



## **Draft National Electricity Amendment (DNSP Recovery of Transmission-related Charges) Rule 2010**

under the National Electricity Law as applied by:

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

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

John Pierce  
Chairman  
Australian Energy Market Commission

## **Draft National Electricity Amendment (DNSP Recovery of Transmission-related Charges) Rule 2010**

### **1 Title of Rule**

This Rule is the *Draft National Electricity Amendment (DNSP Recovery of Transmission-related Charges) Rule 2010*.

### **2 Commencement**

This Rule commences operation on [COMMENCEMENT\_DATE].

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

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

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

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

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

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

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

The National Electricity Rules are amended as set out in Schedule 4.

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

(Clause 3)

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

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

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

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

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

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

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

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

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

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

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

Omit clause 6.18.7(b) and substitute:

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

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

Omit clause 6.18.7(c) and substitute:

- (c) The extent of the over or under recovery is the sum of:
- (1) the difference between:
    - (i) the *Distribution Network Service Provider's* estimate of its *designated pricing proposal charges* in year  $t - 1$ ; and
    - (ii) the *Distribution Network Service Provider's* estimate of the amount passed on to customers in respect of *designated pricing proposal charges* by the *Distribution Network Service Provider* in year  $t - 1$ ; and
  - (2) the difference between:
    - (i) the actual amount of the *Distribution Network Service Provider's designated pricing proposal charges* in year  $t - 2$ ; and
    - (ii) the estimate of the *Distribution Network Service Provider's designated pricing proposal charges* in year  $t - 2$  that was used for the purposes of paragraph (c)(1)(i) when preparing the *Distribution Network Service Provider's pricing proposal* for year  $t - 1$ ; and
  - (3) the difference between:
    - (i) the actual amount passed on to customers in respect of *designated pricing proposal charges* by the *Distribution Network Service Provider* in year  $t - 2$ ; and
    - (ii) the estimate of the amount passed on to customers in respect of *designated pricing proposal charges* by the *Distribution Network Service Provider* in year  $t - 2$  that was used for the purposes of paragraph (c)(1)(ii) when preparing the *Distribution Network Service Provider's pricing proposal* for year  $t - 1$ .

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

After clause 6.18.7(c), insert:

- (d) For the purposes of paragraph (c):
- "year  $t - 1$ " means the *regulatory year* immediately prior to year  $t$  or, where year  $t$  is the first year of a *regulatory control period*, the last *regulatory year* of the previous *regulatory control period*.
- "year  $t - 2$ " means the *regulatory year* immediately prior to year  $t - 1$  or, where year  $t$  is the:

- (1) first year of a *regulatory control period*, the penultimate *regulatory year* of the previous *regulatory control period*;
  - (2) second year of a *regulatory control period*, the last *regulatory year* of the previous *regulatory control period*.
- (e) Notwithstanding anything else in this clause 6.18.7, a *Distribution Network Service Provider* may not recover charges under this clause to the extent these are:
- (1) recovered through the *Distribution Network Service Provider's annual revenue requirement*;
  - (2) recovered under clause 6.18.7A; or
  - (3) recovered from another *Distribution Network Service Provider*.

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

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

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

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

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

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

## **Schedule 2          Amendments of the National Electricity Rules**

(Clause 4)

### **[1] Transitional Chapter 6          Constituent decisions**

In clause 6.12.1(19) of Appendix 1, omit "*Transmission Use of System charges*" and substitute "*designated pricing proposal charges*".

### **[2] Transitional Chapter 6          Pricing proposals**

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

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

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

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

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

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

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

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

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

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

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

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

- (c) The extent of the over or under recovery is the sum of:
- (1) the difference between:
    - (i) the *Distribution Network Service Provider's* estimate of its *designated pricing proposal charges* in year  $t - 1$ ; and
    - (ii) the *Distribution Network Service Provider's* estimate of the amount passed on to customers in respect of *designated pricing proposal charges* by the *Distribution Network Service Provider* in year  $t - 1$ ; and
  - (2) the difference between:
    - (i) the actual amount of the *Distribution Network Service Provider's designated pricing proposal charges* in year  $t - 2$ ; and
    - (ii) the estimate of the *Distribution Network Service Provider's designated pricing proposal charges* in year  $t - 2$  that was used for the purposes of paragraph (c)(1)(i) when preparing the *Distribution Network Service Provider's pricing proposal* for year  $t - 1$ ; and
  - (3) the difference between:
    - (i) the actual amount passed on to customers in respect of *designated pricing proposal charges* by the *Distribution Network Service Provider* in year  $t - 2$ ; and
    - (ii) the estimate of the amount passed on to customers in respect of *designated pricing proposal charges* by the *Distribution Network Service Provider* in year  $t - 2$  that was used for the purposes of paragraph (c)(1)(ii) when preparing the *Distribution Network Service Provider's pricing proposal* for year  $t - 1$ .

