

# CONGESTION MANAGEMENT REVIEW

Response to Exposure Draft

15 April 2008

## 1. Introduction

Grid Australia is pleased to be able to provide comments on the Exposure Draft released by the Commission on 25 March 2008. The Exposure Draft proposes legal drafting to establish Rules to give effect to a number of the recommendations in the Congestion Management Review Draft Report.

## 2. Summary

Grid Australia supports the Commission process for development of the Congestion Information Resource (CIR), to be developed through a further Rules consultation by NEMMCO. This phase will be extremely important in ensuring that an efficient and effective information provision regime is developed. However, Grid Australia believes there is a need for some amendments to the drafting of the Rules to provide greater clarity around the requirements of both the Interim CIR and the CIR.

In addition, Grid Australia is concerned to ensure the changes to the arrangements for the recovery of negative inter-regional settlement residues do not introduce additional complications and costs. Grid Australia believes there is a need for the recovery of these amounts to be netted off against others amounts that are payable to TNSPs.

Detailed comments on these matters are set out below.

## 3. Congestion Information Resource

### *Clause 3.7A (o)*

It is noted that proposed clause 3.7A (o) is taken from the existing clause 3.7A (a). The proposed clause however, omits the final sentence of the old clause, which Grid Australia believes is a serious omission. On first reading the sentence, which reads “Accordingly, information on planned network outages may be subject to change” may appear superfluous. In Grid Australia’s view it is important that such a statement is included and noted as referable to each of the sub-clauses (1), (2) and (3) of proposed clause 3.7A.

### *Clause 11.X.1 (a)*

This provision provides for the Congestion Information Resource (CIR) to include a listing of planned network outages for periods out to two years. Grid Australia believes that provision could be made for outages to be included for up to 2 years ahead, but that it should be clarified in the Rules that this is not intended to require TNSPs to undertake works planning two years in advance.

### *Clause 11.X.1 (b)*

This provision sets out the requirements of the interim CIR. Grid Australia understands from these requirements the Commission’s view is for the interim CIR to maintain the current information provision arrangements, that are either required by the Rules (such as existing clause 3.7A) or are voluntarily provided (such as NEMMCO publication of the Network Outage Schedule or NOS). Therefore, Grid Australia understands that the Commission’s proposal in clause 11.X.2(b)(1) to include the “network outage schedule” as part of the interim CIR, refers to the current NOS as published by NEMMCO, and not the proposed definition of network outage schedule in clause 11.X.1(a).

Grid Australia recommends that the drafting be amended to clarify that the reference to “network outage schedule” in clause 11.X.2(b)(1) is not to be taken as the defined term that is included in clause 11.X.1(a).

*Clause 11.X.2 (c) (2)*

Whilst this provision is intended only to apply for the interim Congestion Information Resource, Grid Australia considers that the provision is ambiguous, in that it is not clear that the information to be provided is specifically that information required by the interim CIR in respect of clause 11.X.2 (b) (5). Grid Australia proposes that the words “for the purposes of paragraph (b) (5)” be expanded to read “as specified in the CIR for the purposes of paragraph (b) (5)”.

#### **4. Recovery of Negative Inter-Regional Settlement Amounts**

*Clause 3.6.5*

Proposed Rules 3.6.5(4) (a)(4)(ii) and 3.6.5(4)(a)(4 A )(ii) allow NEMMCO to determine the payment interval and the method, for negative settlement residues and associated interest, without market consultation.

Currently, intra-regional settlements residues are settled weekly, while the auction payments for inter-regional settlements residues are settled quarterly. In the event of a negative inter-regional settlement occurring in a billing week, Grid Australia considers it essential that a process be introduced to balance it against other settlement amounts that are payable to TNSPs, such as the intra-regional settlement residues.

Grid Australia recommends that the timing for the settlement of negative inter-regional residues to TNSPs align with that of the general settlement requirements under Rule 3.15. Additionally, the Rule should require that any negative inter-regional residue settlement amount be netted off against any other settlement amounts that may be payable to TNSPs within the billing week. The settlement statement, issued by NEMMCO, will be sufficiently detailed to ensure any netting off is identified as a separate line item. The one statement, rather than two statements as current, will ensure end use consumers are not paying for NEMMCO’s and TNSPs’ administrative costs for double handling monies/proceeds.

Given that the amounts involved are likely to be small, relative to the total NEM settlements, Grid Australia believes it would be inefficient for any new settlements arrangements to require TNSPs to be included within NEMMCO’s prudential risk management activities. Grid Australia would be please to further assist in the development of an appropriate negative inter-regional settlement residue process.

#### **5. Typographical Error**

*Correction to Proposed Rule 3.8.10 (j) (iii)*

The drafting of this clause appears to contain a typographical error.

commission reports by other persons on it’s behalf on any aspect, or matter or thing that is the subject ~~if~~ of the review;