

Mr John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Dear Sir

Project ERC0146

Draft National Electricity Amendment (Minor Changes) Rule 2012

I am pleased to provide the following submission suggesting an additional minor change to the National Electricity Rules (NER) and make comment regarding provisions in relation to transmission pricing framework that may require minor changes.

I have an interest in the NER as I provide advice to current and prospective generators and customers seeking connection to transmission or distribution networks.

Suggested Minor Change Clause S5.3a.8 Reactive power capability

It is my understanding that the reference to clause S5.1a.4 as below should be S5.1.4(c).

Automatic access standard: For power export, at rated power output and target network voltage as determined in accordance with **clause S5.1a.4**

Transmission Pricing

The following provides comments on NER provisions under clause 6A.23.3, Principles for the allocation of the ASRR to transmission network connection points. The comments are made in the knowledge that transmission network service providers (TNSP) and the Australian Energy Regulator (AER) have been operating successfully under these principles, TNSP pricing methodologies and AER pricing methodology guidelines since January 2007 under Version 12 of the NER.

Clause 6A.23.3(c) provides for allocation of the "ASRR for prescribed TUOS services to be allocated to transmission network connection points of Transmission Customers."

In order to provide for inter-regional transmission revenue allocations it is my understanding that the principle is that:

- regional ASRR locational component is to be allocated to each customer connection point, inclusive of directional interconnectors when seen as loads by that region, on the basis of the estimated proportionate use of the relevant transmission system assets, and
- the allocation to a directional interconnector is then adjusted by subtracting the estimated auction amounts arising from that directional interconnector.

The way I read clause 6A.23.3(c)(1) is that it appears to only relate to connection points for each relevant directional interconnector and does not appear to provide for allocation to customer connection points. Clause 6A.23.3(c)(1) states:

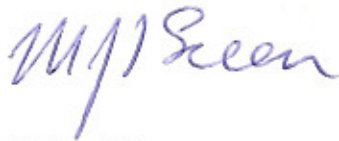
"a share of the ASRR (the locational component) is to be adjusted by subtracting auction amounts from the connection points for each relevant **directional interconnector** and this adjusted share is to be allocated as between **such** connection points"

Even if my understanding of the principle is incorrect, it would appear that the wording of clause 6A.23.3(c)(1) could be reviewed to more clearly reflect allocations to customer connection points.

If you wish to discuss any aspects of the submission please feel free to call be on

[REDACTED]

Yours Sincerely

A handwritten signature in blue ink that reads "MJ Green". The signature is written in a cursive, slightly slanted style.

Michael Green