5 Prudent discounts under existing agreements**

- (a) A *Transmission Network Service Provider* may continue to recover discounts arising as a result of agreements that were entered into prior to 10 October 2001 so long as the agreement remains in effect and its terms are not renegotiated.

- (b) A *Transmission Network Service Provider* may continue to recover discounts arising as a result of agreements that were entered into prior to 28 December 2006 so long as the agreement remains in effect and its terms are not renegotiated.
- (c) The *AER* is not required to re-approve discounts arising under paragraphs (a) or (b) that were approved prior to 28 December 2006, and any approval for the recovery of such discounts is valid so long as the agreement between the *Transmission Network Service Provider* and the *Transmission Customer* remains in effect and its terms are not renegotiated.

#### **11.8.6 Application of prudent discounts regime under rule 6A.26**

- (a) Despite clause 11.6.3, a *Transmission Network Service Provider* may apply rule 6A.26 during a current regulatory control period (as defined in clause 11.6.1).
- (b) Where a *Transmission Network Service Provider* applies to the *AER* under clause 6A.26.2 for approval to recover a proposed recovery amount in circumstances where paragraph (a) applies, the *AER* must make a determination in accordance with clause 6A.26.2 notwithstanding that there is no approved *pricing methodology* for that provider.

#### **11.8.7 Prudent discounts pending approval of pricing methodology**

- (a) This clause 11.8.7 applies where:
  - (1) a *Transmission Network Service Provider* has submitted or resubmitted a proposed *pricing methodology* to the *AER* under clause 6A.10.1, 6A.11.2 or 6A.12.3;
  - (2) the *AER* has not made a final decision approving or amending that methodology under rule 6A.13; and
  - (3) a *Transmission Customer* requests the provider to charge lower prices for *prescribed TUOS services* or *prescribed common transmission services* than the prices determined in accordance with the provider's *pricing methodology* as referred to in clause 6A.26.1(d).
- (b) Despite clause 6A.26.1, a *Transmission Network Service Provider* may agree to charge lower prices for *prescribed TUOS services* or *prescribed common transmission services* than the prices determined as referred to in clause 6A.26.1(d) in accordance with:
  - (1) in the case where the *AER* has made a draft decision in which it proposes to approve a proposed *pricing methodology*, - that proposed *pricing methodology*; or

- (2) if subparagraph (1) does not apply, the *pricing methodology* most recently approved for that *Transmission Network Service Provider* prior to the proposed *pricing methodology* referred to in subparagraph (a)(1); or
  - (3) if there is no a previously approved *pricing methodology* for that *Transmission Network Service Provider*, - the previous method used by the *Transmission Network Service Provider* to establish prices, however determined must be used in place of an approved *pricing methodology*.
- (c) Where a *Transmission Network Service Provider* applies to the AER under clause 6A.26.2 for approval to recover a proposed recovery amount in circumstances where paragraphs (a) and (b) apply, the AER must make a determination in accordance with clause 6A.26.2 notwithstanding that the reduced charges were agreed before a *pricing methodology* was approved.
  - (d) The subsequent approval by the AER of a *pricing methodology* for a *Transmission Network Service Provider* does not require the provider to adjust, reverse or recompense any amounts to *Transmission Customers* in connection with charges for services established pursuant to this clause 11.8.7.

## Part H Reallocations (2007 amendments)

### 11.9 Rules consequent on the making of the National Electricity Amendment (Reallocations) Rule 2007

#### 11.9.1 Definitions

For the purposes of this rule 11.9:

**Amending Rule** means the National Electricity Amendment (Reallocations) Rule 2007.

**commencement date** means the day on which the Amending Rule commences operation.

**existing reallocation** means a *reallocation* in place immediately before the commencement date.

**new reallocation** means a *reallocation* undertaken in accordance with the *Rules* after the date of *publication* of the *reallocation procedures* under clause 3.15.11A(d).

**transitional reallocation** means a *reallocation* in place immediately after the commencement date but prior to the date of *publication* of the *reallocation procedures* by NEMMCO under clause 3.15.11A(d).

### 11.9.2 Existing and transitional reallocations

- (a) Subject to paragraph (c), an existing reallocation is to be treated as if the Amending Rule had not been made.
- (b) Subject to paragraph (c), a transitional reallocation is to be treated as if the Amending Rule had not been made.
- (c) A *Market Participant* who is a party to an existing reallocation or a transitional reallocation may elect to have the reallocation treated as a new reallocation if the participant obtains the agreement of the *Market Participant* who is the other party to the reallocation.

## Part I Technical Standards for Wind Generation (2007 amendments)

### 11.10 Rules consequent on making of the National Electricity Amendment (Technical Standards for Wind Generation and other Generator Connections) Rule 2007

#### 11.10.1 Definitions

Subject to this rule 11.10, in this rule 11.10:

**Amending Rule** means the National Electricity Amendment (Technical Standards for Wind Generation and other Generator Connections) Rule 2007.

**commencement date** means the date on which the Amending Rule commences operation.

**new Chapter 5** means Chapter 5 of the *Rules* in force immediately after the commencement date.

**old Chapter 5** means Chapter 5 of the *Rules* in force immediately prior to the commencement date.

#### 11.10.2 Provision of information under S5.2.4 in registration application

- (a) Any requirements in the Amending Rule that require a person who is applying to be a *Registered Participant* to submit information in relation to clause S5.2.4 for the purposes of clause 2.9.2 does not apply to any person who has, in accordance with clause 2.9.1:
  - (1) submitted an application to be registered as a *Registered Participant*;
  - (2) commenced a process for submitting further information in relation to the application referred to in subparagraph (1); or

- (3) has submitted further information in relation to the application referred to in subparagraph (1),

and, at the commencement date, has not been registered by *NEMMCO* in accordance with clause 2.9.2 as a *Registered Participant*.

- (b) A person registered in accordance with this clause 11.10.2:
  - (1) subject to subparagraph (2), is taken to be registered in accordance with the requirements of the *Rules* as amended by the Amending Rule; and
  - (2) must submit all information required under clause S5.2.4 within six months of the commencement date.

### **11.10.3 Access standards made under the old Chapter 5**

- (a) Any *automatic access standard* or *negotiated access standard* that applied to a *generating unit or generating system* under the old Chapter 5 continues to apply to that system or unit as if the Amending Rule had not been made.
- (b) Unless a *Generator* and a *Network Service Provider* otherwise agree, a *negotiated access standard* that is the subject of a negotiating process as at the commencement date, is to be negotiated in accordance with the old Chapter 5, as if the Amending Rule had not been made.

### **11.10.4 Modifications to plant by Generators**

Unless the *Generator* and the relevant *Network Service Provider* otherwise agree, a *Generator* who at the commencement date has proposed to modify a *plant* and has commenced negotiations with a *Network Service Provider* under the old Chapter 5 is to continue the negotiating process in accordance with the old Chapter 5 as if the Amending Rule had not been made.

### **11.10.5 Technical Details to Support Application for Connection and Connection Agreement**

- (a) Subject to paragraphs (b) and (c), any decision or action taken by *NEMMCO* for the purpose of developing and *publishing* an initial *Generating System Design Data Sheet*, an initial *Generating System Setting Data Sheet* and initial *Generating System Model Guidelines* under clause S5.5.7 prior to the commencement date has continuing effect as if the decision had been made or the action had been taken under the Amending Rule.
- (b) Pending the final *publication* of the *Generating System Design Data Sheet* and the *Generating System Setting Data Sheet* under clause S5.5.7:

- (1) schedule 5.5.1 of the *Rules* as in force immediately before the commencement date is taken to be the interim *Generating System Design Data Sheet*; and
  - (2) schedule 5.5.2 of the *Rules* as in force immediately before the commencement date is taken to be the interim *Generating System Setting Data Sheet*.
- (c) The interim *Generating System Design Data Sheet* and interim *Generating System Setting Data Sheet* referred to in paragraph (b) continue in force until *NEMMCO publishes* the equivalent data sheet under S5.5.7 which must be no later than 29 February 2008.

### **11.10.6 Transitional arrangements for establishment of performance standards**

For the purposes of the definition of performance requirement in clause 4.16.1, clauses S5.2.8 and S5.2.9 of the old Chapter 5 applies as if the Amending Rule had not been made.

### **11.10.7 Jurisdictional Derogations for Queensland**

- (a) For the purposes of clause 9.37.12, clause S5.2.5.2(c) of the old Chapter 5 applies as if the Amending Rule had not been made.
- (b) For the purposes of clause 9.37.21, clause S5.2.5.13 of the old Chapter 5 applies as if the Amending Rule had not been made.

## **11.10A Rules consequent on the making of the National Electricity Amendment (Central Dispatch and Integration of Wind and Other Intermittent Generation) Rule 2008**

### **11.10A.1 Definitions**

In this rule 11.10A:

**Amending Rule** means the National Electricity Amendment (Central Dispatch and Integration of Wind and Other Intermittent Generation) Rule 2008.

**classified generating unit** means a *non-scheduled generating unit* or *scheduled generating unit* immediately before the registration date that could be classified as a *semi-scheduled generating unit* immediately after the registration date.

**commencement date** means the date on which Schedule 2 of the Amending Rule commences operation.

**committed project** means a project that *NEMMCO* considers has been fully committed by the project proponent taking into account the following factors:

- (a) the project proponent's rights to land for the construction of the project;
- (b) whether contracts for the supply and construction of the project's major plant or equipment, including contract provisions for project cancellation payments, have been executed;
- (c) the status of all planning and construction approvals and licences necessary for the commencement of construction of the project, including completed and approved environmental impact statements;
- (d) the level of commitment to financing arrangements for the project; and
- (e) whether project construction has commenced or a firm date has been set for it to commence.

**initial ECM guidelines** has the meaning given in clause 11.10A.8.

**potential semi-scheduled generating unit** means a *generating unit* that, at the time of registration of that unit under Chapter 2, could have been classified as a *semi-scheduled generating unit* in accordance with clause 2.2.7 and:

- (a) is listed in "Table 4.22: Committed NEM Wind Farms" of the 2007 *statement of opportunities*; or
- (b) is considered by *NEMMCO* to be a committed project as at 1 January 2008, and, for the avoidance of doubt, does not include a classified generating unit.

**registered generating unit** means a *generating unit* which has had its classification as a *semi-scheduled generating unit* approved by *NEMMCO* on or after the registration date and before the commencement date.

**registration date** means the date on which Schedule 1 of the Amending Rule commences operation.

### 11.10A.2 Registration and reclassification of classified generating units

- (a) On and after the registration date, a *Non-Scheduled Generator* or *Scheduled Generator* with a classified generating unit will not be required to register as a *Semi-Scheduled Generator* and reclassify the classified generating unit as a *semi-scheduled generating unit*.
- (b) For a period of 2 years after the commencement date, a *Generator* who:
  - (1) as at the commencement date has classified generating units; and
  - (2) subsequently reclassifies those generating units as *semi-scheduled generating units*,

is not required to pay *Participant fees* in accordance with rule 2.11.

- (c) Classified generating units that are reclassified as *semi-scheduled generating units* after the registration date but prior to the commencement date are taken to be *non-scheduled generating units* or *scheduled generating units* (as the case may be) until the commencement date.

### 11.10A.3 Registered generating unit

- (a) Subject to paragraph (b) and clause 11.10A.4, until the commencement date, a registered generating unit is taken to be a *non-scheduled generating unit* for the purposes of the *Rules*.
- (b) A registered generating unit must meet the technical requirements for a *semi-scheduled generating unit* in schedule 5.2.
- (c) A registered generating unit that:
  - (1) prior to the registration date is classified as a *scheduled generating unit*; and
  - (2) on or after the registration date but prior to the commencement date is reclassified as a *semi-scheduled generating unit*,

is taken to continue to be a *scheduled generating unit* until the commencement date.

### 11.10A.4 Classification of potential semi-scheduled generating unit

- (a) On and after the registration date, a person may apply to *NEMMCO* to classify a potential semi-scheduled generating unit as:
  - (1) a *scheduled generating unit* in accordance with clause 2.2.2; or
  - (2) a *non-scheduled generating unit* in accordance with clause 2.2.3.
- (b) *NEMMCO* must treat an application received under paragraph (a) as:
  - (1) in the case of an application referred to paragraph (a)(1), as an application to be classified as a *scheduled generating unit*; or
  - (2) in the case of an application referred to in paragraph (a)(2), as an application to be classified as a *non-scheduled generating unit*.
- (c) In assessing an application referred to in paragraph (a)(2), *NEMMCO* must approve the classification if *NEMMCO* is satisfied that the output of the *generating unit* is *intermittent* even where the *generating unit* does not meet the requirements of clause 2.2.3(b)(1) or (2).
- (d) If an application for classification of a potential semi-scheduled generating unit made under this clause 11.10A.4 is approved by *NEMMCO* in

accordance with clause 2.2.2 or, subject to paragraph (c), clause 2.2.3, the relevant unit is taken to be a *scheduled generating unit* or *non-scheduled generating unit* (as the case may be) for the purposes of the *Rules*.

### 11.10A.5 Participant fees

Until *NEMMCO* determines a structure of *Participant fees* under rule 2.11 which provides for *Semi-Scheduled Generators*, references to *Scheduled Generators* in *NEMMCO's* "Structure of Participant Fees under rule 2.11 of the National Electricity Rules" publication dated 24 March 2006, will be taken to include *Semi-Scheduled Generators*.

### 11.10A.6 Timetable

- (a) *NEMMCO* must amend the *timetable* in accordance with clause 3.4.3(b) to take into account the Amending Rule with those amendments to take effect from the commencement date.
- (b) All actions taken by *NEMMCO* prior to the commencement date in anticipation of the commencement date to amend the *timetable* as required under paragraph (a) are taken to satisfy the equivalent action required under clause 3.4.3(b).

### 11.10A.7 Procedure for contribution factors for ancillary service transactions

- (a) *NEMMCO* must amend the procedure prepared by *NEMMCO* under clause 3.15.6A(k) in accordance with clause 3.15.6A(m) to take into account the Amending Rule with those amendments to take effect from the commencement date.
- (b) All actions taken by *NEMMCO* prior to the commencement date in anticipation of the commencement date to amend the procedure prepared by *NEMMCO* under clause 3.15.6A(k) as required under paragraph (a) are taken to satisfy the equivalent action under clause 3.15.6A(m).

### 11.10A.8 Guidelines for energy conversion model information

- (a) Subject to paragraph (b), for the purposes of clause 2.2.7(d) *NEMMCO* must *publish* guidelines by no later than the registration date setting out the information to be contained in *energy conversion models* (the **initial ECM guidelines**).
- (b) The initial ECM guidelines do not need to be prepared in consultation with *Semi-Scheduled Generators*. *NEMMCO* must replace the initial ECM guidelines as soon as reasonably practicable with guidelines described in clause 2.2.7(d) which have been prepared in consultation with *Semi-*

*Scheduled Generators* and such other person that *NEMMCO*, acting reasonably, considers appropriate.

## **11.11 Rules consequent on making of the National Electricity Amendment (Cost Recovery of Localised Regulation Services) Rule 2007**

### **11.11.1 Definitions**

For the purposes of this rule 11.11:

**Amending Rule** means the National Electricity Amendment (Cost Recovery of Localised Regulation Services) Rule 2007.

**commencement date** means 1 January 2009.

### **11.11.2 Action taken by NEMMCO for the purposes of Amending Rule**

- (a) Any action taken by *NEMMCO* prior to the commencement date for the purpose of amending the procedure prepared by *NEMMCO* under clause 3.15.6A(k) for the purpose of the Amending Rule is taken to have satisfied the equivalent action under the *Rules*.
- (b) Any action taken by *NEMMCO* prior to the commencement date to calculate the *local market ancillary service requirement* to include *regulation services* for the purposes of the Amending Rule is taken to have satisfied the equivalent action under the *Rules*.

## **11.12 Rules consequent on making of the National Electricity Amendment (Efficient Dispatch of Regulation Services) Rule 2007**

### **11.12.1 Definitions**

For the purposes of this rule 11.12:

**Amending Rule** means the National Electricity Amendment (Efficient Dispatch of Regulation Services) Rule 2007.

**commencement date** means 1 January 2009.

### **11.12.2 Action taken by NEMMCO for the purposes of Amending Rule**

- (a) Any action taken by *NEMMCO* prior to the commencement date for the purpose of revising the *market ancillary service specification* as a result of the Amending Rule is taken to satisfy the equivalent actions required for revising a *market ancillary service specification* under the *Rules*.

- (b) Any action taken by *NEMMCO* prior to the commencement date for the purpose of revising the procedures established under clause 3.8.1(c) to allow relaxation of *power system constraints* as a result of the Amending Rule, is taken to satisfy any equivalent actions required under the *Rules*.
- (c) Any action taken by *NEMMCO* prior to the commencement date for the purpose of amending the methodology developed by *NEMMCO* to determine *dispatch prices* and *ancillary service prices* under clause 3.9.3(b) as a result of the Amending Rule is taken to satisfy the equivalent actions required under the *Rules*.

## Part L Abolition of Snowy Region (2007 amendments)

### 11.13 Rules consequent on making the National Electricity Amendment (Abolition of Snowy Region) Rule 2007

#### 11.13.1 Definitions

In this rule 11.13:

**Amending Rule 2007** means the National Electricity Amendment (Abolition of Snowy Region) Rule 2007.

**current Regions Publication** means the document published by *NEMMCO* entitled “List of Regional Boundaries and Marginal Loss Factors for the 2007/08 Financial Year”.

**Draft Determination date** means 25 January 2007.

**implementation period** means the period specified in clause 11.13.4.

**implementation plan** means the plan referred to in clause 11.13.5.

**implementation function** means a function referred to in clause 11.13.6.

**Loss Factors Publication** means the document *published* by *NEMMCO* from time to time under clauses 3.6.1(f) and 3.6.2(f1) which sets out *marginal loss factors*.

**modified regions** means the *regions* identified as the New South Wales *region* and the Victoria *region* in the current *Regions Publication*, modified as a result of the abolition of the Snowy *region* under the *Amending Rule 2007* taking effect.

**new regions** means the unmodified *regions* and the modified *regions*.

**New South Wales region, Snowy region and Victoria region** each have the same meaning as in clause 3.5.6.

**old regions** means the *regions* identified in the current *Regions Publication*.

**Rule commencement date** means the date on which the *Amending Rule 2007* commences operation.

**unmodified regions** means the *regions* known as the Queensland *region*, the South Australia *region* and the Tasmania *region* as identified in the current *Regions Publication*, the boundaries of which are not affected by the abolition of the Snowy *region* under the *Amending Rule 2007*.

### 11.13.2 Purpose of rule 11.13

The purpose of this rule 11.13 is to enable the efficient and effective implementation of a change of *region* boundaries as a result of the abolition of the Snowy *region* during the implementation period, prior to the start of the new *regions*, and to support a smooth transition from the old *regions* to the new *regions*.

### 11.13.3 Application of rule 11.13

This rule 11.13 applies despite any other provision of the *Rules* (including any guideline or procedure made under the *Rules*), and to the extent of any inconsistency, this rule 11.13 prevails during the implementation period.

### 11.13.4 Implementation period

- (a) The implementation period starts on the Rule commencement date and ends on 15 July 2008.
- (b) Any decision made or action taken by *NEMMCO* for the purpose of implementing the abolition of the Snowy *region* between the Draft Determination date and the Rule commencement date, has continuing effect as if the decision had been made or the action had been taken under the *Rules* as amended by the *Amending Rule 2007*.

### 11.13.5 Publishing of implementation plan by NEMMCO

- (a) *NEMMCO* must develop and *publish* by 15 September 2007 an implementation plan that identifies the key implementation steps to be taken during the implementation period, including the proposed exercise by *NEMMCO* of the implementation functions.
- (b) *NEMMCO* may, during the implementation period, amend the implementation plan as necessary, and must *publish* the amended plan.

### 11.13.6 NEMMCO implementation functions

- (a) Subject to this rule 11.13, *NEMMCO* has, during the implementation period, the following functions and powers (‘the implementation functions’):
- (1) the power to make a decision or take any action (including the power to refrain from making a decision or taking action) that is necessary or consequential to the implementation of the *Amending Rule 2007*; and
  - (2) the other functions and powers specified under this rule 11.13.
- (b) The exercise of the implementation functions by *NEMMCO* must be referable to and consistent with the implementation plan as *published*.

### 11.13.7 Software modifications to implement abolition of Snowy region

Despite clause 3.17.1 and subject to this clause 11.13.7, *NEMMCO*:

- (1) may, as an implementation function, alter, reconfigure, reprogram or otherwise modify or enhance any computer software required for the operation of the *market*; and
- (2) must, to the extent practicable, adhere to the procedures for change management under the document entitled “NEM Systems IT Procedure Manual: Change Management” and *NEMMCO* may make the changes under paragraph (1) without authorisation by the *AER* even if *NEMMCO* does not fully adhere to that document.

### 11.13.8 Allocation of transmission connection points as a result of abolition of Snowy region

Each *transmission network connection point* previously assigned to the Snowy region as at the Rule commencement date is allocated to the New South Wales region and the Victoria region as follows:

#### Loads

Location	Voltage kV	TNI code	Region
Khancoban	330	NKHN	Victoria

#### Generation

Location	Voltage kV	Connection point ID	TNI code	Region
Jindabyne pump at Guthega	132	NGJP	NGJP	Victoria

Location	Voltage kV	Connection point ID	TNI code	Region
Guthega	132	NGUT	NGUT	NSW
Guthega Ancillary Services 2	132	NGUT2	NGUT	NSW
Guthega	132	NGUT8	NGUT	NSW
Lower Tumut	330	NLTS	NLTS	NSW
Lower Tumut Ancillary Services 2 (pumps)	330	NLTS3	NLTS	NSW
Lower Tumut Ancillary Services 3	330	NLTS5	NLTS	NSW
Lower Tumut	330	NLTS8	NLTS	NSW
Murray Ancillary Services 1	330	NMUR11	NMUR	Victoria
Murray Ancillary Services 2	330	NMUR13	NMUR	Victoria
Murray Ancillary Services 3	330	NMUR5	NMUR	Victoria
Murray Ancillary Services 4	330	NMUR7	NMUR	Victoria
Murray	330	NMUR8	NMUR	Victoria
Murray Ancillary Services 5	330	NMUR9	NMUR	Victoria
Upper Tumut	330	NUTS	NUTS	NSW
Upper Tumut Ancillary Services 2	330	NUTS3	NUTS	NSW
Upper Tumut Ancillary Services 3	330	NUTS5	NUTS	NSW
Upper Tumut Ancillary Services 4	330	NUTS7	NUTS	NSW
Upper Tumut	330	NUTS8	NUTS	NSW

### 11.13.9 Location of region boundaries

The location of the *region* boundary between the New South Wales region and the Victoria *region* as a result of the abolition of the Snowy *region* is as follows:

- (1) at Red Cliffs Terminal Station on the 0X1 Red Cliffs to Buronga 220 Transmission Line;

- (2) at Wodonga Terminal Station on the 060 Wodonga to Jindera 330 Transmission Line;
- (3) at Murray Switching Station on the 066 Murray to Lower Tumut 330 Transmission Line;
- (4) at Murray Switching Station on the 065 Murray to Upper Tumut 330 Transmission Line;
- (5) at the Guthega 132kV Switchyard 132kV Bus No 2-3 bus Section Disconnecter 4128.

#### **11.13.10 2008/09 Regions Publication and Loss Factors Publication**

- (a) *NEMMCO* must, as an implementation function, review and *publish* by 1 April 2008:
  - (1) the 2008/09 *Regions Publication*; and
  - (2) the 2008/09 Loss Factors Publication,making any changes necessary in accordance with the *Amending Rule 2007*, including but not limited to the allocation of *transmission network connection points* under clause 11.13.8 and the location of *region boundaries* under clause 11.13.9.
- (b) In relation to the publications referred to in paragraph (a) (or subsequent annual *Regions Publications* or Loss Factors Publications), nothing prevents *NEMMCO*:
  - (1) amending those publications to implement:
    - (i) the *Amending Rule 2007* or future *region boundary changes* under the *Rules*;
    - (ii) future physical changes to the *transmission network*; or
    - (iii) changes in the configuration of *connection points* requested by *Registered Participants* for the purposes of participation in the *NEM*; or
  - (2) publishing the annual *Regions Publication* and the Loss Factors Publication in a single document.

#### **11.13.11 Reserve margin calculations**

*NEMMCO* may, as an implementation function, determine estimates of the minimum reserve levels to be applied to the modified *regions* provided that the process used to determine the estimates is *published*.

### 11.13.12 Re-calculation of network constraints and transmission loss factors

- (a) A *Transmission Network Service Provider* must, to the extent practicable, provide to *NEMMCO* on request information for or with respect to the re-calculation of *network constraints* and *transmission loss factors* including but not limited to:
  - (1) advice on the re-calculation of *network* limits, including stability limits; and
  - (2) information relating to the determination of *network losses* and *loss factors*.
- (b) Where a *Transmission Network Service Provider* advises *NEMMCO* that it is not practicable to provide information relating to the re-calculation of *network* limits or losses within the time period specified in the request, *NEMMCO* may:
  - (1) request the *Transmission Network Service Provider* to provide the information to *NEMMCO* as it becomes available to the provider;
  - (2) determine *inter-regional loss factors* on the basis of estimates;
  - (3) apportion losses for the purpose of *settlements residue payments* using estimates; or
  - (4) re-formulate existing *network constraints* to apply to the new *regions* using estimates.
- (c) *NEMMCO* must *publish* the process used for determining estimates under paragraph (b).

### 11.13.13 Transition of settlements residue auction arrangements

- (a) Terms used in this clause 11.13.13 that are used in the *auction rules* have the same meaning as in those rules.
- (b) Despite anything in rule 3.18, *NEMMCO*:
  - (1) may, as an implementation function:
    - (i) amend the *auction rules*;
    - (ii) remove or modify Unit Categories affected by the abolition of the *Snowy region* and the consequential modification of the *New South Wales region* and the *Victoria region*;

- (iii) re-set *auction expense fees* as required to align with any new Unit Categories;
  - (iv) conduct *auctions* in relation to new Unit Categories; and
  - (v) take any other action in relation to *auctions* that is necessary or consequential on the abolition of the Snowy *region*; and
- (2) must consult with the *Settlements Residue Committee* in amending the *auction rules* under paragraph (1) and is only required to comply with the *Rules consultation procedures* to the extent practicable in the circumstances of the implementation of the abolition of the Snowy *region*.

#### 11.13.14 Continuity of regions

Subject to this rule 11.13 and clause 3.5.6, on and from 00:00 hours *EST* on 1 July 2008:

- (1) the unmodified *regions* continue and are taken to be *regions* for all purposes under the *Rules*; and
- (2) the New South Wales *region* and the Victoria *region* as modified by the *Amending Rule 2007* continue and are taken to be *regions* specified under clause 3.5.1 for all purposes under the *Rules*.