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

After clause 6.18.7(c) of Appendix 1, insert:

- (d) For the purposes of paragraph (c):
- "year  $t - 1$ " means the *regulatory year* immediately prior to year  $t$  or, where year  $t$  is the first year of a *regulatory control period*, the last *regulatory year* of the previous *regulatory control period*.
- "year  $t - 2$ " means the *regulatory year* immediately prior to year  $t - 1$  or, where year  $t$  is the:

- (1) first year of a *regulatory control period*, the penultimate *regulatory year* of the previous *regulatory control period*;
  - (2) second year of a *regulatory control period*, the last *regulatory year* of the previous *regulatory control period*.
- (e) Notwithstanding anything else in this clause 6.18.7, a *Distribution Network Service Provider* may not recover charges under this clause to the extent these are:
- (1) recovered through the *Distribution Network Service Provider's annual revenue requirement*;
  - (2) recovered under clause 6.18.7A; or
  - (3) recovered from another *Distribution Network Service Provider*.

**[9] Transitional Chapter 6                      Approval of pricing proposal**

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

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

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

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

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



## **Schedule 3            Amendments of the National Electricity Rules**

(Clause 5)

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

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

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

Any of the following:

- (a) charges for *designated pricing proposal services*;
- (b) *avoided Customer TUOS charges*;
- (c) charges for *distribution services* provided by another *Distribution Network Service Provider*, but only to the extent those charges comprise:
  - (1) charges incurred by that *Distribution Network Service Provider* for *prescribed transmission services*; or
  - (2) charges for *standard control services*;
- (d) charges or payments specified in rule 11.[XX],

but does not include any amounts provided for in clause 6.18.7A.

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

Any of the following services:

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

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

(Clause 6)

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

After rule 11.[XX], insert:

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

#### 11.[XX] Rules consequential on the making of the National Electricity Amendment (DNSP Recovery of Transmission-related Charges) Rule 2010

##### 11.[XX].1 Definitions

For the purposes of this rule 11.[XX]:

**Amending Rule** means the DNSP Recovery of Transmission-related Charges Rule 2010.

**Bairnsdale network support payments** means payments made by SP AusNet to the owners of the Bairnsdale Power Station pursuant to the network support agreement entered into in 2001, but only to the extent those payments have been approved by the Essential Services Commission of Victoria.

**commencement date** means the date of commencement of the Amending Rule.

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

**Queensland and South Australian Distribution Network Service Providers** means *Distribution Network Service Providers* for *distribution networks* situated wholly or partly within Queensland or South Australia for whom a distribution determination took effect on 1 July 2010.

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

**Tasmanian Distribution Network Service Provider** means a *Distribution Network Service Provider* for a *distribution network* situated wholly within Tasmania for whom a distribution determination is to take effect on 1 July 2012.

**Victorian Distribution Network Service Provider** means a *Distribution Network Service Provider* for a *distribution network* situated wholly or

partly within Victoria for whom a distribution determination is to take effect on 1 January 2011.

#### **11.[XX].2 Recovery by Victorian distribution network service providers during current regulatory control period**

- (a) A Victorian Distribution Network Service Provider may, in the remaining *pricing proposals* it submits during the current regulatory control period, provide for the recovery of any additional *designated pricing proposal charges* it could have passed on to customers in its *pricing proposal* in the first *regulatory year* of the current regulatory control period had the Amending Rule been in operation.
- (b) The recovery proposed in accordance with paragraph (a) must be on the basis that the additional *designated pricing proposal charges* that were unrecovered in the first *regulatory year* of the current regulatory control period are to be recovered over all remaining years of the current regulatory control period, grossed up on the basis of the pre-tax *weighted average cost of capital* as approved by the *AER* in the relevant distribution determination.

#### **11.[XX].3 Bairnsdale network support agreement**

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

#### **11.[XX].4 Application of clause 6.18.7(c)**

- (a) Subject to paragraphs (b), (c) and (d) below, for the purposes of the first *pricing proposal* a *Distribution Network Service Provider* submits after the commencement date, new clauses 6.18.7(c)(2)(ii) and 6.18.7(c)(3)(ii) shall be read as if the words "for the purposes of paragraph (c)(1)(i)" and "for the purposes of paragraph (c)(1)(ii)" respectively were omitted.
- (b) For a Tasmanian Distribution Network Service Provider:
  - (1) clause 6.18.7(c) does not apply in respect of the *pricing proposal* to be submitted for the first *regulatory year* of the *regulatory control period* commencing 1 July 2012; and
  - (2) clauses 6.18.7(c)(2) and (3) do not apply in respect of the *pricing proposal* to be submitted for the second *regulatory year* of the *regulatory control period* commencing 1 July 2012.
- (c) For Victorian Distribution Network Service Providers clauses 6.18.7(c)(2) and (3) do not apply in respect of a *pricing proposal* to be submitted for the second *regulatory year* of the *regulatory control period* commencing 1 January 2011.

- (d) For Queensland and South Australian Distribution Network Service Providers clauses 6.18.7(c)(2) and (3) do not apply in respect of a *pricing proposal* to be submitted for the second *regulatory year* of the *regulatory control period* commencing 1 July 2010
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