



Draft National Electricity Amendment (Inter-regional Transmission Charging) Rule 2012

This draft rule accompanies the Second Determination on the Inter-regional Transmission Charging rule change request (AEMC reference: ERC0106).

Second Draft National Electricity Amendment (Inter-regional Transmission Charging) Rule 2012

1 Title of Rule

This Rule is the *Draft National Electricity Amendment (Inter-regional Transmission Charging) Rule 2012*.

2 Commencement

Schedules 1 and 2 of this Rule commence operation on [COMMENCEMENT DATE 1].

Schedule 3 of this Rule commences operation on [COMMENCEMENT DATE 2].

3 Amendment of the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 1.

4 Amendment of the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 2.

5 Savings and Transitional Amendments to the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 3.

6 Notes

Notes do not form part of the National Electricity Rules.

Schedule 1 Amendments of the National Electricity Rules

(Clause 3)

[1] Clause 3.6.5 Economic regulation of transmission services generally

In clause 3.6.5(a)(4C)(ii), after ";" insert "and".

[2] Clause 3.6.5 Economic regulation of transmission services generally

Omit clause 3.6.5(a)(5) in its entirety and substitute "[Deleted]".

[3] Reference to "provider" in various clauses

In clauses 6A.22.2, 6A.22.3(a), 6A.22.4, 6A.24.1(d), 6A.24.3(a)(3), 6A.24.3(c)(2), 6A.26.1(a), 6A.26.1(b), 6A.29.1(f), 6A.29.2 and 6A.29.3, omit "provider" whenever occurring and substitute "*Transmission Network Service Provider*".

Note:

The AEMC drafting approach is to refer to "*Transmission Network Service Provider*" where there is reference in the *Rules* to "provider" (this drafting approach was adopted in the Economic Regulation of Network Service Provider rule change request).

[4] Clause 6A.22.1 Aggregate annual revenue requirement (AARR)

In clause 6A.22.1, omit ", and" and substitute ";".

[5] Clause 6A.22.1 Aggregate annual revenue requirement (AARR)

In clause 6A.22.1(2), omit "." and substitute:

; and

- (3) by any allocation as agreed between *Transmission Network Service Providers* in accordance with clause 6A.29.3.

[6] Clause 6A.22.3 Meaning of attributable cost share

In clause 6A.22.3(a), omit "under the principles in clause 6A.23.2" and substitute "or approved, under this Part".

[7] Clause 6A.22.3 Meaning of attributable cost share

In clause 6A.22.3(a)(2), after "*transmission system*" insert "and any other *transmission system*".

[8] Clause 6A.23.2 Principles for the allocation of the AARR to categories of prescribed transmission services

Omit the clause 6A.23.2 heading, and substitute "Principles for the allocation of the Aggregate Annual Revenue Requirement".

[9] Clause 6A.23.2 Principles for the allocation of the AARR to categories of prescribed transmission services

In clause 6A.23.2(d)(3), omit "and" where last occurring, and substitute "and/or".

[10] Clause 6A.23.3 Principles for the allocation of the ASRR to transmission network connection points

Omit clause 6A.23.3, including the clause heading, and substitute:

Clause 6A.23.3 Principles for the allocation of the Annual Service Revenue Requirement to connection points

The principles for the allocation of the *annual service revenue requirement* for a *Transmission Network Service Provider* for each *category of prescribed transmission services* to the relevant *connection points* (other than the *connection points* of any *Market Network Service Provider*), and the manner and sequence in which adjustments can be made to those allocations, for the relevant *regulatory year* to which the *maximum allowable revenue* relates to, must be in accordance with the following:

- (a) The *annual service revenue requirement* for *prescribed TUOS services* is to be allocated to between a locational component (*pre-adjusted locational component*) and a non-locational component (*pre-adjusted non-locational component*) either:
 - (1) as to 50% to each component; or
 - (2) an alternative allocation to each component, that is based on a reasonable estimate of future *network* utilisation and the likely need for future *transmission* investment, and that has the objective of providing more efficient locational signals to *Market Participants, Intending Participants* and end-users.
- (b) Subject to paragraph (d), the *pre-adjusted locational component* is to be adjusted by:
 - (1) subtracting any amount estimated as proceeds from *auctions* estimated to be receivable by the *Transmission Network Service Provider* from the *connection points* for each relevant *directional interconnector* as referred to in clause 3.18.4, and adjusted in accordance with paragraph (f); and