## Part M Economic Regulation of Distribution Services (2007 amendments)

### Division 1 General Provisions

#### 11.14 General provisions

##### 11.14.1 Application of this Division

This Division has no application in relation to Victoria.

##### 11.14.2 Definitions

**amending rules** means the *National Electricity (Economic Regulation of Distribution Services) Amendment Rules 2007*.

**current Chapter 6** means Chapter 6 of these *Rules* as currently in force.

**former Chapter 6** means Chapter 6 of these *Rules* as in force before the substitution of the *current Chapter 6* by the amending rules.

**jurisdictional pricing determination** for a *participating jurisdiction* means a determination regulating *distribution service* pricing made by the *Jurisdictional Regulator* for the *participating jurisdiction* and in force immediately before the date of the relevant amendment.

**new regulatory provisions** means the provisions of *current Chapter 6* or (if applicable) of later Divisions of this Part providing for the economic regulation of *distribution services* after the transitional regulatory period comes to an end.

**old regulatory regime** for a *participating jurisdiction* includes:

- (a) the jurisdictional pricing determination for the *participating jurisdiction*; and
- (b) the laws (including the *former Chapter 6*) governing the making, monitoring, administration and enforcement of the jurisdictional pricing determination;
- (c) any other determination, guideline, code or document (whatever its description) of a kind contemplated by the *former Chapter 6* that was made for the *participating jurisdiction* by the relevant *Jurisdictional Regulator* and was in force immediately before the date of the relevant amendment;
- (d) any other obligation imposed by or under the *former Chapter 6*;
- (e) any power or function of the *Jurisdictional Regulator* under the *former Chapter 6*.

**new regulatory regime** means the system for the economic regulation of *distribution services* contemplated by the new regulatory provisions.

**relevant amendment** means the substitution of the current Chapter 6 for the former Chapter 6 by the amending rules.

**transitional regulatory period** for a *participating jurisdiction* means the *regulatory control period* for which the *jurisdictional pricing determination* for the relevant *participating jurisdiction* was made.

### 11.14.3 Preservation of old regulatory regime

- (a) Subject to this Part, a *Distribution Network Service Provider* who was providing *distribution services* in a *participating jurisdiction* at the date of the relevant amendment
  - (1) remains subject to the old regulatory regime for the duration of the transitional regulatory period; and

- (2) does not become subject to the new regulatory regime until the end of the transitional regulatory period.

*Examples:*

1. *Reporting, monitoring and other compliance requirements continue under the old regulatory regime until the end of the transitional regulatory period and (subject to this Part) are unaffected by the new regulatory provisions.*
2. *Price regulation continues under the old regulatory regime until the end of the transitional regulatory period and is unaffected by the new regulatory provisions.*
3. *Prudential, billing and settlement issues are governed by rules 6.7 and 6.8 of former Chapter 6 and any applicable regulatory instruments (rather than Parts J and K of current Chapter 6).*
4. *Access disputes are dealt with under the old regulatory regime (and cannot be notified under Part L of current Chapter 6).*

(b) However:

- (1) the new regulatory provisions govern the making of a distribution determination for the *Distribution Network Service Provider* at the end of the transitional regulatory period; and
- (2) in that respect the *new regulatory provisions* apply to a *Distribution Network Service Provider* who is still subject to the old regulatory regime as if the jurisdictional pricing determination were a distribution determination approaching the end of its *regulatory control period*.

#### **11.14.4 Transfer of regulatory responsibility**

- (a) The Minister for a *participating jurisdiction* may, during the course of the transitional regulatory period, transfer responsibility for the economic regulation of *distribution services* in the relevant jurisdiction from the *Jurisdictional Regulator* to the *AER*.
- (b) A Minister for a *participating jurisdiction* makes (or is taken to make) a transfer of regulatory responsibility under this clause:
  - (1) by giving notice of the transfer to the *Jurisdictional Regulator* and the *AER*; or
  - (2) if powers exist apart from this clause under the law of the *participating jurisdiction* to transfer regulatory responsibility from the *Jurisdictional Regulator* to the *AER* – by exercising those powers.

- (c) If the Minister makes a transfer of regulatory responsibility under this clause:
- (1) the *AER* is subrogated to the position of the *Jurisdictional Regulator*; and
  - (2) the *AER* may therefore exercise powers and functions of the *Jurisdictional Regulator* (including legislative powers and functions) under the old regulatory regime; and

*Note:*

*The AER may also use its powers (e.g. for information gathering) under the Law.*

- (3) references to the *Jurisdictional Regulator* in a determination or other instrument (including a legislative instrument) related to the old regulatory regime will be read as references to the *AER*.

#### **11.14.5 Special requirements with regard to ring fencing**

- (a) The requirements of the old regulatory regime with regard to ring fencing (rule 6.12 of *former Chapter 6* and related guidelines) apply to a *Distribution Network Service Provider* until the *AER* assumes regulatory responsibility at the end of the transitional regulatory period or on the earlier transfer of regulatory responsibility to the *AER*.
- (b) On the *AER's* assumption of regulatory responsibility, a *Distribution Network Service Provider*:
  - (1) ceases to be subject to the requirements of the old regulatory regime with regard to ring fencing; and
  - (2) becomes subject to the ring fencing requirements of the new regulatory regime; but
  - (3) guidelines in force for a *participating jurisdiction* immediately before the *AER's* assumption of regulatory responsibility (**transitional guidelines**) continue in force for that jurisdiction subject to amendment, revocation or replacement by guidelines made under the new regulatory regime.
- (c) The transitional guidelines:
  - (1) are taken to be guidelines made by the *AER* under the new regulatory regime; and
  - (2) are to be construed as if references to a *Jurisdictional Regulator* were references to the *AER*.

- (d) A waiver granted, or additional ring fencing requirement imposed, by a *Jurisdictional Regulator* under the transitional guidelines continues in force under the transitional guidelines subject to variation or revocation by the *AER*.

#### **11.14.6 Additional requirements with regard to cost allocation**

- (a) Even though a *Distribution Network Service Provider* remains subject to the old regulatory regime, the provider is also subject, as from the date of the relevant amendment, to the requirements of Part F of the current Chapter 6 (Cost Allocation).
- (b) This clause applies only for the purposes of the next distribution determination for the *Distribution Network Service Provider*.

#### **11.14.7 Construction of documents**

To facilitate the transition from the old regulatory regime to the new regulatory regime, references in determinations and other documents to provisions of former Chapter 6 are to be read (where the context admits) to corresponding provisions of the current Chapter 6.

### **Division 2 Special provisions applying to New South Wales and the Australian Capital Territory for the Regulatory Control Period 2009-2014**

#### **11.15 Special provisions applying to New South Wales and the Australian Capital Territory**

##### **11.15.1 Regulatory control period 2009-2014 for NSW and ACT**

There is to be a regulatory control period of 5 years for the NSW and ACT Distribution Network Service Providers commencing on 1 July 2009, which is referred to in this Division 2 as the regulatory control period 2009-2014.

##### **11.15.2 Application of Chapter 6 to NSW and ACT for regulatory control period 2009-2014**

- (a) Chapter 6 of the *Rules* applies in relation to the NSW and ACT Distribution Network Service Providers in respect of the regulatory control period 2009-2014 as if that Chapter were amended so as to be in the form set out in Appendix 1 to the *Rules*.
- (b) However, anything required to be done by or in relation to the NSW and ACT Distribution Network Service Providers during the regulatory control period 2009-2014 for the purposes of the *regulatory control period* commencing on 1 July 2014 is to be done in accordance with general

Chapter 6, but (where appropriate) taking into account anything done under transitional Chapter 6.

- (c) Accordingly general Chapter 6 does not apply in relation to the NSW and ACT Distribution Network Service Providers in respect of the regulatory control period 2009-2014 except:
  - (1) as provided by paragraphs (a) and (b); and
  - (2) to the extent that a provision of transitional Chapter 6 expressly applies a provision of general Chapter 6 or expressly provides that an act, matter or thing has to be done in accordance with a provision of or a procedure in general Chapter 6.
- (d) For the avoidance of doubt, this rule 11.15 and transitional Chapter 6 do not apply to *Distribution Network Service Providers* not referred to in paragraph (c).
- (e) References in the *Rules* (other than Chapter 6 and this rule 11.15) to Chapter 6 or a provision of Chapter 6 are references to transitional Chapter 6 or a provision of transitional Chapter 6 so far as the references relate to the regulatory control period 2009-2014 for the NSW and ACT Distribution Network Service Providers.
- (f) In this rule 11.15:
  - “general Chapter 6” means Chapter 6 as in force apart from this rule 11.15.
  - “transitional Chapter 6” means Chapter 6 in the form set out in Appendix 1 to the Rules.

### **Division 3 Transitional arrangements for first distribution determination for Queensland Distribution Network Service Providers**

#### **11.16 Transitional arrangements for first distribution determination for Queensland Distribution Network Service Providers**

##### **11.16.1 Definitions**

In this Division 3:

**2005 determination** means the Final Determination: Regulation of Electricity Distribution of the Queensland Competition Authority dated April 2005.

**EDSD Review** means the review by the Independent Panel appointed by the Queensland Government into Electricity Distribution and Service Delivery for the 21st Century which was established in March 2004 and reported in July 2004.

**ENERGEX** means Energex Limited A.C.N 078 849 055 and any successor business.

**Ergon Energy** means Ergon Energy Corporation Limited A.C.N. 087 646 062 and any successor business.

**Queensland Competition Authority** means the authority established by section 7 of the *Queensland Competition Authority Act 1997* (Qld).

**regulatory control period** means the *regulatory control period* beginning 1 July 2010.

### **11.16.2 Application of Part to Queensland 2010 distribution determinations**

The requirements of this Division 3 apply for the purposes of making a distribution determination for ENERGEX and Ergon Energy for the regulatory control period and modify the application of Chapter 6 of the Rules to the extent set out in this Division 3.

### **11.16.3 Treatment of the regulatory asset base**

- (a) Nothing in Chapter 6 of the *Rules* requires ENERGEX or Ergon Energy to amend the approach allowed in the 2005 determination in relation to the treatment of *standard control services* and other services in the regulatory asset base for the regulatory control period.
- (b) The *AER* must accept the approach proposed by ENERGEX and Ergon Energy for the regulatory control period if it is consistent with the approach in the 2005 determination.
- (c) The *AER* must provide for any necessary adjustments or mechanisms in the *distribution determination* for the regulatory control period to prevent any cross-subsidies between *standard control services* and other *distribution services*.

*Note:*

*The regulatory asset bases for Ergon Energy and ENERGEX are likely to include assets used to provide services which are not standard control services and accordingly the expected revenue for each year will need to be adjusted to avoid double recovery of those costs.*

### **11.16.4 Efficiency Benefit Sharing Scheme**

- (a) An *efficiency benefit sharing scheme* for ENERGEX and Ergon Energy for the regulatory control period must not cover efficiency gains and losses relating to capital expenditure.

- (b) For the purposes of clause 6.5.8(c) the *AER* must also have regard to the continuing obligations on ENERGEX and Ergon Energy throughout the regulatory control period to implement the recommendations from the EDSR Review adopted by the Queensland Government.

### **11.16.5 Service Target Performance Incentive Scheme**

In formulating a *service target performance incentive scheme* to apply to ENERGEX and Ergon Energy for the regulatory control period, the *AER*, in addition to the requirements in clause 6.6.2(b), must also:

- (1) take into account the continuing obligations on ENERGEX and Ergon Energy throughout the regulatory control period to implement the recommendations from the EDSR Review adopted by the Queensland Government;
- (2) take into account the impact of severe weather events on service performance; and
- (3) consider whether the scheme should be applied by way of a paper trial or whether a lower powered incentive is appropriate.

### **11.16.6 Framework and approach**

- (a) If either ENERGEX or Ergon Energy submits a proposal to the *AER* as to the classification of services and control mechanism for the regulatory control period on or before 31 March 2008, the *AER* must publish its *framework and approach paper* under clause 6.8.1 in relation to those issues within five months of receiving the proposal from ENERGEX or Ergon Energy (as the case may be).
- (b) This clause does not affect the timing or the processes of the *AER* in preparing and publishing its *framework and approach paper* on the remaining issues in clause 6.8.1 for ENERGEX or Ergon Energy if they submit a proposal under paragraph (a).

### **11.16.7 Regulatory Proposal**

- (a) For the purposes of submitting a *regulatory proposal* under clause 6.8.2 for the regulatory control period, ENERGEX and Ergon Energy may, for the purposes of calculating indicative prices referred to in clause 6.8.2(c)(4) and including X factors for the purposes of clause 6.5.9, treat the proposed *statement of regulatory intent* published under clause 6.16(b)(1) as if it were the applicable *statement of regulatory intent*.
- (b) If the *statement of regulatory intent* differs materially from the proposed *statement of regulatory intent*, ENERGEX or Ergon Energy may revise its

calculation of indicative prices and proposed X factors in its *regulatory proposal* on or before 1 July 2009.

- (c) The *AER* must *publish* any revised information submitted by ENERGEX or Ergon Energy under this clause.

### **11.16.8 Side constraints**

For the regulatory control period, nothing in clause 6.18.6 should preclude the implementation of any price paths approved by the Queensland Competition Authority (including any necessary adjustment of those price paths in light of the expected revenue for the first *regulatory year* of the regulatory control period).

### **11.16.9 Cost pass throughs**

- (a) If an event or circumstance occurs before 1 July 2010 which would constitute a pass through under the 2005 determination and no application for a pass through has been made in relation to that event or circumstance, ENERGEX or Ergon Energy may apply to the *AER* within a year of the event or circumstance occurring to accommodate the impact of the event in the regulatory control period.
- (b) The *AER* must allow a pass through of such amounts if the event or circumstance would have constituted a pass through under the 2005 determination as if the amounts were *approved pass through amounts* under clause 6.6.1.

### **11.16.10 Capital Contributions Policy**

- (a) ENERGEX and Ergon Energy must comply with a capital contributions policy published under this clause 11.16.10 for the regulatory control period.
- (b) By 1 July 2009, ENERGEX and Ergon Energy must publish on their website a capital contributions policy based upon the requirements relating to capital contributions in their Network Pricing Principles Statements approved by the Queensland Competition Authority immediately in force prior to 1 July 2009.
- (c) The *AER* may by written notice, before 1 January 2010, direct ENERGEX or Ergon Energy to revise and republish their capital contributions policy within 15 *business days* of the notice only if the published policy does not give effect to the requirements relating to capital contributions in their Network Pricing Principles Statement.
- (d) After 1 January 2010, ENERGEX or Ergon Energy may apply to the *AER* to amend their published capital contributions policy and the *AER* may, after

such consultation as it considers appropriate, approve or not approve that amendment.

## **Division 4 – Transitional provisions of specific application to Victoria**

### **11.17 Transitional provisions of specific application to Victoria**

#### **11.17.1 Definitions**

In this Division:

**AMI Order in Council** means the Order in Council made by the Governor of Victoria under section 15A and section 46D of the *Electricity Industry Act 2000* (Vic) and published in the Victoria Government Gazette on 28 August 2007 (and includes that Order in Council as amended from time to time).

**ESC cost allocation guidelines** means *Electricity Industry Guideline No.3, Regulatory Information Requirements* made by the ESC and dated 14 December 2006 (and includes those guidelines as amended from time to time).

**ESC distribution pricing determination** means the Victorian distribution pricing determination as defined in section 3(1) of the *National Electricity (Victoria) Act 2005*.

**Victorian Distribution Network Service Provider** means a *Distribution Network Service Provider* for a *distribution network* situated wholly or partly in Victoria.

#### **11.17.2 Calculation of estimated cost of corporate income tax**

- (a) This clause applies to the calculation of the estimated cost of corporate income tax for the purposes of distribution determinations that are to take effect on 1 January 2011 for Victorian Distribution Network Service Providers.
- (b) For calculating the estimated cost of corporate income tax, the *AER* must adopt:
  - (1) the taxation values of assets carried over from the ESC distribution pricing determination; and
  - (2) the classification of assets, and the method of classification, adopted for the ESC distribution pricing determination; and
  - (3) the same method of depreciation as was adopted by the ESC for the ESC distribution pricing determination.

- (c) The *AER* may, however, depart from methods of asset classification or depreciation mentioned in paragraph (b)(2) or (3) to the extent required by changes in the taxation laws or rulings given by the Australian Taxation office.
- (d) A *post-tax revenue model* must be consistent with this clause.

### **11.17.3 Decisions made in the absence of a statement of regulatory intent**

- (a) This clause applies if a Victorian Distribution Network Service Provider submits a *building block proposal* before the *AER* issues a *statement of regulatory intent*.
- (b) In deciding questions to which the considerations stated in clause 6.5.4(e) are relevant, the *AER* must have regard to those considerations.

### **11.17.4 Cost allocation guidelines**

- (a) In formulating the *Cost Allocation Guidelines* under clause 6.15.3, the *AER* must include guidelines specifically applicable to Victorian Distribution Network Service Providers (the *guidelines of specific application to Victoria*).
- (b) The guidelines of specific application to Victoria:
  - (1) must be formulated with regard to the ESC cost allocation guidelines; and
  - (2) must be designed to ensure, to the maximum practicable extent, consistency between cost allocation as required by the ESC distribution pricing determination and cost allocation in later *regulatory control periods*.

### **11.17.5 Modification of requirements related to cost allocation method**

- (a) Clause 6.15.4(a) applies to a Victorian Distribution Network Service Provider as if, instead of requiring submission of the provider's proposed *Cost Allocation Method* within 12 months after the commencement of Chapter 6, it required submission of the proposed *Cost Allocation Method* together with the first *building block proposal* to be submitted by the provider after the commencement of Chapter 6.
- (b) The references in clauses 6.5.6(b)(2) and 6.5.7(b)(2) to the *Cost Allocation Method* are, if paragraph (a) is applicable, to be read as references to the proposed *Cost Allocation Method* submitted with the *building block proposal*.

- (c) The *AER* must include in its *framework and approach paper* prepared for a Victorian *Distribution Network Service Provider*, in relation to the first *building block proposal* to be submitted by the provider after the commencement of Chapter 6, a statement of its likely approach to cost allocation based on the guidelines then in force.
- (d) The *AER*:
  - (1) must, in deciding under clause 6.15.4(c) whether to approve a *Cost Allocation Method* submitted by a Victorian *Distribution Network Service Provider*, have regard to previous cost allocation in accordance with the *ESC* distribution pricing determination; and
  - (2) must not approve the *Cost Allocation Method* unless it allows effective comparison of historical and forecast cost allocation between the period to which the *ESC* distribution pricing determination applies and later *regulatory control periods*; and
  - (3) may, subject to the relevant *Cost Allocation Guidelines*, refuse to approve the *Cost Allocation Method* if it differs from the method previously used by the Victorian *Distribution Network Service Provider*.

#### 11.17.6 AMI Order in Council

- (a) Metering services that are regulated under the AMI Order in Council are not, while so regulated, subject to regulation under a distribution determination but, on cessation of regulation under the AMI Order in Council, are liable to regulation under a distribution determination.
- (b) However, for a relevant *regulatory control period*, services to which exit fees under clause 7, or restoration fees under clause 8, of the AMI Order in Council applied are to be classified as alternative control services and are to be regulated by the *AER* on the same basis as applied under the AMI Order in Council.
- (c) For paragraph (b), a relevant *regulatory control period* is a *regulatory control period* commencing on or after 1 January 2016 and before 1 January 2021.
- (d) Until there is a transfer of regulatory responsibility from the *ESC* to the *AER* under a law of Victoria, clause 7.3.6(f) in its application to Victoria will be read as if it permitted the recovery of the costs to which it refers in accordance with a determination made either by the *AER* or by the *ESC*.
- (e) This clause expires on 1 January 2021.

## Part N Registration of Foreign Based Persons and Corporations as Trader Class Participants (2007 amendments)

### 11.18 Rules consequential on the making of the National Electricity Amendment (Registration of Foreign Based Persons and Corporations as Trader Class Participants) Rule 2007

#### 11.18.1 Definitions

For the purposes of this rule 11.18:

**Amending Rule** means the National Electricity Amendment (Registration of Foreign Based Persons and Corporations as Trader Class Participants) Rule 2007.

**commencement date** means the day on which the Amending Rule commences operation.

#### 11.18.2 Auction rules

- (a) *NEMMCO* must amend the *auction rules* by 1 September 2008 in accordance with clause 3.18.3 to incorporate the amendments to the *Rules* made by the Amending Rule.
- (b) Any action taken by *NEMMCO* prior to the commencement date, in anticipation of the commencement date, to amend the *auction rules* for the purpose of the Amending Rule is taken to satisfy the equivalent action under clause 3.18.3.

## Part O Process for Region Change (2007 amendments)

### 11.19 Rules consequent on making of the National Electricity Amendment (Process for Region Change) Rule 2007

#### 11.19.1 Definitions

**Amending Rule** means the National Electricity Amendment (Process for Region Change) Rule 2007.

**commencement date** means the day on which the Amending Rule commences operation.

**old clause 3.5.5** means clause 3.5.5 of the *Rules* as in force immediately before the commencement date.

## 11.19.2 Regions Publication

The Regions Publication published by *NEMMCO* immediately before the commencement date in accordance with old clause 3.5.5 and clause 11.13.10 is taken to be the *Regions Publication published by NEMMCO* in accordance with clause 2A.1.3.

## Part P Integration of NEM Metrology Requirements

### 11.20 Rules consequential on the making of the National Electricity Amendment (Integration of NEM Metrology Requirements) Rule 2008

#### 11.20.1 Definitions

For the purposes of this rule 11.20:

**Amending Rule** means the National Electricity Amendment (Integration of NEM Metrology Requirements) Rule 2008.

**commencement date** means the day on which the Amending Rule commences operation.

**first-tier jurisdictional requirements publication** means the publication published by *NEMMCO* in accordance with clause 11.20.6.

**Minimalist Transitioning Approach** has the same meaning as in the Queensland Electricity Industry Code.

**new clause 7.3.1** means clause 7.3.1 of the *Rules* immediately after the commencement date.

**Victorian first-tier load** means a load in Victoria where the electricity flowing through the *connection point* is equal to, or greater than, 160 MWh per annum.

#### 11.20.2 Metering installations for non-market generating units immediately prior to 30 June 2008

- (a) A *metering installation* for a *non-market generating unit* that was installed immediately prior to 30 June 2008 and complied with the applicable jurisdictional requirements for that installation on 30 June 2008 is taken to satisfy the requirements for *metering installations* for *non-market generating units* in new clause 7.3.1.
- (b) Where a *metering installation* for a *non-market generating unit* did not comply with the requirements referred to in paragraph (a), that installation

must be repaired or replaced in accordance with the requirements of new clause 7.3.1.

- (c) The applicable jurisdictional requirements for *metering installations* for *non-market generating units* referred to in paragraph (a) must be referred to in the first-tier jurisdictional requirements publication.

### 11.20.3 First-tier load metering installations

- (a) Subject to clause 11.20.5, a *first-tier load metering installation* as at 30 June 2008 that complied with the applicable jurisdictional requirements for that installation as at that date is taken to comply with the *Rules* provided the *metering installation* continues to comply with the applicable jurisdictional requirements as at 30 June 2008.
- (b) A *first-tier load metering installation* that does not satisfy the requirements of paragraph (a) must be repaired or replaced in accordance with the *Rules*.
- (c) The applicable jurisdictional requirements referred to in paragraph (a) for *first-tier load metering installations* must be referred to in the first-tier jurisdictional requirements publication.

### 11.20.4 First-tier load metering installations in Victoria

- (a) Subject to paragraph (b) and despite the *Rules*, a *Market Participant* who is responsible for a Victorian *first-tier load* with a type 5 or type 6 *metering installation* immediately before the commencement date is taken to be the *responsible person* for that *metering installation*.
- (b) A *Market Participant* who is taken to be the *responsible person* for the *metering installation* referred to in paragraph (a) must ensure the *metering installation* meets the applicable jurisdictional requirements for that installation as referred to in the first-tier jurisdictional requirements publication in accordance with clause 11.20.3(c).

### 11.20.5 Minimalist Transitioning Approach in Queensland

For the duration of the Minimalist Transitioning Approach, clauses 7.2.3(i)(2), 7.2.5(b)(2), 7.2.5(d)(6) and 7.3.1(f) of the *Rules* do not apply in respect of a *metering installation* which:

- (a) is the responsibility of a *Market Participant* or *responsible person* who is operating under the Minimalist Transitioning Approach in Queensland; and
- (b) in accordance with the *Market Settlement and Transfer Solution Procedures*:
  - (1) has a *NMI* classification of SMALL; and

- (2) the *Local Network Service Provider* has not received a valid request from a *Market Customer* for the *NMI* to be registered with *NEMMCO*.

### 11.20.6 First-tier jurisdictional requirements publication

- (a) *NEMMCO* must, in consultation with the *participating jurisdictions*, publish a document (**‘first-tier jurisdictional requirements publication’**) that lists the documents that contain the applicable jurisdictional requirements referred to in clauses 11.20.2, 11.20.3 and 11.20.4.
- (b) *NEMMCO* must *publish* the first-tier jurisdictional requirements publication by 30 June 2008.

### 11.20.7 Metrology procedure

- (a) *NEMMCO* must make the required amendments to the *metrology procedure* as a result of the Amending Rule by 31 July 2008.
- (b) All actions taken by *NEMMCO* prior to the commencement date to amend the *metrology procedure* in accordance with paragraph (a) are deemed to be valid as at the commencement date to the extent that those actions were taken in accordance with the relevant requirements of rule 7.14 (as though the Amending Rule was in force at the time that the action was taken).
- (c) The *metrology procedure* published in accordance with rule 7.14 immediately before the commencement date continues to apply as if the Amending Rule had not been made and until *NEMMCO publishes* the amended *metrology procedure* in accordance with paragraph (a).

## 11.21 Rules consequential on the making of the National Electricity Amendment (NEM Reliability Settings: Information Safety Net and Directions) Rule 2008 No. 6

### 11.21.1 Definitions

In this rule 11.21:

**Amending Rule** means the National Electricity Amendment (NEM Reliability Settings: Information Safety Net and Directions) Rule 2008 No. 6.

**Commencement date** means the date the Amending Rule commences operation.

### 11.21.2 EAAP guidelines

All actions taken by *NEMMCO* prior to the commencement date in anticipation of the commencement date for the purposes of preparing and publishing the first

*EAAP guidelines* as required by clause 3.7C(p) are taken to satisfy the equivalent actions required for *EAAP guidelines* under rule 3.7C.

