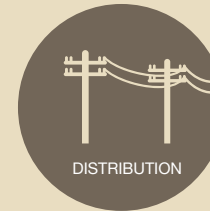
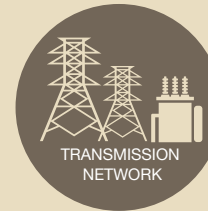
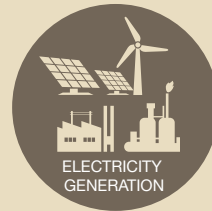


TRANSMISSION FRAMEWORKS REVIEW SECOND INTERIM REPORT

ELECTRICITY SUPPLY CHAIN



WHOLESALE MARKET
(Generators sell their power to retailers)

RETAIL MARKET

AEMC KEY PROJECTS

Transmission Frameworks Review
Getting ready for future investment
and new technology

Network Regulation Rule Changes
Improving rules so monopoly
networks don't charge customers
more than necessary

Retail Competition Reviews
Providing advice on effective
competition in states and
territories

Electric Vehicles Review
Economically efficient ways
to manage the impacts of
electric vehicles in the market

Distribution Reliability Review
Examining trade-offs between
cost and network reliability

Power of Choice Review
Informed choices on ways to use electricity and manage bills



THE TRANSMISSION FRAMEWORKS REVIEW IS CREATING A FLEXIBLE FRAMEWORK TO DELIVER COST EFFICIENT INVESTMENT IN FUTURE GENERATION AND TRANSMISSION



Current transmission arrangements

- 1 Transmission businesses plan and build transmission networks but generators don't pay to use them
- 2 Consumers bear the full cost and risks of transmission investment
- 3 No certainty for generators that they can transmit their output to market when they want to
- 4 Generators don't see the transmission costs of their choice of location
- 5 Different processes and standards for spending money on transmission across states
- 6 Negotiations with transmission businesses to connect new generators are overly complex and one-sided

AEMC proposals for future transmission arrangements

- 1 Generators could drive transmission investment by choosing to pay for better access to the market
- 2 Generators would bear some of the cost and risk of transmission investments
- 3 Would be easier and cheaper for generators to build new power stations and enter supply contracts if financial returns are more certain
- 4 Generators would be encouraged to build in locations where transmission costs are cheaper
- 5 Stronger national coordination of transmission investment and more consistent investment decision making
- 6 Better transparency in connection negotiations would lead to lower costs