



AEMC Reference: ERC0106  
Powerlink Reference: A1010236

25 February 2011

Charles Hoang  
Australian Energy Market Commission  
201 Elizabeth Street, Level 5  
Sydney NSW 2000

Dear Charles

**Powerlink Response to Inter regional Transmission Charging Draft Rule Determination**

Powerlink supports the Grid Australia submission in response to the Inter regional Transmission Charging Draft Rule Determination. However, Powerlink takes this opportunity to provide further comment with respect to its practical capacity to implement the proposed Rule by 1 July 2012.

For clarification, Powerlink is not required to have an approved Pricing Methodology under Chapter 6A of the Rules in place until its next regulatory period (1 July 2012 to 30 June 2017). In the meantime, Powerlink is subject to the old Chapter 6 pricing arrangements for the current transitional regulatory period (1 July 2007 to 30 June 2012), as required under its transitional provisions in the Rule (clause 11.6.12).

Powerlink notes that the draft Rule for Inter regional Transmission Charging proposes that it not be required to submit its first Pricing Methodology to the Australian Energy Regulatory (AER) until 28 October 2011, as opposed to May 2011 with its Revenue Proposal for the 2013-17 regulatory period. This timeframe is consistent with that applicable under the draft Rule to other TNSPs to lodge their revised Pricing Methodologies with the AER.

The draft Rule provides for the AER to publish a final decision on Powerlink's Pricing Methodology within 60 business days of receiving the proposed methodology.

Powerlink considers that appropriate timeframes need to be allowed in the drafting of the Rule for all relevant parties to undertake the necessary steps, i.e. for the AER to develop guidelines, for TNSPs to revise and submit Pricing Methodologies, for the AER to make decisions on the methodologies and for the prices to actually be calculated.

33 Harold Street, Virginia  
PO Box 1193, Virginia, Queensland 4014, Australia  
Telephone: (07) 3860 2111 Facsimile: (07) 3860 2100  
Website: [www.powerlink.com.au](http://www.powerlink.com.au)

The following information regarding Powerlink's processes in determining TUOS prices is provided to assist the AEMC in determining the appropriate timeframes. Powerlink commences its pricing process in December of each year. Final transmission prices are required to be released to the DNSPs in mid-March of the following year under connection and access agreements. Based on the times in the current draft Rule, from a practical perspective, given the very short proposed timeframe between finalisation of the AER's Pricing Methodology Guideline and the release date of transmission prices to the Queensland DNSPs, it would be impractical for Powerlink to apply the AER approved Pricing Methodology inclusive of the IR-TUOS changes until 1 July 2013.

Powerlink also notes that while the draft Rule provides for Powerlink to lodge its Pricing Methodology later than that required under the Rules applicable to a revenue cap determination process, there is no similar provision to accommodate the impact of this change in timing on the AER's decision-making process. The AEMC should ensure that reasonable timeframes are allowed in each step of the process.

If you have any further queries in relation to this matter, please contact Simon Taylor on (07) 3860 1101.

Yours sincerely



Merryn York  
**Manager Network Strategy & Performance**

*Enquiries: Simon Taylor*

*Telephone: (07) 3866 1101*