



**EnergyAustralia**

EnergyAustralia  
ABN 99 086 014 968

Level 33  
385 Bourke Street  
Melbourne Victoria 3000

Phone +61 3 8628 1000  
Facsimile +61 3 8628 1050

enq@energyaustralia.com.au  
energyaustralia.com.au

2 November 2012

Mr John Pierce  
Mr Neville Henderson  
Dr Brian Spalding  
Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

Dear Commissioners,

**Reference ERC0106: Modelling of Load Export Charges**

EnergyAustralia welcomes the opportunity to comment on the modelling of load export charges which have been prepared for the AEMC by ROLIB Pty. Ltd.

The AEMC has been in the process of considering the National Electricity Amendment (Inter-regional Transmission Charging) Rule 2011 to assess the most efficient way in which to implement inter regional Transmission Use of System Charges (TUOS) in the National Electricity Market (NEM).

As part of the consultation process for this Rule change, the AEMC proposed three key options as potential approaches for determining inter regional transmission charges (TUOS). They include:

- Option 1: Modified Load Export Charge (MLEC);
- Option 2: Cost Sharing (CS);
- Option 3: NEM –wide Cost Reflective Network Pricing (CRNP).

In our original response to the AEMC's Rule change, we supported a NEM wide CRNP (Option 3). Our view was a NEM wide CRNP was more likely to satisfy the National Electricity Objective (NEO) because:

- it would be applied in a consistent manner nationally across the different jurisdictions and avoid the problems associated with the implementation of a LEC;
- it would lead to more cost reflective pricing outcomes compared to the CS (Option2) approach;
- it would charge customers not just on the use of assets in adjoining areas but those assets in non adjoining areas.

The ROLIB modelling report provides indicative outcomes for a range of alternative approaches to determining inter regional transport charges in the NEM. The report reinforces our view that Option 3 – a NEM wide CRNP - is the most efficient way to introduce inter regional transmission charges in the NEM. The report suggests that standard CRNP would be the most efficient approach for determining inter- regional charges because it has the following attributes:

- reasonable consistency between annual outcomes;
- capacity mode most closely reflects transmission cost drivers;
- the full year approach aligns with the methodology used by most TNSPs in determining intra regional locational charges; and
- it avoids the need to select a limited number of intervals that may not adequately capture the usage of interconnections for both import and export.

For this reason, we continue to support Option 3 - a NEM wide CRNP.

We look forward to working with the AEMC further in relation to this Rule change. For any enquiries regarding this submission, please feel free to contact Mr. Con Noutso - Regulatory Manager at EnergyAustralia on Tel: 03 8628 1240.

Yours sincerely

Signed for email

Con Noutso  
Regulatory Manager  
TRUenergy