- (2) adding or subtracting the amount estimated by the *Co-ordinating Network Service Provider* for the *modified load export charge* receivable by or payable to the *Transmission Network Service Provider* under clause 6A.29A.5, and adjusted in accordance with paragraph (f),

(the *adjusted locational component*).

- (c) If the *adjusted locational component* is a positive amount, it is to be allocated to *transmission network connection points* of *Transmission Customers* on the basis of their proportionate use of the relevant *transmission system* assets. The *CRNP methodology* and the *modified CRNP methodology* are two permitted methodologies to estimate the proportionate use of the relevant *transmission system* assets as referred to in paragraph (b).
- (d) If the *adjusted locational component* is a negative amount, then the *adjusted locational component* will be deemed to be zero and the absolute value of that negative amount is to be subtracted from the *pre-adjusted non-locational component* under subparagraph (e)(1).
- (e) The *pre-adjusted non-locational component* is to be adjusted by:
 - (1) subtracting the absolute value of the amount (if any) referred to in paragraph (d);
 - (2) adding or subtracting any amount for *settlements residue* (not being any *auction* amount referred to in subparagraph (b)(1), but including any amount of *settlements residue* due to *intra-regional loss factors*) estimated to be receivable by or payable to the *Transmission Network Service Provider* in accordance with clause 3.6.5(a)(3);
 - (3) adding or subtracting any adjustment arising as a result of the application of clauses 6A.23.4(c) and (d);
 - (4) any amount arising as a result of the application of prudent discounts (if any) under clauses 6A.26.1(d) to (g); and
 - (5) adding or subtracting any *over-recovery amount* or *under-recovery amount*, and adjusted in accordance with paragraph (f),

(the *adjusted non-locational component*).

- (f) An amount estimated in subparagraphs (b)(1), (b)(2) and (e)(5) must be adjusted as the sum of:
 - (1) the difference between:

- (i) the estimated amount payable or receivable for a service (or component of a service) referred to in subparagraphs (b)(1), (b)(2) and (e)(5) in year $t - 1$; and
 - (ii) the amount actually payable or receivable for that service (or that component of service) in year $t - 1$;
 - (2) the difference between:
 - (i) the actual amount payable or receivable for that service (or that component of service) in year $t - 2$; and
 - (ii) the estimate of the amount payable or receivable for that service (or component of a service) in year $t - 2$ that was used for the purposes of clause (f)(1)(i) in accordance with the *Co-ordinating Network Service Provider's* or the *Transmission Network Service Provider's* (as the case may be) *pricing methodology* that applied in year $t - 1$; and
 - (3) grossed up on the basis of the *allowed rate of return* as approved by the *AER* in the relevant *revenue determination* that applies to the *Transmission Network Service Provider* at the time when the further adjustment is to be made.
- (g) For the purposes of paragraph (f):
- "year t " means the *regulatory year* in which adjustments are made under paragraph (f).
- "year $t - 1$ " means the *regulatory year* immediately prior to year t or, where year t is the first year of a *regulatory control period*, the last *regulatory year* of the previous *regulatory control period*.
- "year $t - 2$ " means the *regulatory year* immediately prior to year $t - 1$ or, where year t is the:
- (1) first year of a *regulatory control period*, the penultimate *regulatory year* of the previous *regulatory control period*; and
 - (2) second year of a *regulatory control period*, the last *regulatory year* of the previous *regulatory control period*.
- (h) The *annual service revenue requirement* for *prescribed common transmission services* is to be adjusted by adding the operating and maintenance costs incurred in the provision of those services (to the extent that those costs were subtracted from the *maximum allowed revenue* in accordance with clause 6A.22.1).

