

9 August 2006

Dr John Tamblyn
Chairman
Australian Energy Market Commission
PO Box H166
Australia Square NSW 1215

Dear John

NEMMCO submission on Draft Determination and Draft Rule for Review of Electricity Transmission Revenue Rules

Thank you for the opportunity to make this submission on the AEMC's Draft Determination and Draft Rule for Review of Electricity Transmission Revenue Rules.

NEMMCO was grateful of the opportunity to participate in the AEMC convened Working Group that tackled the definition of prescribed transmission services. NEMMCO supports the form of the proposed definition and suggests an additional inclusion.

It is important to clearly capture the activities NEMMCO relies on TNSPs to perform, to provide us with the information or services we need to operate the power system in a secure and reliable manner. The consequence of an inadequate definition could be that TNSPs could, in theory, charge for tasks or services they are obligated to perform that are relevant to NEMMCO in carrying out its responsibilities. It is important that a generic reference is included in the Rules definition of prescribed services to cover obligations that might be contained in Rules and jurisdictional instruments for TNSPs to undertake relevant activities.

It is noted that the draft Rule definition makes reference to "services that are required by NEMMCO to be provided under the Rules" but, unlike the clauses relating to *shared transmission services* in clauses (a) and (b), clause (c) does not include any reference to jurisdictional instruments. Given the relationship between NEMMCO and TNSPs is somewhat amorphous, NEMMCO has a preference to include in the definition of prescribed transmission services NEMMCO requires of TNSPs, a generic reference to jurisdictional instruments as well as the Rules. One important example of a jurisdictional instrument imposing an obligation on a TNSP to undertake activities on behalf of NEMMCO is the requirement for Transend to maintain a capability to run the Tasmanian power system if, for some reason, NEMMCO is unable to.

The relevant definition in the draft Rules could be amended as follows:

prescribed transmission service:

Any of the following services:

- (a) *shared transmission services* that meet (but do not exceed) the *network* performance requirements (both as to quality and quantity) (if any) which those *shared transmission services* are required to meet under any *jurisdictional electricity legislation*; and
- (b) *shared transmission services* that meet (but do not exceed) the *network* performance requirements (both as to quality and quantity) set out in schedule 5.1a or 5.1, except to the extent that the *network* performance requirements which those *shared transmission services* are required to meet are prescribed under any *jurisdictional electricity legislation*; and
- (c) services that are required by NEMMCO to be provided under the *Rules* or as required by *jurisdictional electricity legislation*, that are necessary to ensure the integrity of a *transmission network*, including through the maintenance of *power system security* and assisting in the planning of the *power system*; and
- (d) *connection services* that are provided by one *Network Service Provider* to serve another *Network Service Provider*,

but does not include *negotiated transmission services* or *market network services*.

If you have any questions regarding this matter please do not hesitate to contact Stuart James (ph 03 9648 8802).

Yours sincerely


Brian Spalding
Chief Operating Officer