### 11.21.3 NEMMCO procedures for exercising RERT

- (a) All actions taken by *NEMMCO* prior to the commencement date in anticipation of the commencement date for the purposes of developing and publishing the procedures for the exercise of the *RERT* as required by clause 3.20.7(e) are taken to satisfy the equivalent actions required for the procedures under clause 3.20.7.
- (b) *NEMMCO* may develop, *publish*, and may amend from time to time, interim procedures for the exercise of the *RERT* under rule 3.20 at any time before it *publishes* the first procedures for that purpose as required by clause 3.20.7(e). For these purposes:
  - (1) *NEMMCO* is not required to develop, *publish* or amend those interim procedures in accordance with the *Rules consultation procedures*;
  - (2) those interim procedures must take into account the *RERT principles* and *RERT guidelines* or, if there are no *RERT guidelines* in existence at that time, the draft guidelines referred to in clause 11.21.4(b);
  - (3) those interim procedures must include measures as referred to in clause 3.20.7(e);
  - (4) those interim procedures will cease to apply when *NEMMCO publishes* the first procedures for the exercise of the *RERT* as required by clause 3.20.7(g); and
  - (5) for so long as those interim procedures apply, references in rule 3.20 to the procedures referred to in clause 3.20.7(e) are taken to include references to those interim procedures.

### 11.21.4 RERT guidelines

- (a) All actions taken by the *Reliability Panel* prior to the commencement date in anticipation of the commencement date for the purposes of developing and *publishing* the first *RERT guidelines* as required by clause 3.20.8(c) are taken to satisfy the equivalent actions required for *RERT guidelines* under clause 3.20.8.
- (b) If it exercises the *RERT* under rule 3.20 prior to the *publication* of the first *RERT guidelines* as required by clause 3.20.8(c), *NEMMCO* must take into account the draft guidelines set out in Appendix C.3 to the document entitled 'Comprehensive Reliability Review: Second Interim Report' issued by the *Reliability Panel* and dated August 2007.

### **11.21.5 Timetable**

- (a) *NEMMCO* must amend the *timetable* in accordance with clause 3.4.3(b) to take into account the Amending Rule and those amendments are to take effect from the commencement date.
- (b) All actions taken by *NEMMCO* prior to the commencement date in anticipation of the commencement date to amend the *timetable* as required by paragraph (a) are taken to satisfy the equivalent action required under clause 3.4.3(b).

### **11.21.6 Power system security and reliability standards**

- (a) The *Reliability Panel* must amend the *power system security and reliability standards* in accordance with clause 8.8.3 to take into account the Amending Rule and those amendments are to take effect from the commencement date.
- (b) All actions taken by the *Reliability Panel* prior to the commencement date in anticipation of the commencement date to amend the *power system security and reliability standards* as required by paragraph (a) are taken to satisfy the equivalent action required under clause 8.8.3.

### **11.21.7 Report on statement of opportunities**

All actions taken by *NEMMCO* prior to the commencement date in anticipation of the commencement date for the purposes of preparing and providing a report to the *Reliability Panel* as required by clause 3.13.3(u) are taken to satisfy the equivalent actions required for preparing and providing a report under clause 3.13.3(u).

### **11.21.8 Methodology for dispatch prices and ancillary services prices**

Minor or administrative amendments made by *NEMMCO* to the methodology for determining *dispatch prices* and *ancillary service prices* developed in accordance with clause 3.9.3(e) prior to the commencement date are taken to have been made under clause 3.9.3(g).

## Part Q Regulatory Test Thresholds and Information Disclosure on Network Replacements

### 11.22 Rules consequential on the making of the National Electricity Amendment (Regulatory Test Thresholds and Information Disclosure on Network Replacements) Rule 2008

#### 11.22.1 Definitions

In this rule 11.22:

**amended definitions** means the definitions of "new large transmission network asset" and "new small transmission network asset" as amended by the Amending Rule.

**Amending Rule** means the National Electricity Amendment (Regulatory Test Thresholds and Information Disclosure on Network Replacements) Rule 2008.

**commencement date** means the date on which the Amending Rule commences operation.

**old definitions** means the definitions of "new large transmission network asset" and "new small transmission network asset" as in force immediately before the commencement date.

#### 11.22.2 Amending Rule does not affect existing regulatory test

The old definitions continue to apply in place of the amended definitions following the commencement date in respect of:

- (a) a *new small transmission network asset* for which a *Transmission Network Service Provider* has set out the matters required under clauses 5.6.2A(b)(4) and (5) in an *Annual Planning Report published* prior to the commencement date;
- (b) a *new small transmission network asset* not identified in an *Annual Planning Report* for which a *Transmission Network Service Provider* has *published* a report required under clause 5.6.6A(c) prior to the commencement date; and
- (c) a *new large transmission network asset* for which a *Transmission Network Service Provider* has taken an action or commenced a process under the *Rules* which relies on or is referenced to the *Regulatory Test* (such as *publishing* an application notice under clause 5.6.6(c)) that has not completed prior to the commencement date.

## Part R Performance Standard Compliance of Generators

### 11.23 Rules consequential on the making of the National Electricity Amendment (Performance Standards Compliance of Generators) Rule 2008

#### 11.23.1 Definitions

For the purposes of this rule 11.23:

**Amending Rule** means the National Electricity Amendment (Performance Standards Compliance of Generators) Rule 2008.

**Old Clause 5.7.3(b)** means the clause 5.7.3(b) in the version of the *Rules* that was in force immediately prior to the commencement of the Amending Rule.

#### 11.23.2 Application of rule 11.23 for compliance programs implemented immediately after the commencement of the Amending Rule

*Registered Participants* are not required to comply with the obligation set out in rule 4.15(b) until 3 months after the day on which the *Reliability Panel* published its initial *template for generator compliance programs* under clause 8.8.3 of the *Rules* or until a date determined by the *Reliability Panel*.

#### 11.23.3 Application of rule 11.23 for compliance programs implemented immediately prior to the commencement of the Amending Rule

*Registered Participants* which implemented compliance programs under the Old Clause 5.7.3(b) must maintain compliance with those programs until 3 months after the day on which the *Reliability Panel* published its initial *template for generator compliance programs* under clause 8.8.3 of the *Rules* or until a date determined by the *Reliability Panel*.

#### 11.23.4 Application of rule 11.23 for compliance programs not implemented immediately prior to the commencement of the Amending Rule

*Registered Participants* which have not implemented compliance programs under the Old Clause 5.7.3(b) must implement and maintain compliance programs under the Old Clause 5.7.3(b) until 3 months after the day on which the *Reliability Panel* published its initial *template for generator compliance programs* under clause 8.8.3 of the *Rules* or until a date determined by the *Reliability Panel*.

## Part S Compensation Arrangements under Administered Pricing

### 11.24 Rules consequential on the making of National Electricity Amendment (Compensation Arrangements under Administered Pricing) Rule 2008

#### 11.24.1 Definitions

In this rule 11.24:

**Amending Rule** means the National Electricity Amendment (Compensation Arrangements under Administered Pricing) Rule 2008.

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

#### 11.23.2 Compensation Guidelines

All actions taken by the *AEMC* prior to the commencement date in anticipation of the commencement date for the purposes of developing and *publishing* the first compensation guidelines as required by clause 3.14.6(e) are taken to satisfy the equivalent actions required for compensation guidelines under clause 3.14.6(f).

## Part U Confidentiality Arrangements concerning Information required for Power System Studies

### 11.25 Rule consequential on the making of the National Electricity Amendment (Confidentiality Arrangements in Respect of Information Required for Power System Studies) Rule 2009

#### 11.25.1 Definitions

For the purposes of rule 11.25:

**Amending Rule** means the National Electricity Amendment (Confidentiality Arrangements in Respect of Information Required for Power System Studies) Rule 2009.

**Commencement date** means the date on which the Amending Rule commences operation.

#### 11.25.2 Transitional arrangements for the provision of information

- (a) A *Generator* must provide *NEMMCO* with a *releasable user guide* by 29 May 2009 or a date which *NEMMCO* considers to be reasonable in the

circumstances but which must be no later than 27 November 2009, except in relation to the following information:

- (1) information provided to *NEMMCO* before 15 March 2007 that *NEMMCO* holds at the commencement date only to the extent that such information is of a type required in a *releasable user guide* and was authorized by the *Rules* to be released for the same purpose as intended by clause 3.13.3(1) as at the date that information was provided to *NEMMCO*; and
  - (2) information provided to *NEMMCO* after 15 March 2007 only if the relevant *Generator* has provided to *NEMMCO* model source code under clause S5.2.4(b)(6), being the provider identified in clause 3.13.3(12), and provides its written consent to *NEMMCO* for *NEMMCO* to use information that *NEMMCO* holds at the commencement date of a type required in a *releasable user guide* for the purposes of clause 3.13.3(1).
- (b) A person required under the *Rules* to register as a *Generator* in respect of a *generating system* comprised of *generating units* with a combined *nameplate rating* of 30 MW or more, must provide *NEMMCO* with a *releasable user guide* by 29 May 2009 or a date which *NEMMCO* considers to be reasonable in the circumstances but which must be no later than 27 November 2009, except in relation to the following information:
- (1) information provided to *NEMMCO* before 15 March 2007 that *NEMMCO* holds at the commencement date only to the extent that such information is of a type required in a *releasable user guide* and was authorized by the *Rules* to be released for the same purpose as intended by clause 3.13.3(1) as at the date that information was provided to *NEMMCO*; and
  - (2) information provided to *NEMMCO* after 15 March 2007 only if the relevant person described in this paragraph as required under the *Rules* to register as a *Generator*, has provided to *NEMMCO* model source code under clause S5.2.4(b)(6), being the provider identified in clause 3.13.3(12), and provides its written consent to *NEMMCO* for *NEMMCO* to use information that *NEMMCO* holds at the commencement date of a type required in a *releasable user guide* for the purposes of clause 3.13.3(1).
- (c) If a *Generator* provided to *NEMMCO* model source code under clause S5.2.4(b)(6) between 15 March 2007 and the commencement date:
- (1) it may provide to *NEMMCO* a substitute model source code in respect of its *generating system* in conjunction with a *releasable user guide* provided under rule 11.25.2(a); and

- (2) that substitute model source code will be taken to be the model source code provided under clause S5.2.4(b)(6) only if it complies with clause S5.2.4(c).
- (d) If a person required under the *Rules* to register as a *Generator* in respect of a *generating system* comprised of *generating units* with a combined *nameplate rating* of 30 MW or more, provided to *NEMMCO* model source code under clause S5.2.4(b)(6) between 15 March 2007 and the commencement date:
  - (1) it may provide to *NEMMCO* a substitute model source code in respect of its *generating system* in conjunction with a *releasable user guide* provided under rule 11.25.2(b); and
  - (2) that substitute model source code will be taken to be the model source code provided under clause S5.2.4(b)(6) only if it complies with clause S5.2.4(c).
- (e) *Releasable user guide* information provided to *NEMMCO* under clauses 11.25.2(a) and 11.25.2(b) is deemed to be *releasable user guide* information provided under clause S5.2.4(b)(8) and for the purposes of clause 3.13.3(1).
- (f) *NEMMCO* must implement any changes to its systems needed to comply with its obligations under the Amending Rule within 12 months of the commencement date.

## Part V WACC Reviews: Extension of Time

### 11.26 Rule consequential on the making of the National Electricity Amendment (WACC Reviews: Extension of Time) Rule 2009

#### 11.26.1 Definitions

In this rule 11.26:

**regulatory control period 2010-2015** means the *regulatory control period* commencing on 1 July 2010 in relation to *Distribution Network Service Providers* in South Australia and Queensland.

#### 11.26.2 Extension of time to submit a regulatory proposal for the regulatory control period 2010-2015

- (a) This rule 11.26 applies to *Distribution Network Service Providers* in South Australia and Queensland.

- (b) Despite clause 6.8.2(b)(1), where a relevant *Distribution Network Service Provider* is required to submit a *regulatory proposal* for the *regulatory control period* 2010-2015 to the AER under clause 6.8.2(a), that *regulatory proposal* must be submitted by 1 July 2009.

## Part [ ] Regulatory Investment Test for Transmission

### 11.xx Rules consequent on making of the National Electricity Amendment (Regulatory Investment Test for Transmission) Rule 2009

#### 11.#.1 Definitions

For the purposes of this rule 11.#:

**Amending Rule** means the National Electricity Amendment (Regulatory Investment Test for Transmission) Rule 2009.

**commencement date** means the date on which the Amending Rule commences operation.

**current application** means any action taken or process initiated under the *Rules* which relies on or is referenced to the *regulatory test* and is not completed as at [insert date which is 13 months after commencement date].

**initiated** means:

- (a) in respect of a *new large transmission network asset* (as defined under the *Rules* immediately prior to the commencement date), that an application notice has been made available in respect of that asset in accordance with the old clause 5.6.6(c);
- (b) in respect of a *new small transmission network asset* (as defined under the *Rules* immediately prior to the commencement date), that consultation has already commenced in respect of that asset in accordance with the old clause 5.6.6A(a).

**new clauses 5.6.5B-E** means clauses 5.6.5B-E of the *Rules* after the commencement date.

**old clause 5.6.2A(b)(5)** means clause 5.6.2A(b)(5) of the *Rules* (and all definitions in, and relevant provisions of, the *Rules* amended by the Amending Rule) as in force immediately before the commencement date.

**old clause 5.6.5A** means clause 5.6.5A of the *Rules* (and all definitions in, and relevant provisions of, the *Rules* amended by the Amending Rule) as in force immediately before the commencement date.

old clause 5.6.6 means clause 5.6.6 of the *Rules* (and all definitions in, and relevant provisions of, the *Rules* amended by the Amending Rule) as in force immediately before the commencement date.

old clause 5.6.6A means clause 5.6.6A of the *Rules* (and all definitions in, and relevant provisions of, the *Rules* amended by the Amending Rule) as in force immediately before the commencement date.

## **11.#.2 Amending Rules does not affect existing regulatory test**

(a) For the period from commencement date to [insert date which is 13 months after commencement date]:

(1) new clauses 5.6.5B-E have no effect in respect of *transmission investment*; and

(2) old clause 5.6.2A(b)(5), old clause 5.6.5A, old clause 5.6.6, old clause 5.6.6A and the *regulatory test* and *regulatory test application guidelines* promulgated from time to time under clause 5.6.5A, continue to apply in respect of *transmission investment*.

(b) From [insert date which is 13 months after commencement date]:

(1) new clauses 5.6.5B-E will have effect in respect of *transmission investment*;

(2) old clause 5.6.5A, old clause 5.6.6, old clause 5.6.6A, and the *regulatory test* and *regulatory test application guidelines* promulgated from time to time under clause 5.6.5A, continue to apply in respect of any current application; and

(3) for the purposes of an *Annual Planning Report* published before [insert date which is 13 months after commencement date], old clause 5.6.2A(b)(5) applies to any current application in relation to a new small transmission network asset (as defined under the *Rules* immediately prior to the commencement date).

## Appendix 1 Form in which Chapter 6 applies to New South Wales and the Australian Capital Territory for the Regulatory Control Period 2009-2014

*Note:*

*This Appendix contains transitional Chapter 6 and is based on general Chapter 6. Matter omitted from numbered provisions of general Chapter 6 is indicated by a row of asterisks (\*\*\*\*\*).*

### Chapter 6 Economic Regulation of Distribution Services

#### Part A Introduction

#### 6.1 Introduction to Chapter 6

##### 6.1.1 AER's regulatory responsibility

The *AER* is responsible, in accordance with this Chapter, for the economic regulation of *distribution services* provided by means of, or in connection with, *distribution systems* that form part of the *national grid*.

##### 6.1.2 Structure of this Chapter

- (a) This Chapter deals with the classification and economic regulation of *distribution services*.
- (b) It is divided into parts as follows:
  - (1) this Part is introductory;
  - (2) Part B provides for the classification of *distribution services* and forms of control for *standard control services* and confers power on the *AER* to determine the forms of control for *alternative control services*, and to make distribution determinations;
  - (3) Part C sets out the building block approach to the regulation of services classified as *standard control services*;
  - (4) Part D regulates the prices that may be charged by EnergyAustralia for the provision of services classified as *negotiated distribution services*;
  - (4A) Part DA regulates the prices for negotiable components of *direct control services* (NSW and ACT);

- (5) Part E sets out the procedures for making a distribution determination;
- (6) Part F regulates cost allocation;
- (7) \*\*\*\*\*
- (8) Part H deals with ring-fencing;
- (9) Part I deals with *tariff classes* and tariffs;
- (10) Part J deals with billing and settlements;
- (11) Part K deals with prudential requirements, prepayments and capital contributions;
- (12) Part L deals with dispute resolution;
- (13) Part M deals with the disclosure of transmission and distribution charges.

### **6.1.3 Access to direct control services and negotiated distribution services**

- (a) Subject to and in accordance with the *Rules*:
  - (1) a person (a *Service Applicant*) may apply to a *Distribution Network Service Provider* for provision of *direct control services* or *negotiated distribution services*;
  - (2) a *Distribution Network Service Provider* must provide *direct control services* or *negotiated distribution services* (as the case may be) on *terms and conditions of access* as determined under Chapters 4, 5, this Chapter 6 and Chapter 7 of the Rules.
- (b) The *terms and conditions* of access are:
  - (1) in relation to *negotiated distribution services*:
    - (i) the price of those services (including, if relevant, *access charges*); and
    - (ii) other terms and conditions for the provision of those services;
  - (2) in relation to *direct control services*:
    - (i) subject to Part DA:
      - (A) the price of those services under the *approved pricing proposal*, except as provided by subsubparagraph (B); and

- (B) in the case of EnergyAustralia's prescribed (transmission) standard control services, the price of those services under EnergyAustralia's approved pricing methodology; and
- (ii) other terms and conditions for the provision of those services.

#### **6.1.4 Prohibition of DUOS charges for the export of energy**

- (a) A *Distribution Network Service Provider* must not charge a *Distribution Network User* distribution use of system charges for the export of electricity generated by the user into the *distribution network*.
- (b) This does not, however, preclude charges for the provision of *connection services*.

#### **6.1.5 Application of this Chapter to certain transmission assets – ActewAGL, Country Energy and Integral Energy Australia**

- (a) This clause 6.1.5 applies to ActewAGL, Country Energy and Integral Energy Australia (each of which is a “relevant provider” for the purposes of this clause).
- (b) For the purposes of the regulatory control period 2009-2014:
  - (1) each part of a relevant provider's *network* that would, but for this clause, be part of the provider's *transmission network* is deemed to be part of the provider's *distribution network* for the purposes of this Chapter 6 and Chapter 6A; and
  - (2) despite anything in those Chapters, those Chapters have effect accordingly.
- (c) This clause 6.1.5 does not affect the operation of the *Rules*, apart from:
  - (1) this Chapter 6 and Chapter 6A; and
  - (2) the definitions of *distribution network* and *transmission network* in Chapter 10 in relation to this Chapter 6 and Chapter 6A.
- (d) However, the relevant providers are not required to submit revenue proposals under clause 6A.10.1.

#### **6.1.6 Application of this Chapter to the EnergyAustralia transmission support network**

- (a) This clause 6.1.6 applies to EnergyAustralia.
- (b) For the purposes of the regulatory control period 2009-2014:

- (1) the EnergyAustralia transmission support network is deemed to be part of EnergyAustralia's *distribution network* for the purposes of this Chapter and Chapter 6A; and
  - (2) despite anything in those Chapters, those Chapters have effect accordingly.
- (c) A service that is provided by EnergyAustralia by means of, or in connection with, the EnergyAustralia transmission support network and that, but for this clause, would be a *prescribed transmission service* is:
- (1) deemed to be classified as a *direct control service* and further classified as a *standard control service*; and
  - (2) referred to in this Chapter as an "EnergyAustralia prescribed (transmission) standard control service".
- (d) A service that is provided by EnergyAustralia by means of, or in connection with, the EnergyAustralia transmission support network and that, but for this clause, would be a *negotiated transmission service* is:
- (1) deemed to be classified as a *negotiated distribution service*;
  - (2) referred to in the Rules as an "EnergyAustralia negotiated distribution service".
- (e) Part J of Chapter 6A applies to EnergyAustralia prescribed (transmission) standard control services to the exclusion of Parts I, J and K, and so applies as if:
- (1) references in Part J of Chapter 6A to a *prescribed transmission service* were references to Energy Australia prescribed (transmission) standard control services; and
  - (2) the reference in clause 6A.22.1 to clause 6A.3.2 were a reference to rules 6.6 and 6.13;
- and with any other necessary modifications.
- (f) This clause 6.1.6 does not affect the operation of the *Rules*, apart from:
- (1) this Chapter 6 and Chapter 6A; and
  - (2) the definitions of *distribution network* and *transmission network* in Chapter 10 in relation to this Chapter 6 and Chapter 6A.

### 6.1.7 Definitions

- (a) In this Chapter (including Schedules 6.1 and 6.2):

“ActewAGL” means the joint venture between ACTEW Distribution Limited ACN 073 025 224 and Alinta GCA Pty Ltd ACN 008 552 663 providing *distribution services* in the Australian Capital Territory, or any successor or successors of that joint venture.

“commencement date” means the date of commencement of transitional Chapter 6.

“Cost Allocation Method” means:

- (a) for NSW Distribution Network Service Providers – the Cost Allocation Method approved under clause 6.15.6 as in force from time to time; or
- (b) for the ACT Distribution Network Service Provider – the Cost Allocation Method approved under clause 6.15.8 as in force from time to time.

“Country Energy” means the energy services corporation of that name, which is constituted under section 7 of the Energy Services Corporations Act 1995 (NSW) and specified in Part 2 of Schedule 1 to that Act, or any successor or successors of that corporation.

“EnergyAustralia” means the energy services corporation of that name, which is constituted under section 7 of the Energy Services Corporations Act 1995 (NSW) and specified in Part 2 of Schedule 1 to that Act, or any successor or successors of that corporation.

“EnergyAustralia negotiated distribution service” – see clause 6.1.6(d).

“EnergyAustralia prescribed (transmission) standard control service” – see clause 6.1.6(c).

“EnergyAustralia transmission support network” means any part of a network owned, controlled or operated by EnergyAustralia and operating between 66 kV and 220 kV that operates in parallel to and provides support to the higher voltage *transmission network*.

“ICRC” means the Independent Competition and Regulatory Commission of the Australian Capital Territory, which is established under section 5(1) of the Independent Competition and Regulatory Commission Act 1997 (ACT).

“Integral Energy Australia” means the energy services corporation of that name, which is constituted under section 7 of the Energy Services Corporations Act 1995 (NSW) and specified in Part 2 of Schedule 1 to that Act, or any successor or successors of that corporation.

“IPART” means the Independent Pricing and Regulatory Tribunal of New South Wales, which is established under section 5(1) of the Independent Pricing and Regulatory Tribunal Act 1992 (NSW).

“regulatory control period 2004-2009” means the regulatory control period of 5 years commencing on 1 July 2004.

“regulatory control period 2009-2014” means the regulatory control period of 5 years commencing on 1 July 2009 and referred to in rule 11.15.

“transitional Chapter 6” means this Chapter (being transitional Chapter 6 as defined in rule 11.15).

- (b) In this Chapter and in rule 11.15:
- (1) a reference to the NSW Distribution Network Service Providers is a reference to Country Energy, EnergyAustralia and Integral Energy Australia; and
  - (2) a reference to the ACT Distribution Network Service Provider is a reference to ActewAGL.

## **Part B Classification of Distribution Services and Distribution Determinations**

### **6.2 Classification**

**6.2.1 \*\*\*\*\***

**6.2.2 \*\*\*\*\***

**6.2.3 \*\*\*\*\***

#### **6.2.3A Classes and subclasses of distribution services**

- (a) *Distribution services* to be provided by a *Distribution Network Service Provider* are divided into the following 3 classes:
- (1) *direct control services*;
  - (2) *negotiated distribution services*;
  - (3) *unregulated distribution services*.

*Note:*

*Certain services provided by means of, or in connection with, the EnergyAustralia transmission support network (which is deemed by clause 6.1.6(b) to be part of EnergyAustralia's distribution network) are deemed by clause 6.1.6(d) to be classified as negotiated distribution services for certain purposes.*

- (b) *Direct control services* are further divided into the following 2 subclasses:
- (1) *standard control services*; and
  - (2) *alternative control services*.

### **6.2.3B Classification for NSW Distribution Network Service Providers**

- (a) A *distribution service* that is provided by a NSW Distribution Network Service Provider and that was determined by the IPART to be a prescribed distribution service (for the purposes of the regulatory control period 2004-2009) is deemed (for the purposes of the regulatory control period 2009-2014) to be classified as a *direct control service* and further classified as a *standard control service*.

*Note:*

*The IPART's Final Determination No 2, 2004 (relating to NSW Electricity Distribution Pricing 2004/05 to 2008/09) provided that prescribed distribution services include:*

- *Distribution Use of System Services*
  - *Private Power Line Inspections and Customer Installation Inspections*
  - *certain Monopoly Services*
  - *certain Miscellaneous Services*
  - *certain Emergency Recoverable Works*.
- (b) A *distribution service* that is provided by a NSW Distribution Network Service Provider and that was determined by the IPART to be an excluded distribution service (for the purposes of the regulatory control period 2004-2009) is deemed (for the purposes of the regulatory control period 2009-2014):
- (1) in the case of the excluded distribution service of the construction and maintenance of public lighting infrastructure – to be classified as a *direct control service* and further classified as an *alternative control service*;

- (2) in the case of any other excluded distribution service – to be classified as:
- (i) an unregulated *distribution service*, unless the AER has made a determination under paragraph (e) in relation to that *distribution service*; or
  - (ii) an *alternative control service*, if the AER has made a determination under paragraph (e) in relation to that *distribution service*.

*Note:*

*1. Other distribution services provided by a NSW Distribution Network Service Provider are unclassified and not regulated under the Rules.*

*2. The IPART's Final Determination No 2, 2004 (relating to NSW Electricity Distribution Pricing 2004/2005 to 2008/2009) determined that the following Distribution Services are Excluded Distribution Services):*

- *the construction and maintenance of Public Lighting Infrastructure*
- *Customer Funded Connections*
- *Customer Specific Services*
- *Type 1 to 4 Metering Services.*

- (c) A NSW Distribution Network Service Provider is, in relation to a *distribution service* classified as an unregulated *distribution service*, required to comply substantially with the relevant requirements of the provisions of Rule 2004/1 (Regulation of Excluded Distribution Services) made by the IPART in relation to the regulatory control period 2004-2009.