- (i) The whole of the *annual service revenue requirement* for *prescribed entry services* is to be allocated to *transmission network connection points* (other than *connection points* of any *Market Network Service Provider*) in accordance with the *attributable connection point cost share* for *prescribed entry services* that are provided by the *Transmission Network Service Provider* at that *connection point*.
- (j) The whole of the *annual service revenue requirement* for *prescribed exit services* is to be allocated to *transmission network connection points* (other than *connection points* of any *Market Network Service Provider*) in accordance with the *attributable connection point cost share* for *prescribed exit services* that are provided by the *Transmission Network Service Provider* at that *connection point*.

[11] Clause 6A.23.4 Price structure principles

Omit clause 6A.23.4, including the clause heading, and substitute:

6A.23.4 Principles for the recovery of the Annual Service Revenue Requirement as prices

Principles for the recovery the *annual service revenue requirement* for a *Transmission Network Service Provider* as prices for *Transmission Customers* (but not *Market Network Service Providers*) for the relevant *regulatory year* to which the *maximum allowable revenue* relates to, must be made in accordance with the following:

- (a) The *Transmission Network Service Provider* must have separate prices for:
 - (1) *prescribed TUOS services – adjusted locational component*;
 - (2) *prescribed TUOS services – adjusted non-locational component*;
 - (3) *prescribed common transmission services*;
 - (4) *prescribed entry services*; and
 - (5) *prescribed exit services*.
- (b) Prices for recovering the *prescribed TUOS services - adjusted locational component*:
 - (1) must be based on demand at times of greatest utilisation of the *transmission network* by *Transmission Customers* and for which *network* investment is most likely to be contemplated;
 - (2) subject to subparagraph (3) below, must not change by more than 2% on a *load weighted average* basis for the relevant *region* compared with the previous *regulatory year*; and

- (3) may only change by more than 2%:
 - (i) to the extent that the change in prices relate to the adjusted *modified load export charge* as referred to in clause 6A.23.3(b)(2); and
 - (ii) if, since the commencement of the previous *regulatory year*:
 - (A) the *load* at the *connection point* has materially altered;
 - (B) in connection with that alteration, the *Transmission Customer* requested a renegotiation of its *connection agreement* with the *Transmission Network Service Provider*; and
 - (C) the *AER* approved the change.
- (c) If, in the case of an increase in prices for recovering the *prescribed TUOS services - adjusted locational component*, the application of paragraph (b)(2) would result in a shortfall for the *prescribed TUOS services - adjusted locational component*, any shortfall may be recovered by adjusting upward the *prescribed TUOS services - non-locational component* in clause 6A.23.3(e)(3).
- (d) If, in the case of a decrease in prices for recovering the *prescribed TUOS services - adjusted locational component*, the application of paragraph (b)(2) would result in a surplus for the *prescribed TUOS services - adjusted locational component*, any surplus must be offset by adjusting downward the *prescribed TUOS services - non-locational component* in clause 6A.23.3(e)(3).
- (e) Prices for recovering the *prescribed TUOS services - adjusted non-locational component* must be on a *postage-stamp basis*.
- (f) Prices for recovering *prescribed common transmission services* must be on a *postage-stamp basis*.
- (g) Prices for recovering *prescribed entry services* and *exit services* must be a fixed annual amount.

[12] Clause 6A.24.1 Pricing methodologies generally

Omit clause 6A.24.1(b) and substitute:

- (b) A *pricing methodology* is a methodology, formula, process or approach that, when applied by a *Transmission Network Service Provider* (or a *Co-ordinating Network Service Provider* on behalf of *Transmission Network Service Providers* within a region):

- (1) allocates the *aggregate annual revenue requirement* for *prescribed transmission services* provided by the *Transmission Network Service Provider* to each *category of prescribed transmission services*;
- (2) provides for the manner and sequence of adjustments to the *annual service revenue requirement*;
- (2) allocates the *annual service revenue requirement* to *transmission network connection points* (other than *connection points* of any *Market Network Service Provider*); and
- (3) determines the structure and recovery of prices for each *category of prescribed transmission services* under 6A.23.4(a).

