

Objectives of the Review and Workshops

Review of National Framework for Electricity Distribution
Network Planning and Expansion

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MELBOURNE
27 MAY 2009

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OVERVIEW

- Objectives of the Review
- Timetable for the Review
- Purpose of the Workshops
- Structure for Workshop 1

OBJECTIVES OF THE REVIEW

- Under the MCE's ToR, the national framework for distribution network planning will include:
 - A requirement on DNSPs to perform an annual planning process;
 - A requirement for DNSPs to produce and make publicly available an annual planning report with a 5 year horizon;
 - A requirement for DNSPs to undertake a case by case project assessment process when considering network expansions and augmentations; and
 - A dispute resolution process.

OBJECTIVES OF THE REVIEW

- MCE's ToR specified that the national framework should achieve the following outcomes:
 - DNSPs have a clearly defined and efficient planning process;
 - DNSPs develop the network efficiently and assess non-network alternatives in a neutral manner;
 - Appropriate information transparency for network users, including connecting users, and non-network proponents;
 - A level playing field for all regions in terms of investment attraction and promoting more efficient decisions; and
 - A reduced compliance burden for participants operating across multiple NEM regions.

TIMETABLE FOR THE REVIEW

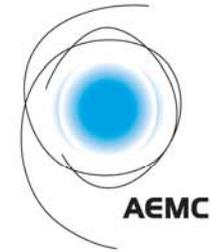
Milestone	Date
Publication of Scoping and Issues Paper	12 March 2009
Close of submissions on Scoping and Issues Paper	17 April 2009
Workshops on Indicative Framework Specifications	27 May and 4 June 2009
Publish Draft Report and framework specifications	9 July 2009
Submissions due on Draft Report	13 August 2009
Public forum on Draft Report	Early August 2009
Final Report and draft Rules submitted to the MCE	By 30 September 2009

PURPOSE OF THE WORKSHOPS

- For interested parties:
 - Opportunity to comment on the AEMC’s proposed “high level” design for the national framework
 - Opportunity to discuss the proposed design for the national framework with industry members from other jurisdictions
- For the AEMC:
 - Allows AEMC to present emerging thinking on the design and scope of the national framework before Draft Report publication
 - Opportunity for the AEMC to seek industry views on a range of policy and technical issues
- Indicative Framework Specifications do not represent the Commission’s draft recommendations for the national framework

STRUCTURE FOR WORKSHOP 1

Time	Agenda item
10:10 am - 10:30am	Overview of the Indicative Framework Specification
10:30 am - 10:40 am	Introduction to group breakout sessions
10:40 am - 12:40 pm	Group breakout and presentations: Session 1
12:40 pm - 1:20 pm	<i>Lunch</i>
1:20 pm - 3:20 pm	Group breakout and presentations: Session 2
3:20 pm - 3:40 pm	<i>Afternoon tea</i>
3:40 pm - 4:10 pm	General questions from the floor
4:10 pm - 4:25 pm	Summary of workshop outcomes and achievements
4:25 pm - 4:30 pm	Concluding remarks



Overview of the Indicative Framework Specification

Review of National Framework for Electricity Distribution
Network Planning and Expansion

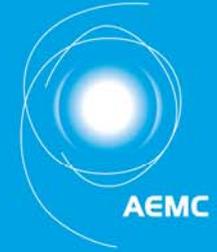
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OVERVIEW

- Principles and key design aspects for the National Framework
- Annual planning process and reporting requirements
- Non-network Engagement
- Joint Planning Process



Principles and key design aspects for the National Framework

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PRINCIPLES

1. Transparency
2. Economic Efficiency
3. Proportionate
4. Technology neutral
5. Consistency across the NEM
6. Fit for purpose reflecting local conditions
7. Builds on existing jurisdictions requirements
8. Consistency with transmission planning arrangements