*Note:*

*Distribution services provided by a NSW Distribution Network Service Provider that are unclassified are not regulated under the Rules, and accordingly are not required to comply with the requirements of Rule 2004/1.*

- (d) For the purposes of paragraph (c), the provisions of Rule 2004/1 have effect as if references to the IPART were references to the AER and references to the regulatory control period 2004-2009 were references to the regulatory control period 2009-2014, and with any other necessary modifications.
- (e) The AER may, at any time during the regulatory control period 2009-2014, determine that a NSW Distribution Network Service Provider is not or has

ceased to be in substantial compliance with the requirements of the provisions referred to in paragraph (c) if the AER has:

- (1) given the provider a written notice inviting the provider to show cause within a specified period of at least 2 weeks why the *AER* should not make the determination and setting out the grounds on which the *AER* would make the determination; and
  - (2) taken into consideration any written submissions made by the provider to the *AER* within that period in response to the notice.
- (f) Once a *distribution service* has been classified as an *alternative control service* because of a determination by the *AER* under paragraph (e), the *distribution service* cannot during the remainder of the regulatory control period 2009-2014 be classified again as an unregulated *distribution service*, unless it appears to the *AER* that the determination is affected by a material error or deficiency of a kind referred to in rule 6.13(a).
- (g) Provisions having effect as referred to in paragraph (c) may be included in a distribution determination in any appropriate format.
- (h) Once a *distribution service* has been classified as an *alternative control service* because of a determination by the *AER* under paragraph (e), the *AER* must make such amendments to the relevant distribution determination as are necessary to regulate the *distribution service* as an *alternative control service*.
- (i) When making the distribution determination for a NSW Distribution Network Service Provider, the *AER* may, with the agreement of the provider, vary the deemed classification effected by this clause 6.2.3B of a *distribution service* provided by the provider.
- (j) A deemed or varied classification under this clause 6.2.3B forms part of a distribution determination and operates for the regulatory control period 2009-2014.

### **6.2.3C Classification for ACT Distribution Network Service Provider**

- (a) A *distribution service* that is provided by the ACT Distribution Network Service Provider and that was determined by the ICRC to be a prescribed distribution service (for the purposes of the regulatory control period 2004-2009) is deemed (for the purposes of the regulatory control period 2009-2014) to be classified as a *direct control service* and further classified as a *standard control service*.
- (b) A *distribution service* that is provided by the ACT Distribution Network Service Provider and that was determined by the ICRC to be an excluded distribution service (for the purposes of the regulatory control period 2004-

2009) is deemed (for the purposes of the regulatory control period 2009-2014) to be classified as a *direct control service* and further classified as an *alternative control service*.

- (c) When making the distribution determination for the ACT Distribution Network Service Provider, the AER may, with the agreement of the provider, vary the deemed classification effected by this clause 6.2.3C of a *distribution service* provided by the provider.
- (d) A deemed or varied classification under this clause 6.2.3C forms part of a distribution determination and operates for the regulatory control period 2009-2014.

*Note:*

*The ICRC's Final Decision-Investigation into prices for electricity distribution services in the ACT-Report No 6 of 2004 (relating to ACT Electricity Distribution Pricing 2004/2005 to 2008/2009) provided that prescribed distribution services include all distribution services provided by ActewAGL, with the exception of the provision of and servicing of meters for customers consuming fewer than 160 megawatt hours per annum, including:*

- *meter testing*
- *meter reading*
- *meter checking*
- *the processing of metering data*
- *the provision of non-standard meters.*

*The services covered by the exception are accordingly Excluded Distribution Services.*

#### **6.2.4 Duty of AER to make distribution determinations**

- (a) The AER must make a distribution determination for each *Distribution Network Service Provider*.
- (b) When the AER makes a distribution determination it must follow the process set out in Part E.
- (c) \*\*\*\*\*
- (d) \*\*\*\*\*

## 6.2.5 Control mechanisms for direct control services

- (a) A distribution determination is to impose controls over the prices of *direct control services*, the revenue to be derived from *direct control services* or both.
- (b) \*\*\*\*\*
- (c) \*\*\*\*\*
- (c1) The control mechanism for:
  - (1) subject to subparagraph (3), *standard control services* provided by a NSW Distribution Network Service Provider in the regulatory control period 2009-2014:
    - (i) must be substantially the same as that determined by the IPART for the corresponding prescribed distribution services provided in the regulatory control period 2004-2009; and
    - (ii) may, with the agreement of the provider, apply differently for different categories of services; and
  - (2) *standard control services* provided by the ACT Distribution Network Service Provider in the regulatory control period 2009-2014 must be substantially the same as that determined by the ICRC for prescribed distribution services provided in the regulatory control period 2004-2009; and
  - (3) EnergyAustralia prescribed (transmission) standard control services provided in the regulatory control period 2009-2014 and referred to in clause 6.1.6(c) must be substantially the same as that determined by the ACCC for the corresponding *prescribed transmission services* provided in the regulatory control period 2004-2009.
- (c2) The control mechanism for *alternative control services* may consist of:
  - (1) a schedule of fixed prices;
  - (2) caps on the prices of individual services;
  - (3) caps on the revenue to be derived from a particular combination of services;
  - (4) tariff basket price control;
  - (5) revenue yield control;
  - (6) a combination of any of the above.

- (d) In deciding on a control mechanism for *alternative control services*, the *AER* must have regard to:
- (1) the potential for development of competition in the relevant market and how the control mechanism might influence that potential; and
  - (2) the possible effects of the control mechanism on administrative costs of the *AER*, the *Distribution Network Service Provider* and users or potential users; and
  - (3) the regulatory arrangements (if any) applicable to the relevant service immediately before the commencement of the distribution determination; and
  - (4) the desirability of consistency between regulatory arrangements for similar services (both within and beyond the relevant jurisdiction); and
  - (5) any other relevant factor.
- (e) The *AER* must, before 1 March 2008 or the date that is one month after the commencement date (whichever is the later), *publish* a statement indicating its likely approach to the control mechanisms for *alternative control services*. In preparing the statement, the *AER* may carry out such consultation as the *AER* thinks appropriate and may take into consideration any consultation carried out before the commencement date.

#### **6.2.6 Basis of control mechanisms for direct control services**

- (a) For *standard control services*, the control mechanism must be of the prospective CPI minus X form, or some incentive-based variant of the prospective CPI minus X form, in accordance with Part C.
- (b) For *alternative control services*, the control mechanism must have a basis stated in the distribution determination.
- (c) The control mechanism for *alternative control services* may (but need not) utilise elements of Part C (with or without modification).

*Examples:*

*The control mechanism might be based on the building block approach.*

*The distribution determination might provide for the application of clause 6.6.1 to pass through events with necessary adaptations and specified modifications.*

## 6.2.7 EnergyAustralia negotiated distribution services

*Negotiated distribution services* provided by EnergyAustralia are regulated in accordance with Part D.

### 6.2.7A Negotiable components of direct control services (NSW and ACT)

Despite anything in this Division 2, the control mechanism for *direct control services* may include elements referred to as negotiable components of *direct control services*, as provided in Part DA.

## 6.2.8 Guidelines

- (a) The *AER* may *publish* guidelines as to:
  - (1) \*\*\*\*\*
  - (2) the control mechanisms for *direct control services*; and
  - (3) the calculation of stand-alone, avoidable and long-run marginal costs; and
  - (4) the *AER's* likely approach to determining materiality in the context of possible *pass through events*; and
  - (4A) the transition from pre-tax to post-tax revenue regulation; and
  - (5) other matters relevant to this Chapter.
- (b) The guidelines may relate to a specified *Distribution Network Service Provider* or *Distribution Network Service Providers* of a specified class.
- (c) The guidelines are not mandatory (and hence do not bind the *AER* or anyone else) but, if the *AER* makes a distribution determination that is not in accordance with a relevant guideline, the *AER* must state, in its reasons for the distribution determination, the reasons for departing from the guideline.
- (d) If the guidelines indicate that there may be a change of regulatory approach in future distribution determinations, the guidelines should also (if practicable) indicate how transitional issues are to be dealt with.
- (e) \*\*\*\*\*
- (f) In making or amending a guideline, the *AER* may carry out such consultation as the *AER* thinks appropriate and may take into consideration any consultation carried out before the commencement date.

## Part C Building Block Determinations for standard control services

### 6.3 Building block determinations

#### 6.3.1 Introduction

- (a) A *building block determination* is a component of a distribution determination.
- (b) The procedure for making a *building block determination* is contained in Part E of this Chapter and involves the submission of a *building block proposal* to the AER by the *Distribution Network Service Provider*.
- (c) The *building block proposal*:
  - (1) must be prepared in accordance with the *post-tax revenue model*, other relevant requirements of this Part, and Schedule 6.1; and
  - (2) must comply with the requirements of, and must contain or be accompanied by the information required by, any relevant *regulatory information instrument*.

#### 6.3.2 Contents of building block determination

- (a) A *building block determination* for a *Distribution Network Service Provider* is to specify, for a *regulatory control period*, the following matters:
  - (1) the Distribution Network Service Provider's annual revenue requirement for each regulatory year of the regulatory control period;
  - (2) appropriate methods for the indexation of the regulatory asset base;
  - (3) how any applicable *efficiency benefit sharing scheme*, *service target performance incentive scheme*, or *demand management incentive scheme* are to apply to the *Distribution Network Service Provider*;
  - (4) the commencement and length of the *regulatory control period*;
  - (5) any other amounts, values or inputs on which the *building block determination* is based (differentiating between those contained in, or inferred from, the service provider's *building block proposal* and those based on the AER's own estimates or assumptions).
- (b) \*\*\*\*\*

## **6.4 Post-tax revenue model**

### **6.4.1 Preparation, publication and amendment of post-tax revenue model**

- (a) The *AER* must prepare and *publish* a *post-tax revenue model*.
- (b) \*\*\*\*\*
- (c) \*\*\*\*\*
- (d) The *AER* must *publish* the first *post-tax revenue model* before 1 February 2008 or the date that is one month after the commencement date (whichever is the later), and may carry out such consultation in connection with the preparation of the model as the *AER* thinks appropriate and may take into consideration any consultation carried out before the commencement date.
- (e) The *AER* may, from time to time and with the agreement of each affected *Distribution Network Service Provider*, amend or replace the *post-tax revenue model*.

### **6.4.2 Contents of post-tax revenue model**

- (a) The *post-tax revenue model* must set out the manner in which the *Distribution Network Service Provider's annual revenue requirement* for each *regulatory year* of a *regulatory control period* is to be calculated.
- (b) The contents of the *post-tax revenue model* must include (but are not limited to):
  - (1) a method that the *AER* determines is likely to result in the best estimates of expected inflation; and
  - (2) the timing assumptions and associated discount rates that are to apply in relation to the calculation of the building blocks referred to in clause 6.4.3; and
  - (3) the manner in which working capital is to be treated; and
  - (4) the manner in which the estimated cost of corporate income tax is to be calculated.

### **6.4.3 Building block approach**

- (a) Building blocks generally

The *annual revenue requirement* for a *Distribution Network Service Provider* for each *regulatory year* of a *regulatory control period* must be

determined using a building block approach, under which the building blocks are:

- (1) indexation of the regulatory asset base – see paragraph (b)(1); and
- (2) a return on capital for that year – see paragraph (b)(2); and
- (3) the depreciation for that year – see paragraph (b)(3); and
- (4) the estimated cost of corporate income tax of the provider for that year – see paragraph (b)(4); and
- (5) the revenue increments or decrements (if any) for that year arising from the application of the *service target performance incentive scheme* and the *demand management incentive scheme* – see paragraph (b)(5); and
- (6) the other revenue increments or decrements (if any) for that year arising from the application of a control mechanism in the previous *regulatory control period* – see paragraph (b)(6); and
- (7) the forecast operating expenditure for that year – see paragraph (b)(7); and
- (8) certain revenue increments or decrements for that year arising from the D-factor carry forward – see paragraph (b)(8).

(b) Details of the building blocks

For the purposes of paragraph (a):

- (1) for indexation of the regulatory asset base:
  - (i) the regulatory asset base is calculated in accordance with clause 6.5.1 and schedule 6.2; and
  - (ii) the building block comprises a negative adjustment equal to the amount referred to in clause S6.2.3(c)(4) for that year; and
- (2) the return on capital is calculated in accordance with clause 6.5.2; and
- (3) the depreciation is calculated in accordance with clause 6.5.5; and
- (4) the estimated cost of corporate income tax is determined in accordance with clause 6.5.3; and
- (5) the revenue increments or decrements referred to in paragraph (a)(5) are those that arise as a result of the operation of an applicable *service*

*target performance incentive scheme* or *demand management incentive scheme* as referred to in clauses 6.6.2 and 6.6.3; and

- (6) the other revenue increments or decrements referred to in paragraph (a)(6) are those that are to be carried forward to the current *regulatory control period* as a result of the application of a control mechanism in the previous *regulatory control period* and are apportioned to the relevant year under the distribution determination for the current *regulatory control period*; and
  - (7) the forecast operating expenditure for the year is the forecast operating expenditure as accepted or substituted by the *AER* in accordance with clause 6.5.6; and
  - (8) the revenue increments or decrements are those that arise as a result of the operation of the arrangements in clause 11 of the IPART's Final Determination No 2, 2004 (relating to NSW Electricity Distribution Pricing 2004/05 to 2008/09) for expenditure or foregone revenue in each of the last 2 *regulatory years* of the regulatory control period 2004-2009.
- (c) The arrangements referred to in paragraph (b)(8) have effect in relation to expenditure or foregone revenue in each of the last 2 *regulatory years* of the regulatory control period 2004-2009:
- (1) as if references to the IPART were references to the *AER* and references to the regulatory control period 2004-2009 were references to the regulatory control period 2009-2014; and
  - (2) with any other necessary modifications.

## **6.5 Matters relevant to the making of building block determinations**

### **6.5.1 Regulatory asset base**

#### **Nature of regulatory asset base**

- (a) The regulatory asset base for a *distribution system* owned, controlled or operated by a *Distribution Network Service Provider* is the value of those assets that are used by the provider to provide *standard control services*, but only to the extent that they are used to provide such services.

#### **Preparation, publication and amendment of model for rolling forward regulatory asset base**

- (b) The *AER* must develop and *publish* a model for the roll forward of the regulatory asset base for *distribution systems*, referred to as the *roll forward model*.

- (c) The *AER* may, from time to time and with the agreement of each affected *Distribution Network Service Provider*, amend or replace the *roll forward model*.
- (d) The *AER* must develop and *publish* the first *roll forward model*, before 1 February 2008 or the date that is one month after the commencement date (whichever is the later), and may carry out such consultation in connection with the preparation of the model as the *AER* thinks appropriate and may take into consideration any consultation carried out before the commencement date. There must be such a model available at all times after that date.

### **Contents of roll forward model**

- (e) The *roll forward model* must set out the method for determining the roll forward of the regulatory asset base for *distribution systems*:
  - (1) from the immediately preceding *regulatory control period* to the beginning of the first year of the subsequent *regulatory control period*, so as to establish the value of the regulatory asset base as at the beginning of the first *regulatory year* of that subsequent *regulatory control period*; and
  - (2) from one *regulatory year* in a *regulatory control period* to a subsequent *regulatory year* in that same *regulatory control period*, so as to establish the value of the regulatory asset base as at the beginning of that subsequent *regulatory year*;

under which:

- (3) the roll forward of the regulatory asset base from the immediately preceding *regulatory control period* to the beginning of the first *regulatory year* of a subsequent *regulatory control period* entails the value of the first mentioned regulatory asset base being adjusted for actual inflation, consistently with the method used for the indexation of the control mechanism (or control mechanisms) for *standard control services* during the preceding *regulatory control period*.

### **Other provisions relating to regulatory asset base**

- (f) Other provisions relating to regulatory asset bases are set out in schedule 6.2.
- (g) For the purpose of establishing the value of the regulatory asset base (as referred to in paragraph (e)(1)) as at the beginning of the first *regulatory year* of the regulatory control period 2009-2014 for the ACT Distribution Network Service Provider, and despite clause S6.2.1(e), the *roll forward model* must apply the approach adopted by the ICRC in the distribution

determination for the regulatory control period 2004-2009, but taking into account any written representations by the ICRC to the ACT Distribution Network Service Provider before the commencement date.

- (h) For the purpose of establishing the value of the regulatory asset base (as referred to in paragraph (e)(1)) as at the beginning of the first *regulatory year* of the regulatory control period 2009-2014 for EnergyAustralia, the *roll forward model* in respect of transmission network support assets must be applied as if the *AER* were separately regulating EnergyAustralia's transmission system under the relevant provisions of Chapter 6A.

## 6.5.2 Return on capital

### Calculation of return on capital

- (a) The return on capital for each *regulatory year* must be calculated by applying a rate of return for the relevant *Distribution Network Service Provider* for that *regulatory control period* (calculated in accordance with this clause 6.5.2) to the value of the regulatory asset base for the relevant *distribution system* as at the beginning of that *regulatory year* (as established in accordance with clause 6.5.1 and schedule 6.2).

### Weighted average cost of capital

- (b) The rate of return for a *Distribution Network Service Provider* for a *regulatory control period* is the cost of capital as measured by the return required by investors in a commercial enterprise with a similar nature and degree of non-diversifiable risk as that faced by the *distribution* business of the provider and must be calculated as a nominal post-tax *weighted average cost of capital* ("WACC") in accordance with the following formula:

$$\text{WACC} = k_e \frac{E}{V} + k_d \frac{D}{V}$$

where:

$k_e$  is the return on equity (determined using the Capital Asset Pricing Model) and is calculated as:

$$r_f + \beta_e \times \text{MRP}$$

where:

$r_f$  is the nominal risk free rate for the *regulatory control period* determined in accordance with paragraph (c);

$\beta_e$  (the equity beta) is deemed to be 1.0; and

MRP (the market risk premium) is deemed to be 6.0%;

$k_d$  is the return on debt and is calculated as:

$$r_f + \text{DRP}$$

where:

DRP is the debt risk premium for the *regulatory control period* determined in accordance with paragraph (e);

$E/V$  is the value of equity as a proportion of the value of equity and debt, which is  $1 - D/V$ ; and

$D/V$  (the value of debt as a proportion of the value of equity and debt) is deemed to be 0.6.

#### **Meaning of nominal risk free rate**

(c) The nominal risk free rate for a *regulatory control period* is the rate determined for that *regulatory control period* by the AER on a moving average basis from the annualised yield on Commonwealth Government bonds with a maturity of 10 years using:

(1) the indicative mid rates published by the Reserve Bank of Australia; and

(2) a period of time which is either:

(i) a period ('the **agreed period**') proposed by the relevant *Distribution Network Service Provider*, and agreed by the AER (such agreement is not to be unreasonably withheld); or

(ii) a period specified by the AER, and notified to the provider within a reasonable time prior to the commencement of that period, if the period proposed by the provider is not agreed by the AER under subparagraph (i),

and, for the purposes of subparagraph (i):

(iii) the start date and end date for the agreed period may be kept confidential, but only until the expiration of the agreed period; and

(iv) the AER must notify the *Distribution Network Service Provider* whether or not it agrees with the proposed period within 30 *business days* of the date of submission of the *building block proposal*.

- (d) If there are no Commonwealth Government bonds with a maturity of 10 years on any day in the period referred to in paragraph (c)(2), the *AER* must determine the nominal risk free rate for the *regulatory control period* by interpolating on a straight line basis from the two Commonwealth Government bonds closest to the 10 year term and which also straddle the 10 year expiry date.

#### **Meaning of debt risk premium**

- (e) The debt risk premium for a *regulatory control period* is the premium determined for that *regulatory control period* by the *AER* as the margin between the 10 year Commonwealth annualised bond rate and the observed annualised Australian benchmark corporate bond rate for corporate bonds which have a maturity of 10 years and a credit rating of BBB+ from Standard and Poors.

### **6.5.3 Estimated cost of corporate income tax**

The estimated cost of corporate income tax of a *Distribution Network Service Provider* for each *regulatory year* ( $ETC_t$ ) must be calculated in accordance with the following formula:

$$ETC_t = (ETI_t \times r_t) (1 - \gamma)$$

where:

$ETI_t$  is an estimate of the taxable income for that *regulatory year* that would be earned by a benchmark efficient entity as a result of the provision of *standard control services* if such an entity, rather than the *Distribution Network Service Provider*, operated the business of the *Distribution Network Service Provider*, such estimate being determined in accordance with the *post-tax revenue model*;

$r_t$  is the expected statutory income tax rate for that *regulatory year* as determined by the *AER*; and

$\gamma$  (the assumed utilisation of imputation credits) is deemed to be 0.5.

For these purposes:

- (1) the cost of debt must be based on that of a benchmark efficient *Distribution Network Service Provider*; and
- (2) the estimate must take into account the estimated depreciation for that *regulatory year* for tax purposes, for a benchmark efficient *Distribution Network Service Provider*, of assets where the value of those assets is included in the regulatory asset base for the relevant *distribution system* for that *regulatory year*.

#### 6.5.4 \*\*\*\*\*

#### 6.5.5 Depreciation

- (a) The depreciation for each *regulatory year*:
- (1) must be calculated on the value of the assets as included in the regulatory asset base, as at the beginning of that *regulatory year*, for the relevant *distribution system*; and
  - (2) must be calculated:
    - (i) providing such depreciation schedules conform with the requirements set out in paragraph (b), using the depreciation schedules for each asset or category of assets that are nominated in the relevant *Distribution Network Service Provider's building block proposal*; or
    - (ii) to the extent the depreciation schedules nominated in the provider's *building block proposal* do not so conform, using the depreciation schedules determined for that purpose by the *AER*.
- (b) The depreciation schedules referred to in paragraph (a) must conform to the following requirements:
- (1) the schedules must depreciate using a profile that reflects the nature of the assets or category of assets over the economic life of that asset or category of assets;
  - (2) the sum of the real value of the depreciation that is attributable to any asset or category of assets over the economic life of that asset or category of assets (such real value being calculated as at the time the value of that asset or category of assets was first included in the regulatory asset base for the relevant *distribution system*) must be equivalent to the value at which that asset or category of assets was first included in the regulatory asset base for the relevant *distribution system*;
  - (3) the economic life of the relevant assets and the depreciation methods and rates underpinning the calculation of depreciation for a given *regulatory control period* must be consistent with those determined for the same assets on a prospective basis in the distribution determination for that period.

#### 6.5.6 Forecast operating expenditure

- (a) A *building block proposal* must include the total forecast operating expenditure for the relevant *regulatory control period* which the

*Distribution Network Service Provider* considers is required in order to achieve each of the following (the *operating expenditure objectives*):

- (1) meet or manage the expected demand for *standard control services* over that period;
  - (2) comply with all applicable *regulatory obligations or requirements* associated with the provision of *standard control services*;
  - (3) maintain the quality, reliability and security of supply of *standard control services*;
  - (4) maintain the reliability, safety and security of the *distribution system* through the supply of *standard control services*.
- (b) The forecast of required operating expenditure of a *Distribution Network Service Provider* that is included in a *building block proposal* must:
- (1) comply with the requirements of any relevant *regulatory information instrument*; and
  - (2) be for expenditure that is properly allocated to *standard control services* in accordance with the principles and policies set out in the Cost Allocation Method for the *Distribution Network Service Provider*; and
  - (3) include both:
    - (i) the total of the forecast operating expenditure for the relevant *regulatory control period*; and
    - (ii) the forecast of the operating expenditure for each *regulatory year* of the relevant *regulatory control period*.
- (c) The *AER* must accept the forecast of required operating expenditure of a *Distribution Network Service Provider* that is included in a *building block proposal* if the *AER* is satisfied that the total of the forecast operating expenditure for the *regulatory control period* reasonably reflects:
- (1) the efficient costs of achieving the *operating expenditure objectives*; and
  - (2) the costs that a prudent operator in the circumstances of the relevant *Distribution Network Service Provider* would require to achieve the *operating expenditure objectives*; and
  - (3) a realistic expectation of the demand forecast and cost inputs required to achieve the *operating expenditure objectives*.

(the *operating expenditure criteria*).

- (d) If the *AER* is not satisfied as referred to in paragraph (c), it must not accept the forecast of required operating expenditure of a *Distribution Network Service Provider* that is included in a *building block proposal*.
- (e) In deciding whether or not the *AER* is satisfied as referred to in paragraph (c), the *AER* must have regard to the following (the *operating expenditure factors*):
  - (1) the information included in or accompanying the *building block proposal*;
  - (2) submissions received in the course of consulting on the *building block proposal*;
  - (3) analysis undertaken by or for the *AER* and *published* before the distribution determination is made in its final form;
  - (4) benchmark operating expenditure that would be incurred by an efficient *Distribution Network Service Provider* over the *regulatory control period*;
  - (5) the actual and expected operating expenditure of the *Distribution Network Service Provider* during any preceding *regulatory control periods*;
  - (6) the relative prices of operating and capital inputs;
  - (7) the substitution possibilities between operating and capital expenditure;
  - (8) whether the total labour costs included in the capital and operating expenditure forecasts for the *regulatory control period* are consistent with the incentives provided by the applicable *service target performance incentive scheme* in respect of the *regulatory control period*;
  - (9) the extent the forecast of required operating expenditure of the *Distribution Network Service Provider* is referable to arrangements with a person other than the provider that, in the opinion of the *AER*, do not reflect arm's length terms;
  - (10) the extent the *Distribution Network Service Provider* has considered, and made provision for, efficient non-network alternatives.

### 6.5.7 Forecast capital expenditure

- (a) A *building block proposal* must include the total forecast capital expenditure for the relevant *regulatory control period* which the *Distribution Network Service Provider* considers is required in order to achieve each of the following (the *capital expenditure objectives*):
- (1) meet or manage the expected demand for *standard control services* over that period;
  - (2) comply with all applicable *regulatory obligations or requirements* associated with the provision of *standard control services*;
  - (3) maintain the quality, reliability and security of supply of *standard control services*;
  - (4) maintain the reliability, safety and security of the *distribution system* through the supply of *standard control services*.
- (b) The forecast of required capital expenditure of a *Distribution Network Service Provider* that is included in a *building block proposal* must:
- (1) comply with the requirements of any relevant *regulatory information instrument*; and
  - (2) be for expenditure that is properly allocated to *standard control services* in accordance with the principles and policies set out in the Cost Allocation Method for the *Distribution Network Service Provider*; and
  - (3) include both:
    - (i) the total of the forecast capital expenditure for the relevant *regulatory control period*; and
    - (ii) the forecast of the capital expenditure for each *regulatory year* of the relevant *regulatory control period*; and
  - (4) identify any forecast capital expenditure that is for an option that has satisfied the *regulatory test*.
- (c) The *AER* must accept the forecast of required capital expenditure of a *Distribution Network Service Provider* that is included in a *building block proposal* if the *AER* is satisfied that the total of the forecast capital expenditure for the *regulatory control period* reasonably reflects:
- (1) the efficient costs of achieving the *capital expenditure objectives*; and

- (2) the costs that a prudent operator in the circumstances of the relevant *Distribution Network Service Provider* would require to achieve the *capital expenditure objectives*; and
- (3) a realistic expectation of the demand forecast and cost inputs required to achieve the *capital expenditure objectives*.