[13] Clause 6A.24.1 Pricing methodologies generally

After clause 6A.24.1(b), insert:

(b1) In addition to complying with any other requirements under this Chapter 6A, the *pricing methodology* of a *Transmission Network Service Provider* that is the *Co-ordinating Network Service Provider* for a *region* must provide for:

- (1) the allocation of the *AARR* for *prescribed transmission services* provided by *Transmission Network Service Providers* within that *region*, including any allocation of the *AARR* as agreed between *Transmission Network Service Providers* in accordance with clause 6A.29.3;
- (2) the calculation of *modified load export charges* consistent with clause 6A.29A.2;
- (3) the allocation of *modified load export charges*:
 - (i) *receivable* by other *Co-ordinating Network Service Providers* in *interconnected regions*; and
 - (ii) *payable* to other *Co-ordinating Network Service Providers* in *interconnected regions*,

to each *Transmission Network Service Provider* within its *region* under clause 6A.29A.5; and

- (4) the allocation of proceeds from *auctions* *receivable* by or *payable* to the *Transmission Network Service Provider* in its *region* as referred to in clause 6A.23.3(b)(1).

[14] Clause 6A.24.1 Pricing methodologies generally

After clause 6A.24.1(d), insert:

- (d1) Where this Chapter provides that a matter is to be determined in accordance with the *pricing methodology* of a *Transmission Network Service Provider* who is the *Co-ordinating Network Service Provider* for a *region*, then no other *pricing methodology* applies in relation to that matter.

[15] Clause 6A.24.2 Publication of pricing methodology and transmission network prices

Omit clause 6A.24.2 and substitute:

A *Transmission Network Service Provider* must publish:

- (a) a current copy of its *pricing methodology* on its website;
- (b) if that *Transmission Network Service Provider* is also a *Co-ordinating Network Service Provider*, details of all *modified load export charges* to apply for the following *financial year* by [15 March] each year; and
- (c) the prices for each of the *categories of prescribed transmission services* to apply for the following *financial year* by 15 May each year.

Note:

Transmission Network Service Providers are required to publish their prices for *transmission services* to apply for the following *financial year* by 15 May each year for the purposes of determining *distribution service* prices.

[16] Clause 6A.25.2 Contents of pricing methodology guidelines

In clause 6A.25.2(d), omit “and” where lastly occurring.

[17] Clause 6A.25.2 Contents of pricing methodology guidelines

In clause 6A.25.2(e), omit "." and substitute:

- ;
- (f) those parts (if any) of a proposed *pricing methodology* or the information accompanying it, that will not be publicly disclosed without the consent of the *Transmission Network Service Provider*; and
 - (g) the matters which *Transmission Network Service Providers* that are also *Co-ordinating Network Service Providers* must include in their *pricing methodologies* in accordance with clause 6A.24.1(b1) for:

- (1) the allocation of the *AARR* for *prescribed transmission services* provided by *Transmission Network Service Providers* within that *region*, including any allocation of the *AARR* as agreed between *Transmission Network Service Providers* in accordance with clause 6A.29.3;
- (2) the calculation of *modified load export charges* consistent with clause 6A.29A.2; and
- (3) the allocation of *modified load export charges*:
 - (i) receivable by other *Co-ordinating Network Service Providers* in *interconnected regions*; and
 - (ii) payable to other *Co-ordinating Network Service Providers* in *interconnected regions*,to each *Transmission Network Service Provider* within its *region* under clause 6A.29A.5.

[18] Clause 6A.26.1 Agreements for prudent discounts for prescribed transmission services

Omit clause 6A.26.1(d) and substitute:

- (d) Subject to this clause 6A.26.1, a *Transmission Network Service Provider* who agrees to charge a beneficiary reduced charges may recover the difference between the revenue that would be recovered by the application of the maximum prices referred to in paragraph (a) and the reduced charges (the **discount amount**) from *Transmission Customers* through charges for either or both:
 - (1) the *adjusted non-locational component*; and
 - (2) *prescribed common transmission services*,in accordance with the *Co-ordinating Network Service Provider's* or *Transmission Network Service Provider's pricing methodology* (as the case may be).