KEY DESIGN ASPECTS

- Trade off between costs (including time) and benefits
 - *Making sure processes and information deliver positive benefits*
- Ensuring efficient network planning
 - *identifying and assessing appropriate market benefits and alternatives*
- Interaction between transmission and distribution network planning
 - *Clearly defined roles and responsibilities*
- Appropriate scope of projects under the national framework
 - *Need to make the framework proportionate*
- Need to reflect local conditions and type of distribution projects
- Need to get the definitions correct



Annual Planning Process and Reporting Requirements

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ANNUAL PLANNING AND REPORTING

- Purpose of the Annual Planning Report is to provide transparency to planning and appropriate information to stakeholders
- Level of detail in the Annual Planning Report should recognise the nature and importance of the asset and the volume of projects in that asset class
- Scope: any activity/asset that materially affects the performance of the shared network should fall within the remit of the national framework
- Timeframe: Minimum of 5 years (forward looking) for distribution networks, need to consider sub-transmission
- Need to consider publication date
- Establish a distribution network advisory committee??
- Initial view that Rules should be sufficient and no need for supporting guidelines

ANNUAL PLANNING AND REPORTING

Proposed content of the Annual Planning Report:

- Network description and operating environment
- Performance of the network
- Asset Management strategy
- Load forecasts
- System limitations
- Options/Preferred Options
- Planning for High stress events



Non-network Engagement

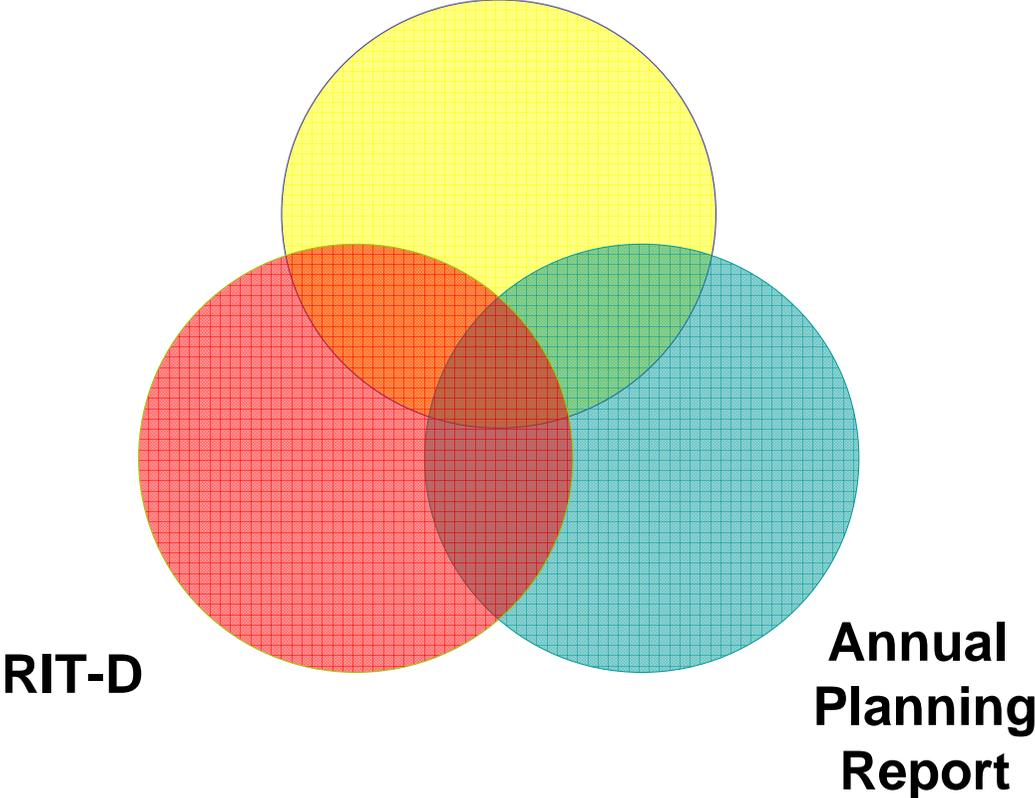
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NON-NETWORK ENGAGEMENT