(the *capital expenditure criteria*)

- (d) If the *AER* is not satisfied as referred to in paragraph (c), it must not accept the forecast of required capital expenditure of a *Distribution Network Service Provider*.
- (e) In deciding whether or not the *AER* is satisfied as referred to in paragraph (c), the *AER* must have regard to the following ('the *capital expenditure factors*'):
  - (1) the information included in or accompanying the *building block proposal*;
  - (2) submissions received in the course of consulting on the *building block proposal*;
  - (3) analysis undertaken by or for the *AER* and *published* before the distribution determination is made in its final form;
  - (4) benchmark capital expenditure that would be incurred by an efficient *Distribution Network Service Provider* over the *regulatory control period*;
  - (5) the actual and expected capital expenditure of the *Distribution Network Service Provider* during any preceding *regulatory control periods*;
  - (6) the relative prices of operating and capital inputs;
  - (7) the substitution possibilities between operating and capital expenditure;
  - (8) whether the total labour costs included in the capital and operating expenditure forecasts for the *regulatory control period* are consistent with the incentives provided by the applicable *service target performance incentive scheme* in respect of the *regulatory control period*;
  - (9) the extent the forecast of required capital expenditure of the *Distribution Network Service Provider* is referable to arrangements with a person other than the provider that, in the opinion of the *AER*, do not reflect arm's length terms;

- (10) the extent the *Distribution Network Service Provider* has considered, and made provision for, efficient non-network alternatives.

### 6.5.8 Efficiency benefit sharing scheme

- (a) The *AER* may develop and *publish* a scheme or schemes (*efficiency benefit sharing scheme*) that provide for a fair sharing between NSW and ACT *Distribution Network Service Providers* and *Distribution Network Users* of:
- (1) the efficiency gains derived from the operating expenditure of *Distribution Network Service Providers* for a *regulatory control period* being less than; and
  - (2) the efficiency losses derived from the operating expenditure of *Distribution Network Service Providers* for a *regulatory control period* being more than,
- the forecast operating expenditure accepted or substituted by the *AER* for that *regulatory control period*.
- (b) An *efficiency benefit sharing scheme* may (but is not required to) be developed to cover efficiency gains and losses related to capital expenditure or *distribution losses*.
- (c) In developing and implementing an *efficiency benefit sharing scheme*, the *AER* must have regard to:
- (1) the need to ensure that benefits to consumers likely to result from the scheme are sufficient to warrant any reward or penalty under the scheme for *Distribution Network Service Providers*; and
  - (2) the need to provide *Distribution Network Service Providers* with a continuous incentive, so far as is consistent with economic efficiency, to reduce operating expenditure and, if the scheme extends to capital expenditure, capital expenditure; and
  - (3) the desirability of both rewarding *Distribution Network Service Providers* for efficiency gains and penalising *Distribution Network Service Providers* for efficiency losses; and
  - (4) any incentives that *Distribution Network Service Providers* may have to capitalise expenditure; and
  - (5) the possible effects of the scheme on incentives for the implementation of non-network alternatives.
- (d) The *AER* may, from time to time and with the agreement of each affected *Distribution Network Service Provider*, amend or replace an *efficiency benefit sharing scheme*.

- (e) The *AER* must *publish* a written statement, when it *publishes* its first *efficiency benefit sharing scheme* (if any), setting out how it proposes the *efficiency benefit sharing scheme* will operate for the next distribution determination. The statement may be included in the first *efficiency benefit sharing scheme* or may be *published* separately.
- (f) However, despite *publishing* an *efficiency benefit sharing scheme*, the *AER* need not apply the scheme to one or more *Distribution Network Service Providers* in the relevant distribution determination or determinations.
- (g) The *AER* may carry out such consultation in connection with the preparation of an *efficiency benefit sharing scheme* as the *AER* thinks appropriate and may take into consideration any consultation carried out before the commencement date.
- (h) If an *efficiency benefit sharing scheme* applicable to a NSW or ACT Distribution Network Service Provider is not *published* before 1 March 2008 or the date that is one month after the commencement date (whichever is the later), no *efficiency benefit sharing scheme* may be applied to the *Distribution Network Service Provider* in its distribution determination for the regulatory control period 2009-2014.
- (i) The *AER* may monitor and collect information from any or all of the NSW and ACT Distribution Network Service Providers on matters relevant to be included in an *efficiency benefit sharing scheme* for the purpose of developing, amending or applying an *efficiency benefit sharing scheme* for the regulatory control period commencing on 1 July 2014.

### 6.5.9 The X factor

- (a) A *building block determination* is to include the X factor for each control mechanism for each *regulatory year* of the *regulatory control period*.
- (b) The X factor:
  - (1) must be set by the *AER* with regard to the *Distribution Network Service Provider's* total *revenue requirement* for the *regulatory control period*; and
  - (2) must be such as to minimise, as far as reasonably possible, variance between expected revenue for the last *regulatory year* of the *regulatory control period* and the *annual revenue requirement* for that last *regulatory year*; and
  - (3) must conform with whichever of the following requirements is applicable:

- (i) if the control mechanism relates generally to *standard control services* – the X factor must be designed to equalise (in terms of net present value) the revenue to be earned by the *Distribution Network Service Provider* from the provision of *standard control services* over the *regulatory control period* with the provider's *total revenue requirement* for the *regulatory control period*;
  - (ii) if there are separate control mechanisms for different *standard control services* – the X factor for each control mechanism must be designed to equalise (in terms of net present value) the revenue to be earned by the *Distribution Network Service Provider* from the provision of *standard control services* to which the control mechanism relates over the *regulatory control period* with the portion of the provider's *total revenue requirement* for the *regulatory control period* attributable to those services.
- (c) There may be different X factors:
- (1) for different regulatory years of the regulatory control period; and
  - (2) if there are 2 or more control mechanisms – for each control mechanism.

## 6.6 Adjustments after making of building block determination

### 6.6.1 Cost pass through

- (a) If a *positive change event* occurs, a *Distribution Network Service Provider* may seek the approval of the *AER* to pass through to *Distribution Network Users* a *positive pass through amount*.
- (b) If a *negative change event* occurs, the *AER* may require the *Distribution Network Service Provider* to pass through to *Distribution Network Users* a *negative pass through amount* as determined by the *AER* under paragraph (g).

#### Positive pass through

- (c) To seek the approval of the *AER* to pass through a *positive pass through amount*, a *Distribution Network Service Provider* must submit to the *AER*, within 90 *business days* of the relevant *positive change event* occurring, a written statement which specifies:
  - (1) the details of the *positive change event*; and
  - (2) the date on which the *positive change event* occurred; and

- (3) the *eligible pass through amount* in respect of that *positive change event*; and
  - (4) the *positive pass through amount* the provider proposes in relation to the *positive change event*; and
  - (5) the amount of the *positive pass through amount* that the provider proposes should be passed through to *Distribution Network Users* in each *regulatory year* during the *regulatory control period*; and
  - (6) evidence:
    - (i) of the actual and likely increase in costs referred to in subparagraph (3); and
    - (ii) that such costs occur solely as a consequence of the *positive change event*; and
  - (7) such other information as may be required under any relevant *regulatory information instrument*.
- (d) If the *AER* determines that a *positive change event* has occurred in respect of a statement under paragraph (c), the *AER* must determine:
- (1) the *approved pass through amount*; and
  - (2) the amount of that *approved pass through amount* that should be passed through to *Distribution Network Users* in each *regulatory year* during the *regulatory control period*,
- taking into account the matters referred to in paragraph (j).
- (e) If the *AER* does not make the determinations referred to in paragraph (d) within 60 *business days* from the date it receives the *Distribution Network Service Provider's* statement and accompanying evidence under paragraph (c), then, on the expiry of that period, the *AER* is taken to have determined that:
- (1) the *positive pass through amount* as proposed in the provider's statement under paragraph (c) is the *approved pass through amount* in respect of that *positive change event*; and
  - (2) the amount of that *positive pass through amount* that the provider proposes in its statement under paragraph (c) should be passed through to *Distribution Network Users* in each *regulatory year* during the *regulatory control period*, is the amount that should be so passed through in each such *regulatory year*.

### **Negative pass through**

- (f) A *Distribution Network Service Provider* must submit to the *AER*, within 90 *business days* of becoming aware of the occurrence of a *negative change event* for the provider, a written statement which specifies:
- (1) the details of the *negative change event* concerned; and
  - (2) the date the *negative change event* occurred; and
  - (3) the costs in the provision of *standard control services* that the provider has saved and is likely to save until the end of the *regulatory control period* as a result of the *negative change event*; and
  - (4) the aggregate amount of those saved costs that the provider proposes should be passed through to *Distribution Network Users*; and
  - (5) the amount of the costs referred to in subparagraph (4) the provider proposes should be passed through to *Distribution Network Users* in each *regulatory year* during the *regulatory control period*; and
  - (6) such other information as may be required under any relevant *regulatory information instrument*.
- (g) If a *negative change event* occurs (whether or not the occurrence of that *negative change event* is notified by the provider to the *AER* under paragraph (f)) and the *AER* determines to impose a requirement on the provider in relation to that *negative change event* as described in paragraph (b), the *AER* must determine:
- (1) the *required pass through amount*; and
  - (2) taking into account the matters referred to in paragraph (j):
    - (i) how much of that *required pass through amount* should be passed through to *Distribution Network Users* (the *negative pass through amount*); and
    - (ii) the amount of that *negative pass through amount* that should be passed through to *Distribution Network Users* in each *regulatory year* during the *regulatory control period*.
- (h) A *Distribution Network Service Provider* must provide the *AER* with such information as the *AER* requires for the purpose of making a determination under paragraph (g) within the time specified by the *AER* in a notice provided to the provider by the *AER* for that purpose.

### **Consultation**

- (i) Before making a determination under paragraph (d) or (g), the *AER* may consult with the relevant *Distribution Network Service Provider* and such

other persons as the *AER* considers appropriate, on any matters arising out of the relevant *pass through event* the *AER* considers appropriate.

### **Relevant factors**

- (j) In making a determination under paragraph (d) or (g) in respect of a *Distribution Network Service Provider*, the *AER* must take into account:
- (1) the matters and proposals set out in any statement given to the *AER* by the provider under paragraph (c) or (f); and
  - (2) in the case of a *positive change event*, the increase in costs in the provision of *standard control services* that the provider has incurred and is likely to incur until the end of the *regulatory control period* as a result of the *positive change event*; and
  - (3) in the case of a *positive change event*, the efficiency of the provider's decisions and actions in relation to the risk of the *positive change event*, including whether the provider has failed to take any action that could reasonably be taken to reduce the magnitude of the *eligible pass through amount* in respect of that *positive change event* and whether the provider has taken or omitted to take any action where such action or omission has increased the magnitude of the amount in respect of that *positive change event*; and
  - (4) the time cost of money based on the *weighted average cost of capital* for the provider for the relevant *regulatory control period*; and
  - (5) the need to ensure that the provider only recovers any actual or likely increment in costs under this paragraph (j) to the extent that such increment is solely as a consequence of a *pass through event*; and
  - (6) in the case of a *tax change event*, any change in the way another *tax* is calculated, or the removal or imposition of another *tax*, which, in the *AER*'s opinion, is complementary to the *tax change event* concerned; and
  - (7) whether the costs of the *pass through event* have already been factored into the calculation of the provider's *annual revenue requirement*; and
  - (8) any other factors the *AER* considers relevant.

### **Extension of time limits**

- (k) The *AER* must, by written notice to a *Distribution Network Service Provider*, extend a time limit fixed in clause 6.6.1(c) or clause 6.6.1(f) if the *AER* is satisfied that the difficulty of assessing or quantifying the effect of the relevant *pass through event* justifies the extension.

### **Contributions to Climate Change Fund (NSW)**

- (l) Neither a requirement by an order under the Energy and Utilities Administration Act 1987 of New South Wales to make a payment to the Climate Change Fund established under that Act, nor the making of a payment to that Fund, is a *pass through event* in relation to a NSW Distribution Network Service Provider, but the amount is recoverable in the following *regulatory year* under clause 6.18.2(b)(5A).

### **6.6.2 Service target performance incentive scheme**

- (a) The AER may develop and *publish* an incentive scheme or incentive schemes (*service target performance incentive scheme*) to provide incentives (which may include targets) for *Distribution Network Service Providers* to maintain and improve performance.
- (b) In developing and implementing a *service target performance incentive scheme*, the AER:
  - (1) must consult with the authorities responsible for the administration of relevant *jurisdictional electricity legislation*; and
  - (2) must ensure that service standards and service targets (including guaranteed service levels) set by the scheme do not put at risk the *Distribution Network Service Provider's* ability to comply with relevant service standards and service targets (including guaranteed service levels) as specified in *jurisdictional electricity legislation*; and

*Note:*

*A service target performance incentive scheme operates concurrently with any average or minimum service standards and guaranteed service level schemes that apply to the Distribution Network Service Provider under jurisdictional electricity legislation.*

- (3) must take into account:
  - (i) the need to ensure that benefits to consumers likely to result from the scheme are sufficient to warrant any reward or penalty under the scheme for *Distribution Network Service Providers*; and
  - (ii) any *regulatory obligation or requirement* to which the *Distribution Network Service Provider* is subject; and
  - (iii) the past performance of the *distribution network*; and

- (iv) any other incentives available to the *Distribution Network Service Provider* under the *Rules* or a relevant distribution determination; and
  - (v) the need to ensure that the incentives are sufficient to offset any financial incentives the service provider may have to reduce costs at the expense of service levels; and
  - (vi) the willingness of the customer or end user to pay for improved performance in the delivery of services; and
  - (vii) the possible effects of the scheme on incentives for the implementation of non-network alternatives.
- (c) The *AER* may, from time to time and with the agreement of each affected *Distribution Network Service Provider*, amend or replace any scheme that is developed and *published* under this clause.
- (d) The *AER* must *publish* a written statement, when it *publishes* its first *service target performance incentive scheme* (if any), setting out how it proposes the *service target performance incentive scheme* will operate for the next distribution determination. The statement may be included in the first *service target performance incentive scheme* or may be *published* separately.
- (e) However, despite *publishing* a *service target performance incentive scheme*, the *AER* need not apply the scheme to one or more *Distribution Network Service Providers* in the relevant distribution determination or determinations.
- (f) The *AER* may carry out such consultation in connection with the preparation of a *service target performance incentive scheme* as the *AER* thinks appropriate and may take into consideration any consultation carried out before the commencement date.
- (g) If a *service target performance incentive scheme* applicable to a NSW or ACT *Distribution Network Service Provider* is not *published* before 1 March 2008 or the date that is one month after the commencement date (whichever is the later), no *service target performance incentive scheme* may be applied to the *Distribution Network Service Provider* in its distribution determination for the regulatory control period 2009-2014.
- (h) The *AER* must monitor and collect information from any or all of the NSW and ACT *Distribution Network Service Providers* on matters relevant to be included in a *service target performance incentive scheme* for the purpose of developing, amending or applying a *service target performance incentive scheme* for the *regulatory control period* commencing on 1 July 2014.

- (i) The *AER* may, in connection with the application of a *service target performance incentive scheme* applying to EnergyAustralia in respect of EnergyAustralia prescribed (transmission) standard control services provided in the regulatory control period 2009-2014, adopt relevant provisions of the *service target performance incentive scheme* prepared and *published* by the *AER* under Chapter 6A so far as it is applicable to the service.
- (j) A *service target performance incentive scheme* applying to EnergyAustralia in respect of EnergyAustralia prescribed (transmission) standard control services should ensure that the maximum revenue increment or decrement as a result of the operation of the *service target performance incentive scheme* will fall within a range that is between 1% and 5% of the maximum allowed revenue for the relevant *regulatory year*.
- (k) A *service target performance incentive scheme* applying to the ACT Distribution Network Service Provider must not, without the agreement of the provider, confer financial rewards or impose financial penalties on the provider for the regulatory control period 2009-2014, but this paragraph does not affect the operation of paragraph (h).

*Note:*

*A Distribution Network Service Provider is not precluded from entering into a contract with a third party (such as a network support service provider) under which the benefits of a service target performance incentive scheme are passed on to the third party, or the third party is required to indemnify the provider for penalties to which the provider becomes liable under the scheme.*

### **6.6.3 Demand management incentive scheme**

- (a) The *AER* may develop and *publish* an incentive scheme or schemes (*demand management incentive scheme*) to provide incentives for *Distribution Network Service Providers* to implement efficient non-network alternatives or to manage the expected demand for *standard control services* in some other way.
- (b) In developing and implementing a *demand management incentive scheme*, the *AER* must have regard to:
  - (1) the need to ensure that benefits to consumers likely to result from the scheme are sufficient to warrant any reward or penalty under the scheme for *Distribution Network Service Providers*; and
  - (2) the effect of a particular control mechanism (i.e. price – as distinct from revenue – regulation) on a *Distribution Network Service*

- Provider's* incentives to adopt or implement efficient non-network alternatives; and
- (3) the extent the *Distribution Network Service Provider* is able to offer efficient pricing structures; and
  - (4) the possible interaction between a *demand management incentive scheme* and other incentive schemes; and
  - (5) the willingness of the customer or end user to pay for increases in costs resulting from implementation of the scheme.
- (c) The *AER* may, from time to time and with the agreement of each affected *Distribution Network Service Provider*, amend or replace any scheme that is developed and *published* under this clause.
  - (d) Nothing in this clause limits the content of an *efficiency benefit sharing scheme*.
  - (e) The *AER* must *publish* a written statement, when it *publishes* its first *demand management incentive scheme* (if any), setting out how it proposes the *demand management incentive scheme* will operate for the next distribution determination. The statement may be included in the first *demand management incentive scheme* or may be *published* separately.
  - (f) The *AER* may carry out such consultation in connection with the preparation of the *demand management incentive scheme* as the *AER* thinks appropriate and may take into consideration any consultation carried out before the commencement date.
  - (g) If a *demand management incentive scheme* applicable to a NSW or ACT Distribution Network Service Provider is not *published* by the *AER* before 1 March 2008 or the date that is one month after the commencement date (whichever is the later), no *demand management incentive scheme* may be applied to the *Distribution Network Service Provider* in its distribution determination for the regulatory control period 2009-2014.
  - (h) Nothing in this clause affects the application of the D-factor carry forward referred to in clause 6.4.3(a)(8) and clause 6.4.3(b)(8).

## Part D EnergyAustralia negotiated distribution services

### 6.7 Negotiated distribution services

This rule applies only to EnergyAustralia negotiated distribution services.

### 6.7.1 Principles relating to access to negotiated distribution services

The following principles constitute the *Negotiated Distribution Service Principles*:

- (1) the price for a *negotiated distribution service* should be based on the costs incurred in providing that service, determined in accordance with the principles and policies set out in the Cost Allocation Method for the relevant *Distribution Network Service Provider*;
- (2) subject to subparagraphs (3) and (4), the price for a *negotiated distribution service* should be at least equal to the cost that would be avoided by not providing the service but no more than the cost of providing it on a stand alone basis;
- (3) if the *negotiated distribution service* is the provision of a *shared distribution service* that:
  - (i) exceeds the *network* performance requirements (if any) which that *shared distribution service* is required to meet under any *jurisdictional electricity legislation*; or
  - (ii) exceeds the *network* performance requirements set out in schedules 5.1a and 5.1,

then the differential between the price for that service and the price for the *shared distribution service* which meets (but does not exceed) the *network* performance requirements under any *jurisdictional electricity legislation* or as set out in schedules 5.1a and 5.1 (as the case may be) should reflect the increase in the *Distribution Network Service Provider's* incremental cost of providing that service;

- (4) if the *negotiated distribution service* is the provision of a *shared distribution service* that does not meet (and does not exceed) the *network* performance requirements set out in schedules 5.1a and 5.1, the differential between the price for that service and the price for the *shared distribution service* which meets (but does not exceed) the *network* performance requirements set out in schedules 5.1a and 5.1 should reflect the cost the *Distribution Network Service Provider* would avoid by not providing that service;
- (5) the price for a *negotiated distribution service* must be the same for all *Distribution Network Users* unless there is a material difference in the costs of providing the *negotiated distribution service* to different *Distribution Network Users* or classes of *Distribution Network Users*;
- (6) the price for a *negotiated distribution service* should be subject to adjustment over time to the extent that the assets used to provide that service are subsequently used to provide services to another person, in

- which case the adjustment should reflect the extent to which the costs of that asset are being recovered through charges to that other person;
- (7) the price for a *negotiated distribution service* should be such as to enable the *Distribution Network Service Provider* to recover the efficient costs of complying with all *regulatory obligations or requirements* associated with the provision of the *negotiated distribution service*;
  - (8) any *access charges* should be based on the costs reasonably incurred by the *Distribution Network Service Provider* in providing *distribution network user access* and, in the case of compensation referred to in rule 5.4A(h) to (j), on the revenue that is likely to be foregone and the costs that are likely to be incurred by a person referred to in those provisions where an event referred to in those provisions occurs;
  - (9) the *terms and conditions of access* for a *negotiated distribution service* should be fair and reasonable and consistent with the safe and reliable operation of the *power system* in accordance with the *Rules* (for these purposes, the price for a *negotiated distribution service* is to be treated as being fair and reasonable if it complies with principles (1) to (7) of this clause;
  - (10) the *terms and conditions of access* for a *negotiated distribution service* (including, in particular, any exclusions and limitations of liability and indemnities) must not be unreasonably onerous taking into account the allocation of risk between the *Distribution Network Service Provider* and the other party, the price for the *negotiated distribution service* and the costs to the *Distribution Network Service Provider* of providing the *negotiated distribution service*;
  - (11) the *terms and conditions of access* for a *negotiated distribution service* should take into account the need for the service to be provided in a manner that does not adversely affect the safe and reliable operation of the *power system* in accordance with the *Rules*.

### **6.7.2 Determination of terms and conditions of access for negotiated distribution services**

- (a) A *Distribution Network Service Provider* must comply with:

- (1) the provider's *negotiating framework*; and
- (2) the provider's *Negotiated Distribution Service Criteria*,

when the provider is negotiating the terms and conditions of access to *negotiated distribution services*.

- (b) The *Distribution Network Service Provider* must also comply with any other applicable requirements of the *Rules*, including the requirements of:
  - (1) rules 5.3 and 5.4A, when negotiating for the provision of *connection services* and the associated *connection service charges*; and
  - (2) rule 5.4A when negotiating the *use of system services charges* and *access charges* to be paid to or by a *Distribution Network User*.

### 6.7.3 Negotiating framework determination

The determination specifying requirements relating to the *negotiating framework* forming part of a distribution determination for a *Distribution Network Service Provider* is to set out requirements that are to be complied with in respect of the preparation, replacement, application or operation of its *negotiating framework*.

### 6.7.4 Negotiated Distribution Service Criteria determination

- (a) The determination by the *AER* specifying the *Negotiated Distribution Service Criteria* forming part of a distribution determination for a *Distribution Network Service Provider* is to set out the criteria that are to be applied:
  - (1) by the provider in negotiating *terms and conditions of access* including:
    - (i) the prices that are to be charged for the provision of *negotiated distribution services* by the provider for the relevant *regulatory control period*; or
    - (ii) any *access charges* which are negotiated by the provider during that *regulatory control period*; and
  - (2) by the *AER* in resolving an access dispute about *terms and conditions of access* including:
    - (i) the price that is to be charged for the provision of a *negotiated distribution service* by the provider; or
    - (ii) any *access charges* that are to be paid to or by the provider.
- (b) The *Negotiated Distribution Service Criteria* must give effect to and be consistent with the *Negotiated Distribution Service Principles* set out in clause 6.7.1.

### 6.7.5 Preparation of and requirements for negotiating framework for negotiated distribution services

- (a) A *Distribution Network Service Provider* must prepare a document (the *negotiating framework*) setting out the procedure to be followed during negotiations between that provider and any person (the *Service Applicant* or applicant) who wishes to receive a *negotiated distribution service* from the provider, as to the *terms and conditions of access* for the provision of the service.
- (b) The *negotiating framework* for a *Distribution Network Service Provider* must comply with and be consistent with:

- (1) the applicable requirements of the relevant distribution determination; and

*Note:*

*See clause 6.7.3.*

- (2) paragraph (c), which sets out the minimum requirements for a *negotiating framework*.

- (c) The *negotiating framework* for a *Distribution Network Service Provider* must specify:

- (1) a requirement for the provider and a *Service Applicant* to negotiate in good faith the *terms and conditions of access* to a *negotiated distribution service*; and
- (2) a requirement for the provider to provide all such commercial information a *Service Applicant* may reasonably require to enable that applicant to engage in effective negotiation with the provider for the provision of the *negotiated distribution service*, including the cost information described in subparagraph (3); and
- (3) a requirement for the provider:
- (i) to identify and inform a *Service Applicant* of the reasonable costs and/or the increase or decrease in costs (as appropriate) of providing the *negotiated distribution service*; and
  - (ii) to demonstrate to a *Service Applicant* that the charges for providing the *negotiated distribution service* reflect those costs and/or the cost increment or decrement (as appropriate); and
  - (iii) to have appropriate arrangements for assessment and review of the charges and the basis on which they are made; and

*Note:*

*If (for example) a charge, or an element of a charge, is based on a customer's actual or assumed maximum demand, the assessment and review arrangements should allow for a change to the basis of the charge so that it more closely reflects the customer's load profile where a reduction or increase in maximum demand has been demonstrated.*

- (4) a requirement for a *Service Applicant* to provide all commercial information the provider may reasonably require to enable the provider to engage in effective negotiation with that applicant for the provision of the *negotiated distribution service*; and
  - (5) a requirement that negotiations with a *Service Applicant* for the provision of the *negotiated distribution service* be commenced and finalised within specified periods and a requirement that each party to the negotiations must make reasonable endeavours to adhere to the specified time limits; and
  - (6) a process for dispute resolution which provides that all disputes as to the *terms and conditions of access* for the provision of *negotiated distribution services* are to be dealt with in accordance with the relevant provisions of the Law and the *Rules* for dispute resolution; and
  - (7) the arrangements for payment by a *Service Applicant* of the provider's reasonable direct expenses incurred in processing the application to provide the *negotiated distribution service*; and
  - (8) a requirement that the *Distribution Network Service Provider* determine the potential impact on other *Distribution Network Users* of the provision of the *negotiated distribution service*; and
  - (9) a requirement that the *Distribution Network Service Provider* must notify and consult with any affected *Distribution Network Users* and ensure that the provision of *negotiated distribution services* does not result in non-compliance with obligations in relation to other *Distribution Network Users* under the *Rules*; and
  - (10) a requirement that the *Distribution Network Service Provider* publish the results of negotiations on its website.
- (d) Notwithstanding the foregoing, the *negotiating framework* must not be inconsistent with any of the requirements of Rules 5.3 and 5.4A and other relevant provisions of this Chapter 6 and Chapter 6A and, in the event of any inconsistency, those requirements prevail.