[19] Clause 6A.26.1 Agreements for prudent discounts for prescribed transmission services

In clause 6A.26.1(f), after “discount amount” insert “through either or both the charges referred to in subparagraphs (d)(1) and (2)”.

[20] Clause 6A.26.1 Agreements for prudent discounts for prescribed transmission services

Omit clause 6A.26.1(g) and substitute:

- (g) Where for any reason the *Transmission Network Service Provider* does not recover the proportion of a discount amount that the *Transmission Network Service Provider* is entitled to recover from other *Transmission Customers* under this clause in the *financial year* in which the reduced charges apply, the *Transmission Network Service Provider* may recover the difference through charges to *Transmission Customers* for the *adjusted non-locational component of prescribed TUOS services* to apply in a subsequent *financial year*, in accordance with the *Transmission Network Service Provider's pricing methodology*.

[21] New clause 6A.27.6 Billing of modified load export charges

After rule 6A.27, insert:

6A.27.6 Billing of modified load export charges

Rule 6A.27 does not apply to the process of calculating and billing *modified load export charges*, which is regulated under Rule 6A.29A.

[22] Clause 6A.27.2 Minimum information to be provided in network service bills

Omit clause 6A.27.2(b)(1) and substitute:

- (1) charges for the *adjusted locational component* and the *adjusted non-locational component of prescribed TUOS services*; and

[23] Clause 6A.27.4 Payments between Transmission Network Service Providers

In the clause heading after "Transmission Network Service Providers", insert "in the same region".

[24] Clause 6A.27.4 Payments between Transmission Network Service Providers

Omit clauses 6A.27.4 and substitute:

- (a) A *Transmission Network Service Provider* must pay other *Transmission Network Service Providers* within the same *region* an amount of revenue equal to that which it is estimated it will collect during the following *regulatory year* or *financial year* (as the case may be), as charges for *prescribed transmission services* for the use of *transmission systems* owned by those other *Transmission Network Service Providers*.

- (b) The amount of any financial transfer under paragraph (a) must be determined by the relevant *Co-ordinating Network Service Provider* and paid in equal monthly instalments.
- (c) [Deleted]

[25] Clause 6A.27.5 Calculation of financial transfers between Transmission Network Service Providers

In the heading after "Transmission Network Service Providers", insert "in the same region".

[26] Clause 6A.27.5 Calculation of financial transfers between Transmission Network Service Providers

In clause 6A.27.5(a), omit "provider's revenue to a *Transmission Customer* in relation to a *connection point* with another *Network Service Provider*" and substitute "*Transmission Network Service Provider's* revenue to a *Transmission Customer* in relation to a *connection point* with another *Network Service Provider* in the same *region*".

[27] Clause 6A.27.5 Calculation of financial transfers between Transmission Network Service Providers

In clause 6A.27.5(b), after "by the *Co-ordinating Network Service Provider*", insert "for the relevant *region*".

[28] Clause 6A.29.1 Multiple Transmission Network Service Providers within a region

Omit clause 6A.29.1(a) and substitute:

- (a) If *prescribed transmission services* within a *region* are provided by more than one *Transmission Network Service Provider*, the appointing *Transmission Network Service Providers* (the **appointing provider**) within that *region* must appoint a *Co-ordinating Network Service Provider* for that *region*. The *Co-ordinating Network Service Provider* is responsible for:
 - (1) the allocation of all relevant *AARR* within that *region*, including any allocation of the *AARR* as agreed between *Transmission Network Service Providers* in accordance with clause 6A.29.3;
 - (2) the calculation of *modified load export charges* and any adjustments to the charges in accordance with the *Rules* payable by *Co-ordinating Network Service Providers* in *interconnected regions*; and

- (3) the allocation of *modified load export charges* and any adjustments to the charges in accordance with the *Rules* payable or receivable to or from *Co-ordinating Network Service Providers* in *interconnected regions* to each *Transmission Network Service Provider* within its *region*.

