



Inter-regional transmission charging modelling results

Modelling results published on AEMC Website

On 12 October 2012 the AEMC has released the results of the modelling undertaken by its consultant Rolib Pty Ltd.

Inter-regional transmission charging

Most consumers in the NEM do not currently contribute to the costs of transmission assets in other regions that support electricity flows to their region.

An inter-regional transmission charge could be a charge paid by a Transmission Network Service Provider (TNSP) in an importing region to a TNSP in an exporting region. The cost of the charge could be recovered through the Transmission Use of System (TUOS) price for customers in the importing region and netted off against the TUOS prices paid by customers in the exporting region.

Introducing a uniform national inter-regional transmission charging solution has the potential to improve the cost-reflectivity of transmission charges and the allocation of costs across regions (especially in the event of changes in transmission flows). This will remove disincentives on TNSPs to undertake augmentations of their network that will largely benefit consumers in another region.

The AEMC published a discussion paper outlining three options it was actively considering in respect of a possible inter-regional transmission charge. On 10 November 2011, the AEMC announced that it would undertake modelling of options and sub options for an inter-regional transmission charge. This modelling focused on the modified load export charge (MLEC) and the National Electricity Market wide cost reflective network pricing (NEM-wide CRNP) approach.

The MLEC treats the interconnectors as if they were a load point on the intra-regional network and calculates the charge of that load point utilising the intra-regional charging model for each TNSP. Certain sub options in these intra-regional models would need to be adjusted to improve consistency across regions.

The NEM-wide cost reflective network pricing calculates each customer's usage of all TNSPs in the NEM's assets and identifies where a customer in one region utilises assets in a separate region and allocates that proportion of the assets cost to the TNSP in that customers region.

Modelling of Modified Load Export Charge and NEM wide CRNP

The purpose of the modelling was to inform the Commission in considering whether there is a combination of sub options in the intra-regional model that would produce a result that is consistent with the National Electricity Objective.

The modelling was undertaken by Rolib Pty Ltd and the consultant's report is available on the AEMC's website.

Given the significant number of combinations of sub options modelled the results of all modelling are outlined in appendix one of the report. The consultant's report explains the methodology utilised and an explanation of the terminology used in appendix one. The report also contains the consultant's recommendation.

Inter-regional
transmission
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completed.

AEMC seeking stakeholder's views on the modelling results

The AEMC is interested in the views of all stakeholders of the results of the modelling and what it means for the Commission's consideration of an inter-regional transmission charge. Therefore, the AEMC invites comments on the modelling results by Friday 2nd November.

The AEMC is proposing to publish the next document in its consideration of the inter-regional transmission charging rule change proposal in November 2012.

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