- (e) Each *Distribution Network Service Provider* and *Service Applicant* who is negotiating for the provision of a *negotiated distribution service* by the provider must comply with the requirements of the *negotiating framework* in accordance with its terms.

### 6.7.6 Confidential information

- (a) Commercial information to be provided to a *Service Applicant* in accordance with clause 6.7.5(c)(2):
  - (1) does not include *confidential information* provided to the *Distribution Network Service Provider* by another person; and
  - (2) may be provided subject to a condition that the *Service Applicant* must not provide any part of that commercial information to any other person without the consent of the *Distribution Network Service Provider*.
- (b) Commercial information to be provided to a *Distribution Network Service Provider* in accordance with clause 6.7.5(c)(4):
  - (1) does not include *confidential information* provided to a *Service Applicant* by another person; and
  - (2) may be provided subject to a condition that the provider must not provide any part of that commercial information to any other person without the consent of the *Service Applicant*.

## Part DA Negotiable components of direct control services (NSW and ACT)

### 6.7A Negotiable components of direct control services

- (a) The *AER* may include in a *Distribution Network Service Provider's* distribution determination a decision that one or more components of the provider's *direct control services* are negotiable components.
- (b) A negotiable component may be a particular component of the *direct control service* or may relate to the terms or conditions on which a *direct control service* or a component of a *direct control service* is provided.
- (c) A reference in this rule 6.7A to the price for a negotiable component of a *direct control service* is a reference to the price for the *direct control service* if the negotiable component is successfully negotiated by the *Distribution Network Service Provider* and the *Service Applicant* concerned.

- (d) The following provisions of Rule 6.7A have effect if the *AER* decides that one or more components of *direct control services* provided by a *Distribution Network Service Provider* are negotiable components (as referred to in paragraph (a)).

### 6.7A.1 Principles relating to access to negotiable components

The following principles constitute the negotiable component principles:

- (1) the price for a negotiable component should be the price for that component in the *Distribution Network Service Provider's approved pricing proposal*, unless the terms and conditions sought for the component are so different from those used for the purposes of establishing the *approved pricing proposal* as to warrant determination of the price without regard to this subparagraph;
- (2) subject to subparagraph (1), the price for a negotiable component should be based on the costs incurred in providing that component, determined in accordance with the principles and policies set out in the Cost Allocation Method for the relevant *Distribution Network Service Provider*;
- (3) subject to subparagraphs (1), (4) and (5), the price for a negotiable component should be at least equal to the cost that would be avoided by not providing it but no more than the cost of providing it on a stand alone basis;
- (4) subject to subparagraph (1), if the *direct control service* of which the negotiable component is a component is the provision of a *shared distribution service* that:
  - (i) exceeds the *network* performance requirements (if any) which that *shared distribution service* is required to meet under any *jurisdictional electricity legislation*; or
  - (ii) exceeds the *network* performance requirements set out in schedules 5.1a and 5.1,

then the differential between the price for that *direct control service* and the price for the *shared distribution service* which meets (but does not exceed) the *network* performance requirements under any *jurisdictional electricity legislation* or as set out in schedules 5.1a and 5.1 (as the case may be) should reflect the increase in the *Distribution Network Service Provider's* incremental cost of providing that service;

- (5) subject to subparagraph (1), if the *direct control service* of which the negotiable component is a component is the provision of a *shared distribution service* that does not meet (and does not exceed) the

*network* performance requirements set out in schedules 5.1a and 5.1, then the differential between the price for that service and the price for the *shared distribution service* which meets (but does not exceed) the *network* performance requirements set out in schedules 5.1a and 5.1 should reflect the cost the *Distribution Network Service Provider* would avoid by not providing that service;

- (6) subject to subparagraph (1), the price for a negotiable component must be the same for all *Distribution Network Users* unless there is a material difference in the costs of providing the negotiable component to different *Distribution Network Users* or classes of *Distribution Network Users*;
- (7) subject to subparagraph (1), the price for a negotiable component should be subject to adjustment over time to the extent that the assets used to provide the *direct control service* are subsequently used to provide services to another person, in which case the adjustment should reflect the extent to which the costs of those assets are being recovered through charges to that other person;
- (8) subject to subparagraph (1), the price for a negotiable component should be such as to enable the *Distribution Network Service Provider* to recover the efficient costs of complying with all *regulatory obligations or requirements* associated with the provision of the negotiable component;
- (9) any *access charges* should be based on the costs reasonably incurred by the *Distribution Network Service Provider* in providing *distribution network user access* and, in the case of compensation referred to in clause 5.5(f)(4)(ii) and (iii), on the revenue that is likely to be foregone and the costs that are likely to be incurred by a person referred to in those provisions where an event referred to in those provisions occurs;
- (10) the *terms and conditions of access* for a negotiable component should be fair and reasonable and consistent with the safe and reliable operation of the *power system* in accordance with the *Rules* (for these purposes, the price for a negotiable component is to be treated as being fair and reasonable if it complies with principles (1) to (8) of this clause);
- (11) the *terms and conditions of access* for a negotiable component (including, in particular, any exclusions and limitations of liability and indemnities) must not be unreasonably onerous taking into account the allocation of risk between the *Distribution Network Service Provider* and the other party, the price for the negotiable component and the costs to the *Distribution Network Service Provider* of providing the negotiable component; and

- (12) the *terms and conditions of access* for a negotiable component should take into account the need for the *direct control service* to be provided in a manner that does not adversely affect the safe and reliable operation of the *power system* in accordance with the *Rules*.

### **6.7A.2 Determination of terms and conditions of access for negotiable components**

- (a) A *Distribution Network Service Provider* must comply with:
  - (1) the provider's *negotiating framework*; and
  - (2) the provider's negotiable component criteria,when the provider is negotiating the *terms and conditions of access* to negotiable components.
- (b) The *Distribution Network Service Provider* must also comply with any other applicable requirements of the *Rules*, including the requirements of:
  - (1) rules 5.3, 5.4A and 5.5, when negotiating for the provision of *connection services* and the associated *connection service charges*; and
  - (2) rules 5.4A and 5.5 when negotiating the *use of system services charges* and *access charges* to be paid to or by a *Distribution Network User*.

### **6.7A.3 Negotiating framework determination**

The determination specifying requirements relating to the *negotiating framework* forming part of a distribution determination for a *Distribution Network Service Provider* is to set out requirements that are to be complied with in respect of the preparation, replacement, application or operation of its *negotiating framework*.

### **6.7A.4 Negotiable component criteria determination**

- (a) The determination by the *AER* specifying the negotiable component criteria forming part of a distribution determination for a *Distribution Network Service Provider* is to set out the criteria that are to be applied:
  - (1) by the provider in negotiating *terms and conditions of access* including:
    - (i) the variations to the prices that are to be charged for the provision of the negotiable component of the *direct control service* concerned by the provider for the relevant *regulatory control period*; and

- (ii) any *access charges* which are negotiated by the provider during that *regulatory control period*; and
- (2) by the *AER* in resolving an access dispute, between the *Distribution Network Service Provider* and a person who wishes to be provided with a negotiable component, in relation to *terms and conditions of access* including:
  - (i) the variation of the prices that are to be charged for the provision of the negotiable component of the *direct control service* concerned by the provider; and
  - (ii) any *access charges* that are to be paid to or by the provider.
- (b) The negotiable component criteria must give effect to and be consistent with the principles set out in clause 6.7A.1.

#### **6.7A.5 Preparation of and requirements for negotiating framework**

- (a) A *Distribution Network Service Provider* must prepare a document (the *negotiating framework*) setting out the procedure to be followed during negotiations between that provider and any person (the *Service Applicant* or applicant) who wishes to be provided with a negotiable component from the provider, as to the *terms and conditions of access* for the provision of the component.
- (b) The *negotiating framework* for a *Distribution Network Service Provider* must comply with and be consistent with:
  - (1) the applicable requirements of a distribution determination applying to the provider; and
  - (2) paragraph (c), which sets out the minimum requirements for a *negotiating framework*.
- (c) The *negotiating framework* for a *Distribution Network Service Provider* must specify:
  - (1) a requirement for the provider and a *Service Applicant* to negotiate in good faith the *terms and conditions of access* to a negotiable component; and
  - (2) a requirement for the provider to provide all such commercial information a *Service Applicant* may reasonably require to enable that applicant to engage in effective negotiation with the provider for the provision of the negotiable component, including the cost information described in subparagraph (3); and
  - (3) a requirement for the provider:

- (i) to identify and inform a *Service Applicant* of the reasonable costs and/or the increase or decrease in costs (as appropriate) of providing the negotiable component; and
- (ii) to demonstrate to a *Service Applicant* that the charges for providing the negotiable component reflect those costs and/or the cost increment or decrement (as appropriate); and
- (iii) to have appropriate arrangements for assessment and review of the charges and the basis on which they are made;

*Note:*

*If (for example) a charge, or an element of a charge, is based on a customer's actual or assumed maximum demand, the assessment and review arrangements should allow for a change to the basis of the charge so that it more closely reflects the customer's load profile where a reduction or increase in maximum demand has been demonstrated.*

- (4) a requirement for a *Service Applicant* to provide all commercial information the provider may reasonably require to enable the provider to engage in effective negotiation with that applicant for the provision of the negotiable component; and
- (5) a requirement that negotiations with a *Service Applicant* for the provision of the negotiable component be commenced and finalised within specified periods and a requirement that each party to the negotiations must make reasonable endeavours to adhere to the specified time limits; and
- (6) a process for dispute resolution which provides that all disputes as to the *terms and conditions of access* for the provision of negotiable components are to be dealt with in accordance with the relevant provisions of the Law and the *Rules* for dispute resolution; and
- (7) the arrangements for payment by a *Service Applicant* of the provider's reasonable direct expenses incurred in processing the application to provide the negotiable component; and
- (8) a requirement that the *Distribution Network Service Provider* determine the potential impact on other *Distribution Network Users* of the provision of the negotiable component; and
- (9) a requirement that the *Distribution Network Service Provider* must notify and consult with any affected *Distribution Network Users* and ensure that the provision of negotiable components does not result in non-compliance with obligations in relation to other *Distribution Network Users* under the *Rules*; and

- (10) a requirement that the *Distribution Network Service Provider* publish the results of negotiations on its website.
- (d) Notwithstanding the foregoing, the *negotiating framework* must not be inconsistent with any of the requirements of Rules 5.3, 5.4A and 5.5 and other relevant provisions of this Chapter 6 and Chapter 6A and, in the event of any inconsistency, those requirements prevail.
- (e) Each *Distribution Network Service Provider* and *Service Applicant* who is negotiating for the provision of a negotiable component by the provider must comply with the requirements of the *negotiating framework* in accordance with its terms.
- (f) EnergyAustralia may prepare and submit a document that contains both the *negotiating framework* under this clause 6.7A.5 and the *negotiating framework* under clause 6.7.5, and both frameworks may be combined in a single framework.

#### **6.7A.6 Confidential information**

- (a) Commercial information to be provided to a *Service Applicant* in accordance with clause 6.7A.5(c)(2):
  - (1) does not include *confidential information* provided to the *Distribution Network Service Provider* by another person; and
  - (2) may be provided subject to a condition that the *Service Applicant* must not provide any part of that commercial information to any other person without the consent of the *Distribution Network Service Provider* .
- (b) Commercial information to be provided to a *Distribution Network Service Provider* in accordance with clause 6.7A.5(c)(4):
  - (1) does not include *confidential information* provided to a *Service Applicant* by another person; and
  - (2) may be provided subject to a condition that the provider must not provide any part of that commercial information to any other person without the consent of the *Service Applicant*.

## Part E Regulatory proposal

### 6.8 Regulatory proposal

#### 6.8.1 \*\*\*\*\*

#### 6.8.2 Submission of regulatory proposal

- (a) A *Distribution Network Service Provider* must, whenever required to do so under paragraph (b), submit a *regulatory proposal* to the *AER* for *distribution services* provided by means of, or in connection with, the provider's *distribution system*.
- (b) A *regulatory proposal* must be submitted on or before 2 June 2008.
- (c) A *regulatory proposal* must include (but need not be limited to) the following elements:
  - (1) \*\*\*\*\*
  - (2) for *direct control services* classified as *standard control services* – a *building block proposal*; and
  - (3) \*\*\*\*\*
  - (3A) for *direct control services* classified as *alternative control services*:
    - (i) the proposed control mechanism, a demonstration of the application of the proposed control mechanism, and the necessary supporting information; and
    - (ii) in the case of a departure from the *AER*'s likely approach to the relevant control mechanisms for *alternative control services* (as indicated in a statement *published* under clause 6.2.5(e)) a statement of the reasons justifying the departure; and
  - (4) for *direct control services* – indicative prices for each year of the *regulatory control period*; and
  - (5) \*\*\*\*\*
  - (6) an indication of the parts of the proposal (if any) the *Distribution Network Service Provider* claims to be confidential and wants suppressed from publication on that ground; and
  - (7) for *direct control services* – a proposal as to whether any (and, if so, which) components of *direct control services* should be negotiable components; and

- (8) for negotiable components of *direct control services* classified under the proposal as *negotiated distribution services* – the proposed *negotiating framework*; and
  - (9) for EnergyAustralia prescribed (transmission) standard control services - a proposed pricing methodology; and
  - (10) for EnergyAustralia negotiated distribution services classified under the proposal as *negotiated distribution services* – the proposed *negotiating framework*.
- (d) The *regulatory proposal* must comply with the requirements of, and must contain or be accompanied by the information required by any relevant *regulatory information instrument*.
  - (e) \*\*\*\*\*
  - (f) \*\*\*\*\*

## **6.9 Preliminary examination and consultation**

### **6.9.1 Preliminary examination**

- (a) If the *AER* considers that a *regulatory proposal* (or the accompanying information) does not comply, in any respect, with a requirement of the Law or the *Rules*, the *AER* may notify the provider that it requires resubmission of the proposal.
- (b) The notice must be given as soon as practicable and must state why, and in what respects, the *AER* considers the *regulatory proposal* to be non-compliant.

### **6.9.2 Resubmission of proposal**

- (a) A *Distribution Network Service Provider* must, within 20 *business days* after receiving a notice under clause 6.9.1, resubmit its *regulatory proposal* in an amended form that complies with the relevant requirements set out in the notice.
- (b) A *Distribution Network Service Provider* may only make changes to its *regulatory proposal* to address the deficiencies identified in the notice.

### **6.9.3 Consultation**

- (a) Subject to the provisions of the Law and the *Rules* about the disclosure of *confidential information*, the *AER* must *publish* a *regulatory proposal* submitted or resubmitted to it by the *Distribution Network Service Provider* under this Part, together with:

- (1) the AER's proposed negotiable component criteria for the provider;  
and
- (1A) in the case of EnergyAustralia negotiated distribution services provided by EnergyAustralia - the AER's proposed *Negotiated Distribution Service Criteria*; and
- (2) an invitation for written submissions on the *regulatory proposal* and the proposed *Negotiated Distribution Service Criteria* or proposed negotiable component criteria (or both),

after the AER decides that the *regulatory proposal* complies (or that there is sufficient compliance) with the requirements of the Law and the *Rules*.

- (b) The AER may *publish* an issues paper examining issues related to the *regulatory proposal* and the proposed negotiable component criteria (and, in the case of EnergyAustralia negotiated distribution services provided by EnergyAustralia, the proposed *Negotiated Distribution Service Criteria*), at the same time as, or subsequent to, *publication* of the invitation referred to in paragraph (a)(2).
- (c) Any person may make a written submission to the AER on the *regulatory proposal* or the proposed negotiable component criteria (or, in the case of EnergyAustralia negotiated distribution services provided by EnergyAustralia, the proposed *Negotiated Distribution Service Criteria*) within the time specified in the invitation referred to in paragraph (a)(2), which must be not earlier than 30 *business days* after the invitation for submissions is *published* under that paragraph.

## **6.10 Draft distribution determination and further consultation**

### **6.10.1 Making of draft distribution determination**

Subject to rule 6.14(a), the AER must consider any written submissions made under rule 6.9 and must make a draft distribution determination in relation to the *Distribution Network Service Provider*.

### **6.10.2 Publication of draft determination and consultation**

- (a) The AER must *publish*:
  - (1) the draft distribution determination; and
  - (2) notice of the making of the draft distribution determination; and
  - (3) the AER's reasons for suggesting that the distribution determination should be made as proposed including the draft constituent decisions

- i.e. the decisions made in accordance with rule 6.12 on which the draft distribution determination is predicated; and
- (4) notice of a predetermination conference; and
  - (5) an invitation for written submissions on its draft distribution determination.
- (b) The *AER* must hold a predetermination conference at the time, date and place specified in the notice under paragraph (a)(4) for the purpose of explaining the draft distribution determination and receiving oral submissions from interested parties. Any person may attend such a predetermination conference but the procedure to be adopted at the conference will be at the discretion of the senior *AER* representative in attendance.
- (c) Any person may make a written submission to the *AER* on the draft distribution determination within the time specified in the invitation referred to in paragraph (a)(5), which must be not earlier than 30 *business days* after the making of the draft determination.

### **6.10.3 Submission of revised proposal**

- (a) In addition to making written submissions, the *Distribution Network Service Provider* may, not more than 30 *business days* after the publication of the draft distribution determination, submit a revised *regulatory proposal* to the *AER*.
- (b) A *Distribution Network Service Provider* may only make the revisions referred to in paragraph (a) so as to incorporate the substance of any changes required to address matters raised by the draft distribution determination or the *AER*'s reasons for it.
- (c) A revised *regulatory proposal* must comply with the requirements of, and must contain or be accompanied by the information required by, any relevant *regulatory information instrument*.
- (d) Subject to the provisions of the Law and the *Rules* about the disclosure of *confidential information*, the *AER* must *publish* a *regulatory proposal* submitted by the *Distribution Network Service Provider* under paragraph (a), together with the accompanying information, as soon as practicable after receipt by the *AER*.
- (e) The *AER* may, but need not, invite written submissions on the revised *regulatory proposal*.

## **6.11 Distribution determination**

### **6.11.1 Making of distribution determination**

Subject to rule 6.14(a), the *AER* must consider any submissions made on the draft distribution determination, or on any revised *regulatory proposal* submitted to it under clause 6.10.3, and must make a distribution determination in relation to the *Distribution Network Service Provider*.

### **6.11.2 Notice of distribution determination**

The *AER* must as soon as practicable, but not later than 2 months before the commencement of the relevant *regulatory control period*, publish:

- (1) notice of the making of the distribution determination; and
- (2) the distribution determination itself; and
- (3) the *AER's* reasons for making the distribution determination in its final form including the constituent decisions i.e. the decisions made in accordance with rule 6.12 on which the distribution determination is predicated.

### **6.11.3 Commencement of distribution determination**

- (a) A distribution determination takes effect at the commencement of the *regulatory control period* to which it relates.
- (b) If a period intervenes between the end of one *regulatory control period* and the commencement of a new distribution determination providing for the next *regulatory control period*:
  - (1) the previous distribution determination continues in force during the intervening period; and
  - (2) the last pricing proposal approved by the IPART or ICRC, as the case requires, in the previous *regulatory control period* continues in force (despite any contrary provision of these *Rules*) during the intervening period and the first *regulatory year* of the *regulatory control period*; and
  - (3) the later distribution determination is to make provision for appropriate adjustments to the *approved pricing proposals* for subsequent *regulatory years* of the *regulatory control period*.

## 6.12 Requirements relating to draft and final distribution determinations

### 6.12.1 Constituent decisions

A distribution determination is predicated on the following decisions by the *AER* (*constituent decisions*):

- (1) a decision on the classification of the services to be provided by the *Distribution Network Service Provider* during the course of the *regulatory control period*;
- (2) a decision on the *Distribution Network Service Provider's* current *building block proposal* in which the *AER* either approves or refuses to approve:
  - (i) the *annual revenue requirement* for the provider, as set out in the *building block proposal*, for each *regulatory year* of the *regulatory control period*; and
  - (ii) \*\*\*\*\*
- (3) a decision in which the *AER* either:
  - (i) acting in accordance with clause 6.5.7(c), accepts the total of the forecast capital expenditure for the *regulatory control period* that is included in the current *building block proposal*; or
  - (ii) acting in accordance with clause 6.5.7(d), does not accept the total of the forecast capital expenditure for the *regulatory control period* that is included in the current *building block proposal*, in which case the *AER* must set out its reasons for that decision and an estimate of the total of the *Distribution Network Service Provider's* required capital expenditure for the *regulatory control period* that the *AER* is satisfied reasonably reflects the *capital expenditure criteria*, taking into account the *capital expenditure factors*;
- (4) a decision in which the *AER* either:
  - (i) acting in accordance with clause 6.5.6(c), accepts the total of the forecast operating expenditure for the *regulatory control period* that is included in the current *building block proposal*; or
  - (ii) acting in accordance with clause 6.5.6(d), does not accept the total of the forecast operating expenditure for the *regulatory control period* that is included in the current *building block proposal*, in which case the *AER* must set out its reasons for that

decision and an estimate of the total of the *Distribution Network Service Provider's* required operating expenditure for the *regulatory control period* that the *AER* is satisfied reasonably reflects the *operating expenditure criteria*, taking into account the *operating expenditure factors*;

- (5) a decision in relation to the rate of return in accordance with clause 6.5.2;
- (6) a decision on the regulatory asset base as at the commencement of the *regulatory control period* in accordance with clause 6.5.1 and schedule 6.2;
- (7) a decision on the estimated cost of corporate income tax to the provider for each *regulatory year* of the *regulatory control period* in accordance with clause 6.5.3;
- (8) a decision on whether or not to approve the depreciation schedules submitted by the *Distribution Network Service Provider* and, if the *AER* decides against approving them, a decision determining depreciation schedules in accordance with clause 6.5.5(b);
- (9) a decision on how any applicable *efficiency benefit sharing scheme*, *service target performance incentive scheme*, or *demand management incentive scheme* is to apply to the *Distribution Network Service Provider*;
- (10) a decision in which the *AER* decides other appropriate amounts, values or inputs;
- (11) a decision on the control mechanism (including the X factor) for *standard control services*;
- (12) a decision on the control mechanism for *alternative control services*;
- (13) a decision on how compliance with a relevant control mechanism is to be demonstrated;
- (14) a decision on the additional *pass through events* that are to apply for the *regulatory control period*;
- (15) a decision on any *negotiating framework* that is to apply to the *Distribution Network Service Provider* for the *regulatory control period* (which may be the *negotiating framework* as proposed by the provider, some variant of it, or a framework substituted by the *AER*);
- (16) if relevant, a decision in which the *AER* decides the *Negotiated Distribution Service Criteria* for the *Distribution Network Service Provider*;

- (16A) a decision in which the *AER* decides which, if any, components of *direct control services* are negotiable components;
- (16B) if relevant, a decision in which the *AER* decides the negotiable component criteria for the *Distribution Network Service Provider*;
- (17) a decision on the procedures for assigning customers to *tariff classes*, or reassigning customers from one *tariff class* to another (including any applicable restrictions);
- (18) a decision on whether depreciation for establishing the regulatory asset base as at the commencement of the following *regulatory control period* is to be based on actual or forecast capital expenditure;
- (19) a decision on how the *Distribution Network Service Provider* is to report to the *AER* on its recovery of *Transmission Use of System* charges for each *regulatory year* of the *regulatory control period* and on the adjustments to be made to subsequent *pricing proposals* to account for over or under recovery of those charges;
- (20) for EnergyAustralia prescribed (transmission) standard control services – a decision on the proposed pricing methodology, in which the *AER* either approves or refuses to approve that methodology and sets out reasons for its decision.

### **6.12.1A Division of EnergyAustralia's revenue**

- (a) The *AER* must, in the distribution determination for EnergyAustralia, divide the revenue calculated under Part C into the following two portions:
  - (1) a portion relevant to EnergyAustralia prescribed (transmission) standard control services;
  - (2) a portion relevant to other *standard control services* provided by EnergyAustralia,based on EnergyAustralia's approved Cost Allocation Method.
- (b) The pricing rules in Part J of Chapter 6A are to be applied to the portion referred to in paragraph (a)(1) instead of the pricing rules in Part I of transitional Chapter 6.
- (c) The pricing rules in Part I of transitional Chapter 6 are to be applied to the portion referred to in paragraph (a)(2).

### 6.12.2 Reasons for decisions

The reasons given by the *AER* for a draft distribution determination under rule 6.10 or a final distribution determination under rule 6.11 must set out the basis and rationale of the determination, including:

- (1) details of the qualitative and quantitative methods applied in any calculations and formulae made or used by the *AER*; and
- (2) the values adopted by the *AER* for each of the input variables in any calculations and formulae, including:
  - (i) whether those values have been taken or derived from the provider's current *building block proposal*; and
  - (ii) if not, the rationale for the adoption of those values; and
- (3) details of any assumptions made by the *AER* in undertaking any material qualitative and quantitative analyses; and
- (4) reasons for the making of any decisions, the giving or withholding of any approvals, and the exercise of any discretions, as referred to in this Chapter 6, for the purposes of the determination.

### 6.12.3 Extent of AER's discretion in making distribution determinations

- (a) Subject to this clause and other provisions of this Chapter 6 explicitly negating or limiting the *AER*'s discretion, the *AER* has a discretion to accept or approve, or to refuse to accept or approve, any element of a *regulatory proposal*.
- (b) \*\*\*\*\*
- (c) \*\*\*\*\*
- (d) The *AER* must approve the *total revenue requirement* for a *Distribution Network Service Provider* for a *regulatory control period*, and the *annual revenue requirement* for each *regulatory year* of the *regulatory control period*, as set out in the provider's current *building block proposal*, if the *AER* is satisfied that those amounts have been properly calculated using the *post-tax revenue model* on the basis of amounts calculated, determined or forecast in accordance with the requirements of Part C of this Chapter 6.
- (e) \*\*\*\*\*
- (f) If the *AER* refuses to approve an amount, value or methodology referred to in clause 6.12.1, the substitute amount, value or methodology on which the distribution determination is based must be:

- (1) determined on the basis of the current *regulatory proposal*; and
  - (2) amended from that basis only to the extent necessary to enable it to be approved in accordance with the *Rules*.
- (g) The *AER* must approve a proposed *negotiating framework* if the *AER* is satisfied that it adequately complies with the requirements of Part D or DA (as the case requires).
- (h) If the *AER* refuses to approve a proposed *negotiating framework*, any approved amended *negotiating framework* must be:
- (1) determined on the basis of the current proposed *negotiating framework*; and
  - (2) amended from that basis only to the extent necessary to enable it to be approved in accordance with the *Rules*.
- (i) The *AER* must approve EnergyAustralia's proposed pricing methodology for EnergyAustralia prescribed (transmission) standard control services if the *AER* is satisfied that the methodology:
- (1) gives effect to and is consistent with the *Pricing Principles for Prescribed Transmission Services*; and
  - (2) complies with the requirements of the *pricing methodology guidelines*.