[29] Clause 6A.29.1 Multiple Transmission Network Service Providers within a region

In clause 6A.29.1(e), omit “the proper performance of the coordination function” and substitute “the *Co-ordinating Network Service Provider* to properly perform its functions under this Part J.”

[30] New Rule 6A.29A Modified load export charges

After rule 6A.29, insert:

6A.29A Modified load export charges

This rule sets out the arrangements for the calculation, invoicing and payment of *modified load export charges*.

6A.29A.1 Meaning of MLEC and single Transmission Network Service Provider in a Region

For the purposes of this rule if *prescribed transmission services* within a *region* are provided by only one *Transmission Network Service Provider* then references in this rule to a *Co-ordinating Network Service Provider* shall include references to that *Transmission Network Service Provider*.

6A.29A.2 Calculation of the modified load export charges

- (a) A *Co-ordinating Network Service Provider* for a *region* must calculate the *modified load export charge* payable to it by the *Co-ordinating Network Service Provider* for each *interconnected region* in respect of the following *financial year*, by:
 - (1) calculating the amount that is 50% of the *annual service revenue requirement* for *prescribed TUOS services* for that *financial year* in the calculating *Co-ordinating Network Service Provider's region*;
 - (2) adjusting that amount by subtracting any amount estimated to be receivable by *Transmission Network Service Providers* in the calculating its *Co-ordinating Network Service Provider's region* as proceeds from auctions (as referred to in clause 6A.23.3(b)(1));
 - (3) allocating the adjusted amount calculated under subparagraph (2) to the *connection points* of *Transmission Customers* in its *region* and to *Transmission Network Services Providers*

interconnected to its *region* (as if those *connection points* were also *connection points* of *Transmission Customers*) on the basis of their proportionate use of *transmission system* assets. The *MLEC CRNP Methodology* is the only permitted methodology of estimating the proportionate use of the relevant *transmission system* assets for the purposes of this paragraph (3); and

(4) determining the *modified load export charge* to be recovered from the relevant *Co-ordinating Network Service Provider* as the amount allocated in accordance with subparagraph (3), to the *connection points* of relevant interconnected *Transmission Network Services Providers* that is based on demand at times of greatest utilisation of the *transmission network* and for which *network* investment is most likely to be contemplated.

(b) The *MLEC CRNP methodology* is the only permitted methodology of estimating the proportionate use of the relevant *transmission system* assets as referred to in subparagraph (a)(1).

Note:

The requirement for 50% share of the *ASRR* to the *CNSP's connection points* and *TNSPs interconnected* to its *region* and the use of the *MLEC CRNP Methodology* is to ensure that all *CNSPs* adopt a consistent approach for the *MLEC*.

6A.29A.3 Calculation of adjustments to the modified load export charge

A *Co-ordinating Network Service Provider* for a *region* must calculate adjustments to the *modified load export charge* amount payable to it by the *Co-ordinating Network Service Provider* for each *interconnected region* in respect of the following *financial year*, in accordance with clause 6A.23.3.

6A.29A.4 Billing the modified load export charge

(a) The *Co-ordinating Network Service Provider* for a *region* must issue a monthly invoice in accordance with paragraph (b) to the *Co-ordinating Network Service Provider* for each *interconnected region* for the *modified load export charge* (including any adjustment made to it in accordance with the *Rules*) payable to it by that *Co-ordinating Network Service Provider*.

(b) The bill referred to in paragraph (a) satisfy each of the following:

(1) set out the total annual estimated *modified load export charge* payable by the *Co-ordinating Network Service Provider*;

(2) must contain reasonable details of the calculation of the *modified load export charge*; and

(3) must be issued as equal monthly instalments.

