

John M Arneaud

10th 2nd May 2011

Mr John Pierce
Chairman
Australian Energy Market Commission
PO Box A42449
Sydney South
NSW 1235

Submitted on-line via AEMC website

Dear Mr Pierce,

Reference: ERC0100

I making this submission as a private individual. As advised, I have removed personal information from this version of my submission, to satisfy the South Australian Government Information Privacy Principles Instruction which applies to the AEMC. (Ver #2)

I have read the proposed Draft SENE Rule and would like to offer the following comments for consideration, in the interests of good market regulation and the avoidance of ambiguity in the Final Rule.

Some comments on SENE Draft Rule of March 2011

1] 5.5A.2 (b) (1) - Duplication of SENE studies

The possibility exists that another TNSP may be conducting a SENE Design and Costing Study related to the same geographic area.

A Tasmanian example of this would be where Transend were considering a SENE from King Island to mainland Tasmania but AEMO (as VIC TNSP) received a request to do a study for a SENE from King Island to Portland, VIC. There would be advantages in considering the two together. Similar cases could arise across other jurisdictional boundaries.

2] 5.5A.2 (e) - Potentially iterative operation of these clauses

This process could be iterative, in that once the notice has been published, the TNSP may discover another party who may wish to join the SENE. Additional efficiencies in scale may be achieved by allowing the scope of the SENE study to be enlarged. However, this could delay the original SENE proponent, so perhaps only a single iteration should be allowed.

In the end this is a matter of AEMC judgement and compromise. What is essential is certainty in the Rule about veto rights (or the lack of a veto) and how the risk of delay to the original proponent's project is managed, whilst at the same time capturing the greatest feasible economies of scale, by discovering all the parties with a real (as opposed to tactical-blocking) desire to join the SENE.

3] 5.5A.3 (b) (6) - Required augmentation

Even severe downstream network congestion does not necessarily require a TNSP to augment the shared network.

In general, augmentation of the shared transmission network to support generation access is only required if it can be shown that there are competition or reliability benefits. What the proponent and other affected parties need to know is what augmentations are required to maintain access of the existing generators and provide access for the new generation which connects to the SENE.

This issue starts to overlap with the outcomes of the Transmission Frameworks Review. However it is reasonable that the SENE Rule should at least require the TNSP to identify both the limitations of the existing transmission network and the approximate cost of increasing transfer capacity of the shared network to accommodate the SENE, without an increased level of network congestion.

3] 5.5A.4 (c) - Optional Provision of Information

The Draft Rule makes provision for a Network Service Provider to refuse a request from another NSP for information or assistance requested under paragraph (b). This could make it difficult for the original TNSP to achieve its published timetable.

Whilst it is understood that NSPs have obligations under the Rules regarding the use and disclosure of confidential information (clause 8.2 and 5.3.8), it is perhaps preferable for this to be managed by a form of words similar to the Draft Rule 5.5A. (b); that is:

5.5A (c)

If the Transmission Network Service Provider receives a request under paragraph (b), the Transmission Network Service Provider must provide this information if the following conditions are satisfied:

- (1) provision of the required information does not conflict with other obligations on that NSP in respect of confidentiality in the Rules; and
- (2) The NSP is satisfied that its efficient costs can be recovered from the requesting NSP.

3] 5.5A.5 - Publication of report

In the interest of market transparency, and to act as a guide to future proponents, it is suggested that in addition to the items (a) - (e) in the Draft Rule 5.5A 5, the actual cost of the SENE Design and Costing Study be published in the report.

In closing, I'd like to thank the Commission for this opportunity to comment on the Draft SENE Rule. If you wish to discuss any of the suggestions above, please feel free to telephone or email me.

Yours sincerely,

John Arneaud