### **6.13 Revocation and substitution of distribution determination for wrong information or error**

- (a) The *AER* may (but is not required to) revoke a distribution determination during a *regulatory control period* if it appears to the *AER* that the determination is affected by a material error or deficiency of one or more of the following kinds:
- (1) a clerical mistake or an accidental slip or omission;
  - (2) a miscalculation or misdescription;
  - (3) a defect in form;
  - (4) a deficiency resulting from the provision of false or materially misleading information to the *AER*.
- (b) If the *AER* revokes a distribution determination under paragraph (a), the *AER* must make a new distribution determination in substitution for the revoked determination to apply for the remainder of the *regulatory control period* for which the revoked determination was to apply.

- (c) If the *AER* revokes a distribution determination under paragraph (a), the substituted determination must only vary from the revoked determination to the extent necessary to correct the relevant error or deficiency.
- (d) The *AER* may only revoke and substitute a distribution determination under this rule 6.13, if it has first consulted with the relevant *Distribution Network Service Provider* and such other persons as it considers appropriate.

## 6.14 Miscellaneous

- (a) The *AER* may, but is not required to, consider any submission made pursuant to an invitation for submissions after the time for making the submission has expired.
- (b) Nothing in this Part E is to be construed as precluding the *AER* from *publishing* any issues, consultation and discussion papers, or holding any conferences and information sessions, that the *AER* considers appropriate.
- (c) Subject to paragraph (d), as soon as practicable after the *AER* receives a submission in response to an invitation referred to in clause 6.9.3(a)(2) or 6.10.2(a)(5) (whether or not the submission was made before the time for making it has expired), the *AER* must *publish* that submission.
- (d) The *AER* must not *publish* a submission referred to in paragraph (c) to the extent it contains information which has been clearly identified as confidential by the person making the submission.
- (e) The *AER* may give such weight to *confidential information* identified in accordance with paragraph (d) in a submission as it considers appropriate, having regard to the fact that such information has not been made publicly available.
- (f) Paragraph (d) does not apply to the extent that any other provision of the Law or the *Rules* permits or requires such information to be publicly released by the *AER*.

## Part F Cost Allocation

### 6.15 Cost allocation

#### 6.15.1 Duty to comply with Cost Allocation Method

- (a) A *Distribution Network Service Provider* must comply with the Cost Allocation Method that has been approved in respect of that provider from time to time by the *AER* under this rule 6.15 in respect of the regulatory control period 2009-2014.

- (b) A *Distribution Network Service Provider* is, during the regulatory control period 2009-2014, also subject to the requirements of Part F of general Chapter 6 but only for the purposes of and in connection with the distribution determination to be made for the subsequent *regulatory control period*.

**6.15.2** \*\*\*\*\*

**6.15.3** \*\*\*\*\*

**6.15.4** \*\*\*\*\*

## **Provisions applicable to the NSW Distribution Network Service Providers**

### **6.15.5 Cost Allocation Guidelines (NSW)**

The Accounting Separation Code for Electricity Distributors in NSW prepared by the IPART and in force immediately before the start of the regulatory control period 2009-2014 in relation to the NSW Distribution Network Service Providers are deemed to be Cost Allocation Guidelines made by the *AER* for the regulatory control period 2009-2014.

### **6.15.6 Cost Allocation Method (NSW)**

- (a) Each NSW Distribution Network Service Provider must submit to the *AER* for its approval a document setting out its proposed Cost Allocation Method for the regulatory control period 2009-2014 within 1 month after the commencement date.
- (b) The Cost Allocation Method proposed by a NSW Distribution Network Service Provider must:
  - (1) give effect to and be consistent with the Cost Allocation Guidelines; and
  - (2) be prepared using, as far as practicable but subject to subparagraph (1), the same cost allocation method as it last used when preparing its regulatory accounts for submission to the IPART.
- (c) The *AER* may approve or refuse to approve a Cost Allocation Method submitted under paragraph (a), but must approve it if the *AER* is satisfied that it:
  - (1) gives effect to and is consistent with the Cost Allocation Guidelines; and

- (2) has been prepared, as far as practicable but subject to subparagraph (1), using the cost allocation method the relevant *Distribution Network Service Provider* last used when preparing its regulatory accounts for submission to the IPART.
- (d) The *AER* must notify the relevant *Distribution Network Service Provider* of its decision to approve or refuse to approve the Cost Allocation Method submitted to it under paragraph (a) within 2 months of its submission, failing which the *AER* will be taken to have approved it.
- (e) As part of giving any approval referred to in paragraph (c), the *AER* may, after consulting with the relevant *Distribution Network Service Provider*, amend the Cost Allocation Method submitted to it, in which case the Cost Allocation Method as so amended will be taken to be approved by the *AER*.
- (f) A NSW Distribution Network Service Provider may, with the *AER's* approval, amend its Cost Allocation Method from time to time but:
  - (1) the amendment:
    - (i) may be approved on condition that the *Distribution Network Service Provider* agree to incorporate into the amendment specified additional changes to the Cost Allocation Method the *AER* reasonably considers necessary or desirable as a result of the amendment as submitted; and
    - (ii) if approved on such a condition, does not take effect unless and until the *Distribution Network Service Provider* notifies the *AER* of its agreement;
  - (2) if 6 months elapse from the date of the submission of the amendment and the *AER* has not notified the *Distribution Network Service Provider* within that period of its approval or refusal to approve the amendment, the amendment is, at the end of that period, conclusively presumed to have been unconditionally approved.
- (g) A NSW Distribution Network Service Provider must maintain a current copy of its Cost Allocation Method on its website.

## **Provisions applicable to the ACT Distribution Network Service Provider**

### **6.15.7 Cost Allocation Principles (ACT)**

The following principles constitute the Cost Allocation Principles for the ACT Distribution Network Service Provider:

- (1) the detailed principles and policies used by the ACT Distribution Network Service Provider to allocate costs between different

categories of *distribution services* must be described in sufficient detail to enable the *AER* to replicate reported outcomes through the application of those principles and policies;

- (2) the allocation of costs must be determined according to the substance of a transaction or event rather than its legal form;
- (3) only the following costs may be allocated to a particular category of *distribution services*:
  - (i) costs which are directly attributable to the provision of those services; and
  - (ii) costs which are not directly attributable to the provision of those services but which are incurred in providing those services, in which case such costs must be allocated to the provision of those services using an appropriate allocator which should:
    - (A) except to the extent the cost is immaterial or a causal based method of allocation cannot be established without undue cost and effort, be causation based; and
    - (B) to the extent the cost is immaterial or a causal based method of allocation cannot be established without undue cost and effort, be an allocator that accords with a well accepted cost allocation method;
- (4) any cost allocation method which is used, the reasons for using that method and the numeric quantity (if any) of the chosen allocator must be clearly described;
- (5) the same cost must not be allocated more than once;
- (6) the principles, policies and approach used to allocate costs must be consistent with the Distribution Ring-Fencing Guidelines;
- (7) costs which have been allocated to a particular service cannot be reallocated to another service during the course of a *regulatory control period*.

### **6.15.8 Cost Allocation Method (ACT)**

- (a) The ACT Distribution Network Service Provider must submit to the *AER* for its approval a document setting out its proposed Cost Allocation Method for the regulatory control period 2009-2014 within 1 month after the commencement date.
- (b) The Cost Allocation Method proposed by the ACT Distribution Network Service Provider must:

- (1) be prepared using, as far as practicable, the same cost allocation method as it last used when preparing its regulatory accounts for submission to the ICRC; and
  - (2) subject to subparagraph (1), be consistent with the Cost Allocation Principles.
- (c) The *AER* may approve or refuse to approve the Cost Allocation Method submitted under paragraph (a), but must approve it if the *AER* is satisfied that it:
  - (1) has been prepared, as far as practicable, using the cost allocation method the ACT Distribution Network Service Provider last used when preparing its regulatory accounts for submission to the ICRC; and
  - (2) subject to subparagraph (1), is consistent with the Cost Allocation Principles.
- (d) The *AER* must notify the ACT Distribution Network Service Provider of its decision to approve or refuse to approve the Cost Allocation Method submitted to it under paragraph (a) within 2 months of its submission, failing which the *AER* will be taken to have approved it.
- (e) As part of giving any approval referred to in paragraph (c), the *AER* may, after consulting with the ACT Distribution Network Service Provider, amend the Cost Allocation Method submitted to it, in which case the Cost Allocation Method as so amended will be taken to be approved by the *AER*.
- (f) The ACT Distribution Network Service Provider may, with the *AER*'s approval, amend its Cost Allocation Method from time to time but:
  - (1) the amendment:
    - (i) may be approved on condition that the provider agree to incorporate into the amendment specified additional changes to the Cost Allocation Method the *AER* reasonably considers necessary or desirable as a result of the amendment as submitted; and
    - (ii) if approved on such a condition, does not take effect unless and until the provider notifies the *AER* of its agreement;
  - (2) if 6 months elapse from the date of the submission of the amendment and the *AER* has not notified the provider within that period of its approval or refusal to approve the amendment, the amendment is, at the end of that period, conclusively presumed to have been unconditionally approved.

- (g) The ACT Distribution Network Service Provider must maintain a current copy of its Cost Allocation Method on its website.

## **Part G \*\*\*\*\***

## **Part H Ring-Fencing Arrangements for Distribution Network Service Providers**

### **6.17 Distribution Ring-Fencing Guidelines**

#### **6.17.1 Compliance with Distribution Ring-Fencing Guidelines**

- (a) All *Distribution Network Service Providers* must comply with the *Distribution Ring-Fencing Guidelines* prepared in accordance with clause 6.17.2.
- (b) Any Distribution Ring-Fencing Guidelines prepared by the IPART and in force immediately before the start of the regulatory control period 2009-2014 in relation to the NSW Distribution Network Service Providers are deemed to have been prepared by the *AER* under clause 6.17.2 and are to be complied with by the NSW Distribution Network Service Providers.
- (c) Any Distribution Ring-Fencing Guidelines prepared by the ICRC and in force immediately before the start of the regulatory control period 2009-2014 in relation to the ACT Distribution Network Service Provider are deemed to have been prepared by the *AER* under clause 6.17.2 and are to be complied with by the ACT Distribution Network Service Provider.
- (d) Any waiver granted by the IPART under clause 6.2 of the Distribution Ring-Fencing Guidelines prepared by the IPART in relation to the regulatory control period 2004-2009 and in force at the end of that period is deemed to have been given by the *AER* in relation to the regulatory control period 2009-2014.
- (e) For the purposes of paragraphs (b) and (c), the provisions of the guidelines prepared by the IPART and ICRC respectively and referred to in those paragraphs have effect as if references to the IPART and ICRC respectively were references to the *AER*, and with any other necessary modifications.
- (f) EnergyAustralia must, in respect of the EnergyAustralia transmission support network, comply with the *Distribution Ring-Fencing Guidelines* and the *Transmission Ring-Fencing Guidelines*.
- (g) The guidelines referred to in paragraphs (b) and (c) continue in force during and after the end of the regulatory control period 2009-2014 subject to amendment, revocation or replacement by guidelines made under the new regulatory regime as defined in clause 11.14.2.

## 6.17.2 Development of Distribution Ring-Fencing Guidelines

- (a) Subject to clause 6.17.1, guidelines may be developed by the AER for the accounting and functional separation of the provision of *direct control services* by *Distribution Network Service Providers* from the provision of other services by *Distribution Network Service Providers* (the *Distribution Ring-Fencing Guidelines*). The guidelines may vary in application as between different *participating jurisdictions*.

*Note:*

*Clause 11.14.5 will, subject to clause 6.17.1, have a bearing on the application of these guidelines in certain cases.*

- (b) The *Distribution Ring-Fencing Guidelines* may include, but are not limited to:
- (1) provisions defining the need for and extent of:
    - (i) legal separation of the entity through which a *Distribution Network Service Provider* provides *network services* from any other entity through which it conducts business; and
    - (ii) the establishment and maintenance of consolidated and separate accounts for *standard control services*, *alternative control services* and other services provided by the *Distribution Network Service Provider*; and
    - (iii) allocation of costs between *standard control services*, *alternative control services* and other services provided by the *Distribution Network Service Provider*; and
    - (iv) limitations on the flow of information between the *Distribution Network Service Provider* and any other person; and
    - (v) limitations on the flow of information where there is the potential for a competitive disadvantage between those parts of the *Distribution Network Service Provider's* business which provide *direct control services* and parts of the provider's business which provide any other services; and
  - (2) provisions allowing the AER to add to or to waive a *Distribution Network Service Provider's* obligations under the *Distribution Ring-Fencing Guidelines*.
- (c) In developing or amending the *Distribution Ring-Fencing Guidelines* the AER must consider, without limitation, the need, so far as practicable, for consistency between the *Distribution Ring-Fencing Guidelines* and the *Transmission Ring-Fencing Guidelines*.

- (d) In developing or amending the *Distribution Ring-Fencing Guidelines*, the AER must consult with *participating jurisdictions*, *Registered Participants*, *NEMMCO* and other *interested parties*, and such consultation must be otherwise in accordance with the *distribution consultation procedures* in Part G of general Chapter 6.

## Part I Distribution Pricing Rules

### 6.18 Distribution Pricing Rules

#### 6.18.1 Application of this Part

This Part applies to tariffs and *tariff classes* related to *direct control services*.

#### 6.18.2 Pricing proposals

- (a) A *Distribution Network Service Provider* must:
- (1) submit to the AER, as soon as practicable, and in any case within 15 *business days*, after *publication* of the distribution determination, a *pricing proposal* (the "*initial pricing proposal*") for the first *regulatory year* of the *regulatory control period*; and
  - (2) submit to the AER, at least 2 months before the commencement of the second and each subsequent *regulatory year* of the *regulatory control period*, a further *pricing proposal* (an "*annual pricing proposal*") for the relevant *regulatory year*.
- (b) A *pricing proposal* must:
- (1) set out the *tariff classes* that are to apply for the relevant *regulatory year*; and
  - (2) set out the proposed tariffs for each *tariff class*; and
  - (3) set out, for each proposed tariff, the *charging parameters* and the elements of service to which each *charging parameter* relates; and
  - (4) set out, for each *tariff class* related to *standard control services*, the expected weighted average revenue for the relevant *regulatory year* and also for the current *regulatory year*; and
  - (5) set out the nature of any variation or adjustment to the tariff that could occur during the course of the *regulatory year* and the basis on which it could occur; and
- (5A) in the case of a NSW *Distribution Network Service Provider* – set out the amount paid, or required by an order under the Energy and

Utilities Administration Act 1987 of New South Wales to be paid, by the provider to the Climate Change Fund in or in respect of the relevant *regulatory year* and reflect that amount in the expected revenue for the relevant *regulatory year*; and

- (6) set out how charges incurred by the *Distribution Network Service Provider* for *transmission use of system services* are to be passed on to customers and any adjustments to tariffs resulting from over or under recovery of those charges in the previous *regulatory year*; and
  - (7) demonstrate compliance with the *Rules* and any applicable distribution determination; and
  - (8) describe the nature and extent of change from the previous *regulatory year* and demonstrate that the changes comply with the *Rules* and any applicable distribution determination.
- (c) The *AER* must on receipt of a *pricing proposal* from a *Distribution Network Service Provider* publish the proposal.

### 6.18.3 Tariff classes

- (a) A *pricing proposal* must define the *tariff classes* into which customers for *direct control services* are divided.
- (b) Each customer for *direct control services* must be a member of 1 or more *tariff classes*.
- (c) Separate *tariff classes* must be constituted for customers to whom *standard control services* are supplied and customers to whom *alternative control services* are supplied (but a customer for both *standard control services* and *alternative control services* may be a member of 2 or more *tariff classes*).
- (d) A *tariff class* must be constituted with regard to:
  - (1) the need to group customers together on an economically efficient basis; and
  - (2) the need to avoid unnecessary transaction costs.

### 6.18.4 Principles governing assignment or re-assignment of customers to tariff classes and assessment and review of basis of charging

- (a) In formulating provisions of a distribution determination governing the assignment of customers to *tariff classes* or the re-assignment of customers from one *tariff class* to another, the *AER* must have regard to the following principles:

- (1) customers should be assigned to *tariff classes* on the basis of one or more of the following factors:
  - (i) the nature and extent of their usage;
  - (ii) the nature of their *connection* to the *network*;
  - (iii) whether remotely-read interval metering or other similar metering technology has been installed at the customer's premises as a result of a *regulatory obligation or requirement*;
- (2) customers with a similar *connection* and usage profile should be treated on an equal basis;
- (3) however, customers with micro-generation facilities should be treated no less favourably than customers without such facilities but with a similar load profile;
- (4) a *Distribution Network Service Provider's* decision to assign a customer to a particular *tariff class*, or to re-assign a customer from one *tariff class* to another should be subject to an effective system of assessment and review.

*Note:*

*If (for example) a customer is assigned (or reassigned) to a tariff class on the basis of the customer's actual or assumed maximum demand, the system of assessment and review should allow for the reassignment of a customer who demonstrates a reduction or increase in maximum demand to a tariff class that is more appropriate to the customer's load profile.*

- (b) If the *charging parameters* for a particular tariff result in a basis of charge that varies according to the usage or load profile of the customer, a distribution determination must contain provisions for an effective system of assessment and review of the basis on which a customer is charged.

### **6.18.5 Pricing principles**

- (a) For each *tariff class*, the revenue expected to be recovered should lie on or between:
  - (1) an upper bound representing the stand alone cost of serving the customers who belong to that class; and
  - (2) a lower bound representing the avoidable cost of not serving those customers.
- (b) A tariff, and if it consists of 2 or more *charging parameters*, each *charging parameter* for a *tariff class*:

- (1) must take into account the long run marginal cost for the service or, in the case of a *charging parameter*, for the element of the service to which the *charging parameter* relates; and
- (2) must be determined having regard to:
  - (i) transaction costs associated with the tariff or each *charging parameter*; and
  - (ii) whether customers of the relevant *tariff class* are able or likely to respond to price signals.
- (c) If, however, as a result of the operation of paragraph (b), the *Distribution Network Service Provider* may not recover the expected revenue, the provider must adjust its tariffs so as to ensure recovery of expected revenue with minimum distortion to efficient patterns of consumption.

#### 6.18.6 Side constraints on tariffs for standard control services

- (a) This clause applies only to *tariff classes* related to the provision of *standard control services*.
- (b) The expected weighted average revenue to be raised from a *tariff class* for a particular *regulatory year* of a *regulatory control period* must not exceed the corresponding expected weighted average revenue for the preceding *regulatory year* by more than the permissible percentage.
- (c) The permissible percentage is the greater of the following:
  - (1) the CPI-X limitation on any increase in the *Distribution Network Service Provider's* expected weighted average revenue between the two *regulatory years* plus 2%;

*Note:*

*The calculation is of the form  $(1 + \text{CPI})(1 - X)(1 + 2\%)$*
  - (2) CPI plus 2%.

*Note:*

*The calculation is of the form  $(1 + \text{CPI})(1 + 2\%)$*
- (d) In deciding whether the permissible percentage has been exceeded in a particular *regulatory year*, the following are to be disregarded:
  - (1) the recovery of revenue to accommodate a variation to the distribution determination under rule 6.6 or 6.13;

- (2) the recovery of revenue to accommodate pass through of charges for *transmission use of system services* to customers.
- (e) This clause does not, however, limit the extent a tariff for customers with remotely-read interval metering or other similar metering technology may vary according to the time or other circumstances of the customer's usage.

#### **6.18.7 Recovery of charges for transmission use of system services**

- (a) A *pricing proposal* must provide for tariffs designed to pass on to customers the charges to be incurred by the *Distribution Network Service Provider* for *transmission use of system services*.
- (b) The amount to be passed on to customers for a particular *regulatory year* must not exceed the estimated amount of the *transmission use of system* charges for the relevant *regulatory year* adjusted for over or under recovery in the previous *regulatory year*.
- (c) The extent of the over or under recovery is the difference between:
  - (1) the amount actually paid by the *Distribution Network Service Provider* by way of *transmission use of system* charges in the previous *regulatory year*; and
  - (2) the amount passed on to customers by way of *transmission use of system* charges by the *Distribution Network Service Provider* in the previous *regulatory year*.

#### **6.18.8 Approval of pricing proposal**

- (a) The *AER* must approve a *pricing proposal* if the *AER* is satisfied that:
  - (1) the proposal complies with this Part and any applicable distribution determination; and
  - (2) all forecasts associated with the proposal are reasonable.
- (b) If the *AER* determines that a *pricing proposal* is deficient:
  - (1) the *AER* may require the *Distribution Network Service Provider*, within 10 *business days* after receiving notice of the determination, to re-submit the proposal with the amendments necessary to correct the deficiencies identified in the determination and (unless the *AER* permits further amendment) no further amendment; or
  - (2) the *AER* may itself make the amendments necessary to correct the deficiencies.

- (c) If the service provider fails to comply with a requirement under paragraph (b), or the resubmitted proposal fails to correct the deficiencies in the former proposal, the *AER* may itself amend the proposal to bring it into conformity with the requirements of this Part and any applicable distribution determination.
- (d) An *approved pricing proposal* takes effect:
  - (1) in the case of an initial *pricing proposal* – at the commencement of the first *regulatory year* of the *regulatory control period* for which the distribution determination is made; and
  - (2) in the case of an annual *pricing proposal* – at the commencement of the *regulatory year* to which the proposal relates.

*Note:*

*The operation of this paragraph may, in some instances, be displaced or modified by clause 6.11.3(b).*

### **6.18.9 Publication of information about tariffs and tariff classes**

- (a) A *Distribution Network Service Provider* must maintain on its website:
  - (1) a statement of the provider's *tariff classes* and the tariffs applicable to each class; and
  - (2) for each tariff – the *charging parameters* and the elements of the service to which each *charging parameter* relates; and
  - (3) a statement of expected price trends (to be updated for each *regulatory year*) giving an indication of how the *Distribution Network Service Provider* expects prices to change over the *regulatory control period* and the reasons for the expected changes.
- (b) The information for a particular *regulatory year* must, if practicable, be posted on the website 20 *business days* before the commencement of the relevant *regulatory year* and, if that is not practicable, as soon as practicable thereafter.

## **6.19. Data Required for Distribution Service Pricing**

### **6.19.1 Forecast use of networks by Distribution Customers and Embedded Generators**

Any information required by *Distribution Network Service Providers* must be provided by *Service Applicants* as part of the *connection* and access requirements set out in Chapter 5.

## 6.19.2 Confidentiality of distribution network pricing information

- (a) Subject to the Law and the *Rules*, all information about a *Service Applicant* or *Distribution Network User* used by *Distribution Network Service Providers* for the purposes of *distribution service* pricing is confidential information and must be treated in accordance with rule 8.6.
- (b) No requirement in this Chapter 6 to publish information about a *tariff class* is to be construed as requiring publication of information about an individual customer.

## Part J Billing and Settlements

### 6.20 Billing and Settlements Process

This clause describes the manner in which *Distribution Customers* and *Embedded Generators* are billed by *Distribution Network Service Providers* for *distribution services* and how payments for *distribution services* are settled.

#### 6.20.1 Billing for distribution services

- (a) A *Distribution Network Service Provider* must bill *Distribution Network Users* for *distribution services* as follows:

- (1) *Embedded Generators*:

- (i) by applying the *entry charge* as a fixed annual charge to each *Embedded Generator*; and
- (ii) by applying any other charge the *Distribution Network Service Provider* makes consistently with these *Rules* and the applicable distribution determination.

- (2) *Distribution Customers*:

The charges to *Distribution Customers* must be determined according to use of the *distribution network* as determined in accordance with a *metrology procedure* or, in the absence of a *metrology procedure* allowing such a determination to be made, by *meter* or by agreement between the *Distribution Customer* and the *Distribution Network Service Provider* by applying one or more of the following measures:

- (i) demand-based prices to the *Distribution Customer's* metered or agreed half-hourly demand;
- (ii) energy-based prices to the *Distribution Customer's* metered or agreed energy;

- (iii) the *Distribution Customer* charge determined under this clause as a fixed periodic charge to each *Distribution Customer*;
  - (iv) a fixed periodic charge, a prepayment or other charge determined by agreement with the *Distribution Customer*;
  - (v) any other measure the *Distribution Network Service Provider* is authorised to apply by the applicable distribution determination.
- (b) Subject to paragraph (c), where a *Distribution Customer* (other than a *Market Customer*) incurs *distribution service* charges, the *Distribution Network Service Provider* must bill the *Market Customer* from whom the *Distribution Customer* purchases electricity directly or indirectly for such *distribution services* in accordance with paragraph (a)(2).
- (c) If a *Distribution Customer* and the *Market Customer* from whom it purchases electricity agree, the *Distribution Network Service Provider* may bill the *Distribution Customer* directly for *distribution services* used by that *Distribution Customer* in accordance with paragraph (a)(2).
- (d) *Distribution Network Service Providers* must:
  - (1) calculate *transmission service charges* and *distribution service charges* for all connection points in their *distribution network*; and
  - (2) pay to *Transmission Network Service Providers* the *transmission service charges* incurred in respect of use of a *transmission network* at each *connection point* on the relevant *transmission network*.
- (e) Charges for *distribution services* based on metered kW, kWh, kVA, or kVAh for:
  - (1) *Embedded Generators* that are *Market Generators*; and
  - (2) *Market Customer*; and
  - (3) *Second-Tier Customers*;must be calculated by the *Distribution Network Service Provider* from:
  - (1) *settlements ready data* obtained from NEMMCO's *metering database*, for those *Embedded Generators*, *Market Customers* and *Second-Tier Customers* with *connection points* that have a type 1, 2, 3 or 4 *metering installation*; and
  - (2) *energy data*, in accordance with a *metrology procedure* that allows the *Distribution Network Service Provider* to use *energy data* for this purpose, or otherwise *settlements ready data* obtained from NEMMCO's *metering database*, for those *Embedded Generators*,

*Market Customers and Second-Tier Customers with connection points that have a type 5, 6 or 7 metering installation.*

- (f) Charges for *distribution services* based on metered kW, kWh, kVA or kVAh for:
- (1) *Embedded Generators* that are not *Market Generators*; and
  - (2) *Non-Registered Customers*; and
  - (3) *franchise customers*,
- must be calculated by the *Distribution Network Service Provider* using data that is consistent with the *metering data* used by the relevant *Local Retailer* in determining *energy settlements*.
- (g) The *Distribution Network Service Provider* may bill the relevant *Local Retailer* for *distribution services* used by *Non-Registered Customers* and *franchise customers*.
- (h) Where the billing for a *Distribution Customer* for a particular *financial year* is based on quantities which are undefined until after the commencement of the *financial year*, charges must be estimated from the previous year's billing quantities with a reconciliation to be made when the actual billing quantities are known.
- (i) Where the previous year's billing quantities are unavailable or no longer suitable, nominated quantities may be used as agreed between the parties.