- (c) A *Co-ordinating Network Service Provider* must promptly pay any amounts properly calculated as owing by it and billed under paragraph (b).
- (d) Subject to paragraph (b), *Co-ordinating Network Service Providers* may agree to such terms and conditions for billing as they consider appropriate.
- (e) Each *Transmission Network Service Provider* whose *transmission network* is located in the *region* of the *Co-ordinating Network Service Provider* referred to in clause 6A.29A.2 must provide that *Co-ordinating Network Service Provider* with such information as the *Co-ordinating Network Service Provider* reasonably requires to estimate *modified load export charges*.

6A.29A.5 Allocation and billing process where multiple Transmission Network Service Providers in a Region

Where there is more than one *Transmission Network Service Provider* in a *region*:

- (a) the *Co-ordinating Network Service Provider* for that *region* must allocate any amounts receivable by or payable to it for *MLEC* under this rule to each *Transmission Network Service Provider* in its *region* in accordance with its *pricing methodology*;
- (b) the *Co-ordinating Network Service Provider* must issue a bill to each *Transmission Network Service Provider* in its *region* the net amount of *MLEC* allocated as payable or receivable by it pursuant to paragraph (a) including reasonable details of the calculation of those amounts;
- (c) a *Transmission Network Service Provider* must pay any amounts properly charged and billed to it by a *Co-ordinating Network Service Provider* under paragraph (b); and
- (d) the *Co-ordinating Network Service Provider* must pay any amounts properly allocated as payable to a *Transmission Network Service Provider* under paragraph (b).

[31] Clause S6A.3.3 Modified CRNP methodology

In clause S6A.3.3(3), omit "pre-adjusted".

[32] Clause 8.2.1 Application and guiding principles

After clause 8.2.1(h)(14), insert:

- (14A) a decision by a *Co-ordinating Network Service Provider* with regard to the provision of an estimate of the *modified*

load export charge payable to each Transmission Network Service Provider as referred to in clause 6A29.A.2.

DRAFT

Schedule 2 Amendments to the National Electricity Rules

(Clause 4)

[1] Chapter 10 Omitted definitions

In Chapter 10, omit the following definitions: *cost reflective network pricing*; and *cost reflective network pricing methodology* or *CRNP methodology* or *modified CRNP methodology*.

[2] Chapter 10 Substituted definitions

In Chapter 10, substitute the following definitions:

over-recovery amount

Any amount by which the revenue earned from the provision of *prescribed transmission services* in previous *regulatory years* exceeds the sum of the *AARR* in those *regulatory years*.

prescribed common transmission services

Prescribed transmission services that provide equivalent benefits to

- (a) all *Transmission Customers* who have a *connection point* with the relevant *transmission network* without any differentiation based on their location within the *transmission system*; and
- (b) *Transmission Network Service Providers* in *interconnected regions*, without any differentiation based on the location of their direct or indirect *connection* or *interconnection* with the relevant *transmission system*.

prescribed TUOS services or prescribed transmission use of system services

Prescribed transmission services that are not *prescribed common transmission services*, *prescribed entry services* or *prescribed exit services*, and that provide specific benefits to:

- (a) *Transmission Customers* who have a *connection point* with the relevant *transmission network*, based on the location of that *connection point* within the *transmission system*; and
- (b) *Transmission Network Service Providers* who have a direct or indirect *connection* or an *interconnection* with the relevant *transmission network*, based on the location of that *connection* or *interconnection* within the relevant *transmission system*.

under-recovery amount

Any amount by which the sum of the *AARR* in previous *regulatory years* exceeds the revenue earned from the provision of *prescribed transmission services* in those *regulatory years*.

[3] Chapter 10 New definitions

In Chapter 10, insert the following definitions in alphabetical order:

adjusted locational component

Has the meaning given to it in clause 6A.23.3(b).

adjusted non-locational component

Has the meaning given to it in clause 6A.23.3(e).

cost reflective network pricing or CRNP methodology

The cost allocation methodology set out in clause S6A.3.2.