- MCE's ToR requested AEMC to look at "perceived failure" by DNSPs to look at non-network alternatives
- Formal planning requirements alone are unlikely to lead to increased engagement with non-network proponents and investigation of non-network options.
- Most DNSPs have established internal demand management programs
- Propose publication of a Non-network Strategy to ensure alternatives to network expansions are considered fairly and adequately.
- Indicative Framework Specification seeks to encourage proactive engagement with non-network proponents and consideration of non-network alternatives through all components of the national framework

NON-NETWORK ENGAGEMENT

Non-network Strategy



NON-NETWORK STRATEGY

- Proposed Non-network Strategy would require DNSPs to use reasonable endeavours to engage with non-network proponents
- The Strategy would be published and clarify each DNSPs' processes for:
 - assessing non-network proposals
 - maintaining a register of interested parties
 - maintaining a database of non-network case studies/proposals
 - consideration of non-network payments
- Strategy would provide the basis for constructive engagement and information sharing, and would encourage greater efficiency over time
- Strategy would also assist the RIT-D request for proposals process

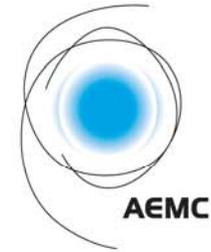


Joint Planning Process

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JOINT PLANNING PROCESS

- Current joint planning process appears to work well today, although some clarification of the provisions for joint planning may be required
- Need for a single project assessment process for joint network investments
- Initial view is that all joint network investments should be assessed under the Regulatory Investment Test for Transmission
- Issues to be resolved:
 - Scope of projects subject to the joint planning process;
 - Responsibilities of each party.
- Should one party be responsible for each joint network investment with TNSPs and DNSPs deciding upon responsibilities?



Group Breakout Sessions

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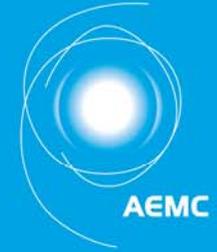
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GROUP BREAKOUT SESSIONS

- AEMC is seeking comments on six areas in regards to the annual planning process and reporting requirements
- Two group breakout sessions will be held, with three areas for discussion in each session
- Attendees will be broken into six colour-coded groups with each group to focus on one allocated area
- Following group discussions, each group will present their response
- Discussions from today will be considered by the AEMC in the development of its recommendations for the Draft Report



SESSION 1

Workshop 1: Annual Planning Process & Reporting

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SESSION 1

1. Joint Planning Framework

- DNSPs and TNSPs are required under the Rules to conduct joint planning
- Some of the joint planning requirements may need to be clarified
- For discussion and consideration (see *section 3.b and section 5 of the indicative framework specification*):
 - DNSPs and TNSPs would agree on responsible party for a joint network investment; if cannot agree, AER to appoint
 - Each joint network investment would be subject to a single RIT (RIT-T?)
 - What should be the definition of the term “joint network investment”

SESSION 1

2. Design of the Non-network Strategy

- DNSPs would have their own processes for engaging with non-network proponents
- Non-network Strategy would provide transparency to, and encourage efficiency in, these processes
- For discussion and consideration:
 - Would the Non-network Strategy assist DNSPs and non-network proponents (*section 4*)
 - What information should be included in the Non-network Strategy document (*section 4.b*)
 - Would a database of proposals assessed/case studies be useful (*section 4.f*)
 - What other features would be required in the Non-network Strategy

