

30 November 2011

Mr John Pierce
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By online submission

Dear John

RE: Consultation Paper on National Electricity Amendment (Distribution Network Planning and Expansion Framework) Rule 2011

AEMO welcomes the opportunity to provide feedback on the AEMC's Consultation Paper on the proposed Rule amendment on Distribution Network Planning and Expansion Framework.

AEMO supports any changes to the planning framework which encourages an approach where network service providers are more focussed on providing reliable and secure electricity supply to customers which represents the right balance between the service provided and the price paid. AEMO also believes that the planning framework should complement the revenue setting arrangements to ensure network providers can deliver an appropriate price-service balance. This would include ensuring that there is adequate information and sufficient opportunities for non-network service providers to provide services required by consumers.

AEMO supports the objective of reporting under a national regime for both transmission and distribution network planning requirements. This would promote consistency and transparency across the planning framework.

This submission discusses AEMO's view of the proposed amendments to distribution network planning and expansion framework and how it would help move towards a national network planning framework.

Distribution Annual Planning Report

AEMO supports the requirement on DNSPs to publish Distribution Annual Planning Reports (DAPRs). AEMO believes the role of a DAPR is to provide information to the industry, including customers, on the development of the local network. This information is to help guide efficient investments for projected demand, as well as to provide consumers with information on network augmentations which are proposed, or under construction, to help provide reliable electricity.

AEMO suggests that the AEMC may also wish to consider whether any of the proposed information required of DNSPs in the DAPRs could be included in the Transmission APRs.

AEMO notes that the proposal includes the ability for DNSPs to seek exemptions from the AER on producing information in the DAPRs. AEMO does not believe that there are any requirements for the AER to grant exemptions or variations for DNSPs to the annual planning reporting requirements and this option should be deleted. This would not provide any benefits to the framework of reporting under a national regime and aligning TNSP and DNSP reporting. The transparency of distribution network planning and critical information to help guide efficient investments would be lost.

AEMO also notes the proposal for annual reporting to include the provision of demand forecast information by DNSPs. As the AEMC would be aware AEMO has commenced its National Energy Forecasting Project which aims to deliver improved forecasts that are transparent and independently produced.

This is to be achieved by accounting for impacts on demand, including developments driven by climate change policy, rising electricity prices, and the changing costs of different energy technologies. To quantify the impacts on demand, AEMO will be undertaking coordinated research in energy consumption areas including rooftop PV, electric vehicles, price elasticity and energy efficiency schemes.

The first stage of AEMO's National Energy Forecasting Project is to produce a report in June 2012. Following this, AEMO plans to continue to work with an energy forecasting reference group to monitor changes which impact demand and to provide updated information as necessary.

To support this initiative the AEMC should consider how information supplied by DNSPs in the DAPRs could complement national forecasts and provide connection point forecasts which can be reconciled to these national forecasts.

Joint Planning Requirement

AEMO supports the AEMC's proposal to improve joint planning between DNSPs and TNSPs, as this would encourage improved transparency and consistency in network planning. AEMO also believes increased joint planning between DNSPs and TNSPs would encourage more efficient planning outcomes by identifying the most appropriate investment options. It could also provide greater transparency of the potential for non-network investment options, including demand-side participation and embedded generation, to contribute to meeting customer needs.

AEMO also encourages joint planning between DNSPs where an augmentation or non-network alternative would affect more than one distribution network. This would ensure all customers are considered in the planning of a distribution augmentation and therefore network reliability would be maintained.

Introduction of a RIT-D

AEMO supports the introduction of the RIT-D as this will improve the transparency of distribution network planning. It would also align with the NEO in ensuring the most efficient investment option to address an identified need is pursued providing customers with more cost-effective network charges. A RIT-D process would also be consistent with TNSP requirements for investment planning which further promotes a national planning framework.



If you have any questions please do not hesitate to contact Louis Tirpcou on (03) 9609 8415.

Yours sincerely

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