## **6.20.2 Minimum information to be provided in distribution network service bills**

The following is the minimum information that must be provided with a bill for a *network coupling point* issued by a *Distribution Network Service Provider* directly to a *Registered Participant*:

- (1) the *network coupling point* identifier; and
- (2) the dates on which the billing period starts and ends; and
- (3) the identifier of the *distribution service* price from which the *network coupling point* charges are calculated; and
- (4) measured quantities, billed quantities, prices and amounts charged for each component of the total *distribution service* account.

### 6.20.3 Settlement between Distribution Network Service Providers

The billing and settlement process specified in this clause must be applied to all *Distribution Customers* including other *Distribution Network Service Providers*.

### 6.20.4 Obligation to pay

A *Distribution Network User* must pay *distribution service* charges properly charged to it and billed in accordance with this clause by the due date specified in the bill.

## Part K Prudential requirements, capital contributions and prepayments

### 6.21 Distribution Network Service Provider Prudential Requirements

This clause sets out the arrangements by which *Distribution Network Service Providers* may minimise financial risks associated with investment in *network assets* and provides for adoption of cost-reflective payment options in conjunction with the use of average distribution prices. The clause also prevents *Distribution Network Service Providers* from receiving income twice for the same assets through prudential requirements and *distribution service* prices.

#### 6.21.1 Prudential requirements for distribution network service

- (a) A *Distribution Network Service Provider* may require an *Embedded Generator* or *Distribution Customer* that requires a new *connection* or a modification in service for an existing *connection* to establish prudential requirements for *connection service* and/or *distribution use of system service*.
- (b) Prudential requirements for *connection service* and/or *distribution use of system service* are a matter for negotiation between the *Distribution Network Service Provider* and the *Embedded Generator* or *Distribution Customer* and the terms agreed must be set out in the *connection agreement* between the *Distribution Network Service Provider* and the *Embedded Generator* or *Distribution Customer*.
- (c) The *connection agreement* may include one or more of the following provisions:
  - (1) the conditions under which and the time frame within which other *Distribution Network Users* who use that part of the *distribution network* contribute to refunding all or part of the payments;
  - (2) the conditions under which financial arrangements may be terminated; and

- (3) the conditions applying in the event of default by the *Distribution Customer* or *Embedded Generator*.
- (d) The prudential requirements may incorporate, but are not limited to, one or more of the following arrangements:
  - (1) financial capital contributions;
  - (2) non-cash contributions;
  - (3) *distribution service* charge prepayments;
  - (4) guaranteed minimum *distribution service charges* for an agreed period;
  - (5) guaranteed minimum *distribution service* quantities for an agreed period;
  - (6) provision for financial guarantees for *distribution service charges*.

### **6.21.2 Capital contributions, prepayments and financial guarantees**

Despite any other provision in this Chapter, in relation to capital contributions, prepayments and financial guarantees:

- (1) the *Distribution Network Service Provider* is not entitled to recover, under a mechanism for the economic regulation of *direct control services*, any component representing asset related costs for assets provided by *Distribution Network Users*; and
- (2) the *Distribution Network Service Provider* may receive a capital contribution, prepayment and/or financial guarantee up to the provider's future revenue related to the provision of *direct control services* for any new assets installed as part of a new *connection* or modification to an existing *connection*, including any *augmentation* to the *distribution network*; and
- (3) where assets have been the subject of a contribution or prepayment, the *Distribution Network Service Provider* must amend the provider's revenue related to the provision of *direct control services*.

### **6.21.3 Treatment of past prepayments and capital contributions**

- (a) Payments made by *Distribution Customers* and *Embedded Generators* for *distribution service* prior to 13 December 1998 must be made in accordance with any contractual arrangements with the relevant *Distribution Network Service Providers* applicable at that time.

- (b) Where contractual arrangements referred to in clause 6.22.2(a) are not in place, past *distribution service* prepayments or capital contributions may be incorporated in the capital structure of the *Distribution Network Service Provider's* business.
- (c) The *AER* may intervene in and resolve any dispute under this clause which cannot be resolved between the relevant *Distribution Network Service Provider* and *Distribution Customer* or *Embedded Generator*.

#### **6.21.4 Application of IPART and ICRC guidelines regarding capital contribution charges**

- (a) Capital contribution charges by the NSW Distribution Network Service Providers in respect of the regulatory control period 2009-2014 are to be determined in accordance with Determination No 1 2002 made by the IPART under section 11(3) of the Independent Pricing and Regulatory Act 1992 (NSW) in 2002.
- (b) Capital contribution charges by the ACT Distribution Network Service Provider in respect of the regulatory control period 2009-2014 are to be determined in accordance with the Electricity Network Capital Contributions Code made by the ICRC in 2001.

### **Part L Dispute resolution**

#### **6.22 Dispute Resolution**

##### **6.22.1 Dispute Resolution by the AER**

- (a) A dispute between a *Distribution Network Service Provider* and a *Service Applicant* as to the *terms and conditions of access* to a *direct control service* or to a *negotiated distribution service* is an access dispute for the purposes of Part 10 of the Law.
- (b) A dispute between a *Distribution Network Service Provider* and a *Service Applicant* about *access charges* is an access dispute for the purposes of Part 10 of the Law.
- (c) A dispute between a *Distribution Network Service Provider* and a *Connection Applicant* about matters referred to in clause 5.5(f) or clause 5.5(h) is an access dispute for the purposes of Part 10 of the Law.

##### **6.22.2 Determination of dispute**

- (a) In determining an access dispute about *terms and conditions of access* to a *direct control service* (other than a negotiable component), the *AER* must apply:

- (1) in relation to price, the *Distribution Network Service Provider's approved pricing proposal* or (in the case of an EnergyAustralia prescribed (transmission) standard control service) EnergyAustralia's approved pricing methodology, as the case requires; and
  - (2) in relation to other terms and conditions, Chapters 4, 5, this Chapter 6 and Chapter 7 of the *Rules* and any other *applicable regulatory instrument*; and
  - (3) in relation to all *terms and conditions of access* (including price) the decisions of *NEMMCO* or the *AER* where those decisions relate to those terms and conditions and are made under Chapters 4, 5, this Chapter 6 and Chapter 7 of the *Rules*.
- (a1) In determining an access dispute about *terms and conditions of access* to a negotiable component of a *direct control service*, the *AER* must apply:
- (1) in relation to price (including *access charges*), the negotiable component criteria that are applicable to the dispute in accordance with the relevant distribution determination; and
  - (2) in relation to other terms and conditions, the negotiable component criteria that are applicable to the dispute and Chapters 4, 5, this Chapter 6 and Chapter 7 of the *Rules*; and
  - (3) in relation to all *terms and conditions of access* (including price) the decisions of *NEMMCO* or the *AER* where those decisions relate to those terms and conditions and are made under Chapters 4, 5, this Chapter 6 and Chapter 7 of the *Rules*;
- and must have regard:
- (4) to the relevant *negotiating framework* prepared by the *Distribution Network Service Provider* and approved by the *AER*.
- (b) In determining an access dispute about the *terms and conditions of access* to a *direct control service* (including a negotiable component), the *AER* may:
- (1) have regard to other matters the *AER* considers relevant; and
  - (2) hear evidence or receive submissions from *NEMMCO* about *power system security* and from *Distribution Network Users* who may be adversely affected.

*Note:*

*Section 130 of the Law requires the AER, in making an access determination, to give effect to a network revenue or pricing determination*

*applicable to the services that are the subject of the dispute even though the determination may not have been in force when the dispute arose.*

- (c) In determining an access dispute about *terms and conditions of access* to a *negotiated distribution service*, the *AER* must apply:
- (1) in relation to price (including *access charges*), the *Negotiated Distribution Service Criteria* that are applicable to the dispute in accordance with the relevant distribution determination; and
  - (2) in relation to other terms and conditions, the *Negotiated Distribution Service Criteria* that are applicable to the dispute and Chapters 4, 5, this Chapter 6 and Chapter 7 of the *Rules*; and
  - (3) in relation to all *terms and conditions of access* (including price) the decisions of *NEMMCO* or the *AER* where those decisions relate to those terms and conditions and are made under Chapters 4, 5, this Chapter 6 and Chapter 7 of the *Rules*;

and must have regard:

- (4) to the relevant *negotiating framework* prepared by the *Distribution Network Service Provider* and approved by the *AER*.
- (d) In determining an access dispute about the *terms and conditions of access* to a *negotiated distribution service*, the *AER* may:
- (1) have regard to other matters the *AER* considers relevant; and
  - (2) hear evidence or receive submissions from *NEMMCO* and *Distribution Network Users* notified and consulted under the *Distribution Network Service Provider's negotiating framework*.
- (e) In determining an access dispute about *access charges*, or involving *access charges*, the *AER* must give effect to the following principle:

*Access charges* should be based on the costs reasonably incurred by the *Distribution Network Service Provider* in providing *distribution network user access* and, where they consist of compensation referred to in clause 5.5(f)(4)(ii) and (iii), on the revenue that is likely to be foregone and the costs that are likely to be incurred by a person referred to in those provisions where an event referred to in those provisions occurs.

### **6.22.3 Termination of access dispute without access determination**

- (a) If the *AER* considers that an access dispute could be effectively resolved by some means other than an access determination, the *AER* may give the

parties to the dispute notice of the alternative means of resolving the dispute.

*Example:*

*The AER might give such a notice if of the opinion that a particular dispute could be dealt with more efficiently, and with less expense, by a jurisdictional ombudsman.*

- (b) The giving of such a notice is a specified dispute termination circumstance for the purposes of section 131(3) of the Law.

*Note:*

*It follows that the AER may exercise its power to terminate the dispute without making an access determination (See section 131(1)(d) of the Law).*

## **Part M Separate disclosure of transmission and distribution charges**

### **6.23 Separate disclosure of transmission and distribution charges**

- (a) *A Distribution Customer:*
- (1) with a *load* greater than 10MW or 40GWh per annum; or
  - (2) with *metering* equipment capable of capturing relevant *transmission* and *distribution system* usage data,

may make a request (a ***TUOS/DUOS disclosure request***) to a *Distribution Network Service Provider* to provide the *Distribution Customer* with a statement (a ***TUOS/DUOS disclosure statement***) identifying the separate components of the *transmission use of system* and *distribution use of system* charges comprised in the charges for electricity supplied to the *Distribution Customer's connection points*.

- (b) Within 10 *business days* of receipt of a ***TUOS/DUOS disclosure request***, a *Distribution Network Service Provider* must notify the *Distribution Customer* of the estimated charge (including details of how the charge is calculated) for providing the ***TUOS/DUOS disclosure statement***. The charge must be no greater than the reasonable costs directly incurred by the *Distribution Network Service Provider* in preparing the statement for the *Distribution Customer*.
- (c) If the *Distribution Customer* advises the *Distribution Network Service Provider* within 20 *business days* of receipt of the notice referred to in paragraph (b) that it still requires the requested ***TUOS/DUOS disclosure statement***, the *Distribution Network Service Provider* must prepare the

statement and provide it to the *Distribution Customer* within 20 *business days* of being so advised. The *TUOS/DUOS disclosure statement* must include detailed information on the method used to determine the *distribution use of system charges* and the allocation of the *transmission use of system charges* to the *Distribution Customer* for electricity supplied to its *connection points*. The information must be sufficient to allow the *Distribution Customer* to assess the impact on its *network charges* of a change in its *network use*.

- (d) The *TUOS/DUOS disclosure statement* must also separately identify the amounts that have been allocated to the *Distribution Customer's connection points* under Part J of Chapter 6A in respect of each of the *categories of prescribed transmission services*, where the *Distribution Customer* requests this information.
- (e) Where the *Distribution Customer* requests the information referred to in paragraph (d), the *Distribution Network Service Provider* must separately identify the component of the charge notified under paragraph (b) that relates to the provision of the additional information.
- (f) Each *Distribution Network Service Provider* must publish information annually disclosing the *transmission use of system* and *distribution use of system charges* for each of the classes of *Distribution Customers* identified for this purpose by the *Distribution Network Service Provider*, or as required by the *AER*.

## **Schedule 6.1 Contents of building block proposals**

### **S6.1.1 Information and matters relating to capital expenditure**

A *building block proposal* must contain at least the following information and matters relating to capital expenditure:

- (1) a forecast of the required capital expenditure that complies with the requirements of clause 6.5.7 of the *Rules* and identifies the forecast capital expenditure by reference to well accepted categories such as:
  - (i) asset class (eg. *distribution lines, substations* etc); or
  - (ii) category driver (eg. *regulatory obligation or requirement, replacement, reliability, net market benefit, business support* etc),

and identifies, in respect of proposed material assets:

- (iii) the location of the proposed asset; and
- (iv) the anticipated or known cost of the proposed asset; and

- (v) the categories of *distribution services* which are to be provided by the proposed asset;
- (2) the method used for developing the capital expenditure forecast;
- (3) the forecasts of load growth relied upon to derive the capital expenditure forecasts and the method used for developing those forecasts of load growth;
- (4) the key assumptions that underlie the capital expenditure forecast;
- (5) a certification of the reasonableness of the key assumptions by the directors of the *Distribution Network Service Provider*;
- (6) capital expenditure for each of the past *regulatory years* of the previous and current *regulatory control period*, and the expected capital expenditure for each of the last two *regulatory years* of the current *regulatory control period*, categorised in the same way as for the capital expenditure forecast;
- (7) an explanation of any significant variations in the forecast capital expenditure from historical capital expenditure.

### **S6.1.2 Information and matters relating to operating expenditure**

A *building block proposal* must contain at least the following information and matters relating to operating expenditure:

- (1) a forecast of the required operating expenditure that complies with the requirements of clause 6.5.6 of the *Rules* and identifies the forecast operating expenditure by reference to well accepted categories such as:
  - (i) particular programs; or
  - (ii) types of operating expenditure (eg. maintenance, payroll, materials etc),and identifies in respect of each such category:
  - (iii) to what extent that forecast expenditure is on costs that are fixed and to what extent it is on costs that are variable; and
  - (iv) the categories of *distribution services* to which that forecast expenditure relates;
- (2) the method used for developing the operating expenditure forecast;

- (3) the forecasts of key variables relied upon to derive the operating expenditure forecast and the method used for developing those forecasts of key variables;
- (4) the method used for determining the cost associated with planned maintenance programs designed to improve the performance of the relevant *distribution system* for the purposes of any *service target performance incentive scheme* that is to apply to the *Distribution Network Service Provider* in respect of the relevant *regulatory control period*;
- (5) the key assumptions that underlie the operating expenditure forecast;
- (6) a certification of the reasonableness of the key assumptions by the directors of the *Distribution Network Service Provider*;
- (7) operating expenditure for each of the past *regulatory years* of the previous and current *regulatory control period*, and the expected operating expenditure for each of the last two *regulatory years* of the current *regulatory control period*, categorised in the same way as for the operating expenditure forecast;
- (8) an explanation of any significant variations in the forecast operating expenditure from historical operating expenditure.

### **S6.1.3 Additional information and matters**

A *building block proposal* must contain at least the following additional information and matters:

- (1) an identification and explanation of any significant interactions between the forecast capital expenditure and forecast operating expenditure programs;
- (2) a proposed pass through clause with a proposal as to the events that should be defined as *pass through events*;
- (3) a description, including relevant explanatory material, of how the *Distribution Network Service Provider* proposes the *efficiency benefit sharing scheme* should apply for the relevant *regulatory control period*;
- (4) a description, including relevant explanatory material, of how the *Distribution Network Service Provider* proposes the *service target performance incentive scheme* should apply for the relevant *regulatory control period*;

- (5) a description, including relevant explanatory material, of how the *Distribution Network Service Provider* proposes the *demand management incentive scheme* (if applicable) should apply for the relevant *regulatory control period*;
- (6) the provider's calculation of revenues or prices for the purposes of the control mechanism proposed by the provider together with:
  - (i) details of all amounts, values and inputs (including X factors) relevant to the calculation; and
  - (ii) an explanation of the calculation and the amounts, values and inputs involved in the calculation; and
  - (iii) a demonstration that the calculation and the amounts, values and inputs on which it is based comply with relevant requirements of the Law and the *Rules*;
- (7) the provider's calculation of the regulatory asset base for the relevant *distribution system* for each *regulatory year* of the relevant *regulatory control period* using the *roll forward model* referred to in clause 6.5.1 of transitional Chapter 6, together with:
  - (i) details of all amounts, values and other inputs used by the provider for that purpose; and
  - (ii) a demonstration that any such amounts, values and other inputs comply with the relevant requirements of Part C of transitional Chapter 6; and
  - (iii) an explanation of the calculation of the regulatory asset base for each *regulatory year* of the relevant *regulatory control period* and of the amounts, values and inputs referred to in subparagraph (i);
- (8) the commencement and length of the period nominated by the *Distribution Network Service Provider* for the purposes of clause 6.5.2(c)(2) of transitional Chapter 6;
- (9) the provider's calculation of the proposed rate of return;
- (10) the *post-tax revenue model* completed to show its application to the *Distribution Network Service Provider* and the completed *roll-forward model*;
- (11) the provider's estimate of the cost of corporate income tax for each *regulatory year* of the *regulatory control period*;

- (12) the depreciation schedules nominated by the *Distribution Network Service Provider* for the purposes of clause 6.5.5 of transitional Chapter 6, which categorise the relevant assets for these purposes by reference to well accepted categories such as:
- (i) asset class (eg *distribution lines* and *substations*); or
  - (ii) category driver (eg *regulatory obligation or requirement*, replacement, *reliability*, net market benefit, and business support),
- together with:
- (iii) details of all amounts, values and other inputs used by the provider to compile those depreciation schedules; and
  - (iv) a demonstration that those depreciation schedules conform with the requirements set out in clause 6.5.5(b) of transitional Chapter 6; and
  - (v) an explanation of the calculation of the amounts, values and inputs referred to in subparagraph (iii);
- (13) \*\*\*\*\*

## Schedule 6.2 Regulatory Asset Base

### S6.2.1 Establishment of opening regulatory asset base for a regulatory control period

- (a) Application of this clause

This clause S6.2.1:

- (1) applies to the establishment of the value of the regulatory asset base for a *distribution system* as at the beginning of a *regulatory control period* on the roll forward of the regulatory asset base to that *regulatory control period* from the previous *regulatory control period*; and
  - (2) also applies to the establishment of the value of the regulatory asset base for a *distribution system* as at the beginning of a *regulatory control period* where the *distribution system* was not immediately before that time the subject of a *building block determination*.
- (b) Roll forward model to comply with this clause

The values to be used for completing the *roll forward model* must be established in accordance with this clause and clauses S6.2.2 and S6.2.3.

(c) Distribution systems of specific providers

- (1) In the case of a *distribution system* owned, controlled or operated by one of the following *Distribution Network Service Providers* as at the commencement of this schedule, the value of the regulatory asset base for that *distribution system* as at the beginning of that first *regulatory year* must be determined by rolling forward the regulatory asset base for that *distribution system*, as set out in the table below, in accordance with this schedule:

Jurisdiction	<i>Distribution Network Service Provider</i>	Regulatory Asset Base (\$m)
Australian Capital Territory	ActewAGL	510.54 (as at 1 July 2004 in July 2004 dollars)
New South Wales	Country Energy	2,440 (as at 1 July 2004 in July 2004 dollars)
	EnergyAustralia	4,116 (as at 1 July 2004 in July 2004 dollars); plus 635.6 (as at 1 July 2004 in July 2004 dollars) in respect of EnergyAustralia's transmission support network
	Integral Energy	2,283 (as at 1 July 2004 in July 2004 dollars)
*****	*****	*****

- (2) The values in the table above are to be adjusted for the difference between:

- (i) any estimated capital expenditure that is included in those values for any part of a previous *regulatory control period*; and
- (ii) the actual capital expenditure for that part of the previous *regulatory control period*.

This adjustment must also remove any benefit or penalty associated with any difference between the estimated and actual capital expenditure.

- (3) When rolling forward a regulatory asset base under subparagraph (1), the *AER* must take into account the derivation of the values in the

above table from past regulatory decisions and the consequent fact that they relate only to the regulatory asset base identified in those decisions.

(d) \*\*\*\*\*

(e) Method of adjustment of value of regulatory asset base

Except as otherwise provided in paragraph (c), the value of the regulatory asset base for a *distribution system* as at the beginning of the first *regulatory year* of a *regulatory control period* must be calculated by adjusting the value (the '**previous value**') of the regulatory asset base for that *distribution system* as at the beginning of the first *regulatory year* of the immediately preceding *regulatory control period* (the '**previous control period**') as follows:

- (1) The previous value of the regulatory asset base for each NSW Distribution Network Service Provider must be increased by the amount of all capital expenditure incurred during the previous control period.
- (1A) The previous value of the regulatory asset base for the ACT Distribution Network Service Provider must be increased by the amount of the capital expenditure incurred during the previous control period that is to be included under the ICRC approach referred to in clause 6.5.1(g) of the transitional Chapter 6.
- (2) The previous value of the regulatory asset base must be increased by the amount of the estimated capital expenditure approved by the *AER* for any part of the previous control period for which actual capital expenditure is not available.
- (3) The previous value of the regulatory asset base must be adjusted for the difference between:
  - (i) the estimated capital expenditure for any part of a previous *regulatory control period* where that estimated capital expenditure has been included in that value; and
  - (ii) the actual capital expenditure for that part of the previous *regulatory control period*.

This adjustment must also remove any benefit or penalty associated with any difference between the estimated and actual capital expenditure.

- (4) The previous value of the regulatory asset base must only be increased by actual or estimated capital expenditure to the extent that all such capital expenditure is properly allocated to the provision of *standard*

*control services* in accordance with the Cost Allocation Method for the relevant *Distribution Network Service Provider*.

- (5) The previous value of the regulatory asset base for each NSW Distribution Network Service Provider must be reduced by the amount of actual depreciation of the regulatory asset base during the previous *regulatory control period*, calculated in accordance with the rates and methodologies allowed in the distribution determination for that period.
- (5A) The previous value of the regulatory asset base for the ACT Distribution Network Service Provider must be reduced by the amount of depreciation of the regulatory asset base during the previous *regulatory control period*, calculated in accordance with the distribution determination for that period.
- (6) The previous value of the regulatory asset base must be reduced by the disposal value of any asset where that asset has been disposed of during the previous *regulatory control period*.
- (7) The previous value of the regulatory asset base must be reduced by the value of an asset where the asset was previously used to provide *standard control services* (or their equivalent under the previous regulatory system) but, as a result of a change to the classification of a particular service under Part B, is not to be used for that purpose for the relevant *regulatory control period*.
- (8) The previous value of the regulatory asset base may be increased by the value of an asset to which this subparagraph applies to the extent that:
  - (i) the *AER* considers the asset to be reasonably required to achieve one or more of the *capital expenditure objectives*; and
  - (ii) the asset is properly allocated to *standard control services* in accordance with the principles and policies set out in the Cost Allocation Method for the relevant *Distribution Network Service Provider*; and
  - (iii) the value of the asset has not been otherwise recovered.

This subparagraph applies to an asset that:

- (i) was not used to provide *standard control services* (or their equivalent under the previous regulatory system) in the previous *regulatory control period* but, as a result of a change to the classification of a particular service under Part B, is to be used for that purpose for the relevant *regulatory control period*; or

- (ii) was never previously used to provide *standard control services* (or their equivalent under the previous regulatory system) but is to be used for that purpose for the relevant *regulatory control period*.
- (f) An increase or reduction in the value of the regulatory asset base under subparagraph (7) or (8) of paragraph (e) is to be based on the value of the relevant asset as shown in independently audited and published accounts.
- (g) Despite any other provision of this clause S6.2.1, the regulatory asset base for Country Energy at the beginning of the regulatory control period 2009-2014 should reflect the deferral of depreciation allowed for Country Energy in clause 7.3.2 of the IPART's Final Report (Other Paper No 23 - June 2004) relating to NSW Electricity Distribution Pricing 2004/05 to 2008/09.

## S6.2.2 \*\*\*\*\*

### S6.2.3 Roll forward of regulatory asset base within the same regulatory control period

- (a) Application of this clause

This clause applies to the establishment of the value of the regulatory asset base for a *distribution system* as at the beginning of one *regulatory year* in a *regulatory control period* on the roll forward of the regulatory asset base to that *regulatory year* from the immediately preceding *regulatory year* (if any) in that *regulatory control period*.

- (b) Roll forward model to comply with this clause

The *roll forward model* referred to in clause 6.5.1 of the *Rules* must provide for that value to be established in accordance with the requirements of this clause.

- (c) Method of adjustment of value of regulatory asset base

The value of the regulatory asset base for a *distribution system* as at the beginning of the second or a subsequent year ('the **later year**') in a *regulatory control period* must be calculated by adjusting the value ('the **previous value**') of the regulatory asset base for that *distribution system* as at the beginning of the immediately preceding *regulatory year* ('the **previous year**') in that *regulatory control period* as follows:

- (1) The previous value of the regulatory asset base must be increased by the amount of forecast capital expenditure accepted or substituted by the *AER* for the previous year in accordance with clause 6.5.7(c) or clause 6.12.1(3) (as the case may be).

- (2) The previous value of the regulatory asset base must be reduced by the amount of depreciation included in the *Distribution Network Service Provider's annual revenue requirement* for the previous year.
  - (3) The previous value of the regulatory asset base must be reduced by the disposal value of any asset included in that value where the asset is forecast to be disposed of during the previous year.
  - (4) The previous value of the regulatory asset base must be increased by an amount necessary to maintain the real value of the regulatory asset base as at the beginning of the later year by adjusting that value for inflation.
- (d) Allowance for working capital

If the *AER* determines that it is appropriate to do so, it may include an allowance for working capital in the regulatory asset base for a *distribution system* which is rolled forward in accordance with this clause.