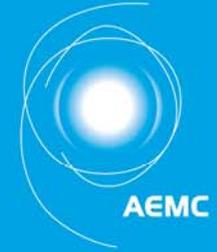
SESSION 1

3. Scope of Activities to be included in the Annual Planning Process and Annual Planning Report

- Planning should include all assets; reporting should be useful and balance costs and benefits
- For discussion and consideration:
 - What factors need to be considered should the planning process be applied to all assets (*section 2 and section 3*)
 - What should be the scope for reporting (sub transmission and zone substations; high voltage lines; major investments) (*section 7, particularly sections 7.d and 7.e*)
 - What should be the scope and definition of “major investments”
 - How would reporting about aspects of the network that connects major load centres be captured (*section 7.a.iv and section 7.d.ii*)
 - What should be the scope and definition of “major load centre”

SESSION 1

1. Red and Blue Groups – Joint Planning Framework
2. Black and Yellow Groups – Design of the Non-network Strategy
3. Silver and Green Groups – Scope of Activities to be included in the Annual Planning Process and Annual Planning Report



SESSION 2

Workshop 1: Annual Planning Process & Reporting

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SESSION 2

4. Defining System Limitation

- DNSPs would apply a planning methodology to identify system limitations and the need for investments
- For discussion and consideration:
 - What should be the scope and definition of “system limitation” (*section 7.e*)
 - Information should be published about system limitations. What should be the scope (sub transmission and zone substations; high voltage lines; major investments) (*section 7.e.ii*)
 - What information would be useful to non-network proponents and would encourage non-network proponents to engage with DNSPs (*section 7.e*)
 - What information would be useful in explaining the cause of system limitations (*section 7.e.iv*)

SESSION 2

5. Depth of Information in the Annual Planning Report by Asset Type

- Reporting should include information about investments
- For discussion and consideration:
 - What should be included in the report about investments that have been, or will be, assessed through the Regulatory Investment Test for Distribution (*section 7.f and section 7.g*)
 - What should be the scope and threshold for reporting on other investments (*section 7.h*)

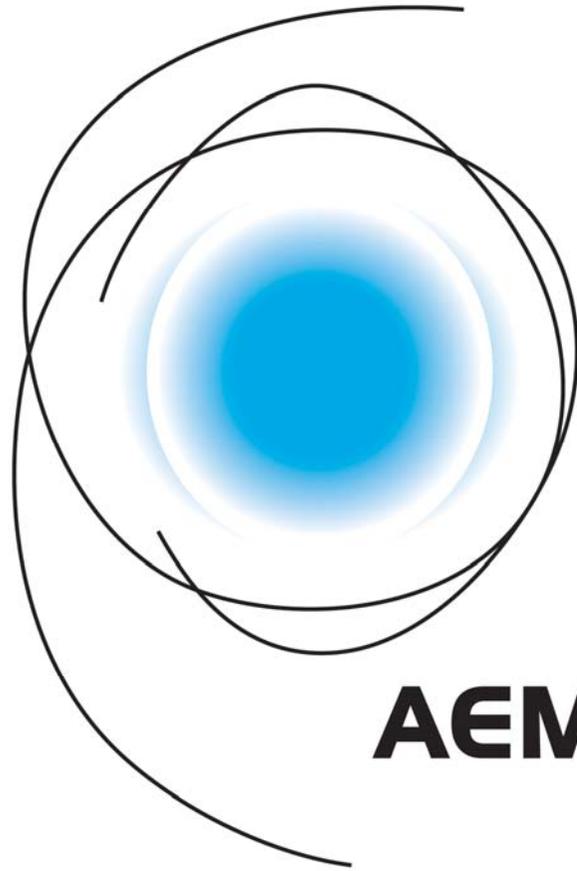
SESSION 2

6. High Stress Events Planning

- Reporting should include provisions for high stress events
- For discussion and consideration (*section 3.a.v and section 7.k*):
 - What should be the scope and definition of “high stress events”
 - What aspects of high stress events planning should be included

SESSION 2

1. Red and Blue Groups – Defining System Limitation
2. Black and Yellow Groups – Depth of Information in the Annual Planning Report by Asset Type
3. Silver and Green Groups – High Stress Events Planning



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