MLEC CRNP Methodology

For the purposes of calculating the *modified load export charges*, the *CRNP Methodology* (and for the avoidance of doubt, not the *modified CRNP Methodology*) provided that each of the following is satisfied:

- (a) for the purposes of clause S6A.3.2(1), network ‘costs’ are attributed to all *transmission systems* assets of the relevant *Transmission Network Service Provider*; and
- (b) for the purposes of clause S6A.3.2(3):
 - (1) every *interval* of the previous *regulatory year* in order to determine the range of actual operating conditions from the previous *regulatory year*; and
 - (2) the peak usage of each *transmission system* asset by each *load* is used to determine the allocation of dispatched *generation* to loads from the previous *regulatory year*.

modified load export charges

Charges received by or payable to the *Co-ordinating Network Service Provider* in a *region* by a *Co-ordinating Network Service Provider* in an *interconnected region* calculated under rule 6A.29A.2.

pre-adjusted locational component

Has the meaning given to it in clause 6A.23.3(a).

pre-adjusted non-locational component

Has the meaning given to it in clause 6A.23.3(a).

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Schedule 3 Savings and Transitional Amendments to the National Electricity Rules

(Clause 4)

[1] Chapter 11 Savings and transitional arrangements

After rule 11.[xx], insert:

Part [XX] Inter-regional Transmission Charging

11.[xx] Rules consequent on the making of the National Electricity Amendment (Inter-regional Transmission Charging) Rule 2012

11.[xx].1 Definitions

For the purposes of this rule 11.[xx]:

Amending Rule means the National Electricity Amendment (Inter-regional Transmission Charging) Rule 2012.

commencement date means the date of commencement of Schedule 3 of the Amending Rule.

proposed amended pricing methodology means proposed amendments to the *pricing methodology* by a *Transmission Network Service Provider* as referred to in clause 11.[xx].3(a)(1).

regulatory year 1 means the *regulatory year* of the *Transmission Network Service Provider's transmission determination* that immediately follows the year of the commencement date.

regulatory year 2 means the *regulatory year* that follows regulatory year 1.

11.[xx].2 Amendments to the pricing methodology guidelines

- (a) By no later than [DATE], the *AER* must amend the *pricing methodology guidelines* to take into account the Amending Rule.

11.[xx].3 Amendments to the pricing methodologies of Transmission Network Service Providers

- (a) By no later than [DATE], each *Transmission Network Service Provider*:
- (1) must amend their *pricing methodology* to:

- (i) comply with the requirements of the *pricing methodology guidelines* amended under clause 11.[xx].2(a);
 - (ii) comply with the requirements of this Amending Rule; and
 - (iii) set out the process by which the methodology, formula, process or approach for adjustments in clause 6A.23.3(f) are proposed to be taken,

(the proposed amended pricing methodology); and
- (2) must submit the proposed amended pricing methodology to the *AER*.
- (b) All references in clauses 6A.11.1, 6A.11.2, 6A.11.3, 6A.14.3(g) and 6A.14.3(h) to the "proposed *pricing methodology*" apply to the "proposed amended pricing methodology" submitted in accordance with subparagraph (a)(2).
- (c) Despite paragraph (b), the time specified in the invitation to make submissions on the proposed amended pricing methodology must not be earlier than 20 *business days* after its publication by the *AER*.
- (d) By no later than 60 *business days* after the relevant time referred to in paragraph (c), or as soon as practicable after that date, the *AER* must *publish*:
 - (1) notice of the making of the final decision on the proposed amended pricing methodology ; and
 - (2) the final decision on the proposed amended pricing methodology, including the reasons required to be included in it.
- (e) Despite clauses 6A.24.1(e), (f) and item 2 in clause S6A.4.2(k), a proposed amended pricing methodology that is approved by the *AER* under paragraph (d) will be deemed to be the *Transmission Network Service Provider's pricing methodology* from the date of its approval by the *AER*.

11.[xx].6 Commencement of clause 6A.23.3(f) for further adjustments

- (a) Despite any other provision of the *Rules* (including any guideline or procedure made under the *Rules*), for regulatory year 1 and regulatory year 2, adjustments as referred to in clause 6A.23.3(f) must be determined in accordance with the methodology, formula, process or approach contained in the relevant *Transmission Network Service Provider's pricing methodology* approved under clause 11.[xx].3(e).

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