



Inter-regional Transmission Charging Rule Change Request – Section 108A Report

Purpose

The Australian Energy Market Commission (Commission) is required under section 108A of the National Electricity Law (NEL) to publicly report on Rules not made within 12 months of publication of the notification of the commencement of the Rule change process.

Background

On 15 February 2010 the Commission received a Rule change request from the Ministerial Council on Energy (MCE). The Rule change request proposes to introduce an inter-regional transmission charging mechanism to Chapter 6A of the National Electricity Rules (Rules) in the form of a load export charge. Under the proposed Rule, the new inter-regional transmission charging arrangements would be given effect by obliging transmission businesses in each region to levy a load export charge on transmission businesses in adjoining regions. The load export charge would be determined based on the flow of electricity from one region to another.

Following this request, on 13 May 2010, the Commission published a notice under section 95 of the NEL advising of its intention to commence the Rule change process and initial consideration on the Rule change request.

On 2 December 2010, the Commission gave notice under section 99 of the NEL of the making of the draft Rule determination and draft Rule for the Inter-regional Transmission Charging Rule change.

On 7 April 2011, the Commission gave notice under section 107 of the NEL to extend the period of time for the making of the final Rule determination to 23 February 2012. This was to allow the Commission time to develop a uniform national inter-regional transmission charging regime and methodology.

Reason for the final Rule determination not being made within 12 months

The reasons why the Rule determination has not been made within 12 months of the publication of the notice under section 95 of the NEL are because modelling of estimated inter-regional transmission charging has required considerable time and new significant issues were raised during consultation on the draft Rule determination which have required additional time for consultation.

In addition, following consultation on the draft Rule determination, the Commission recognised that there were number of issues with existing TUOS methodologies that could impact on the efficiency of any inter-regional transmission charging scheme. The Commission agreed with concerns raised by stakeholders that there was a need for consistency in the application of the inter-regional transmission charge on a NEM-wide basis. The Commission will therefore develop a uniform national inter-regional transmission charging regime and methodology. The development of this regime and methodology will have regard to the Commission's separate longer term Transmission Frameworks Review, but will not be merged with that review. This will require further consultation which will mean the Rule determination will not be made within 12 months of the publication of the notice under section 95 of the NEL.

Expected time for making final Rule determination

The Commission considers it will make and publish the final Rule determination for the Rule change request by 23 February 2012.