



Reallocation of national transmission planner costs

The AEMC has made a rule to address errors related to the mechanics for charging for national transmission planner costs. The final rule aims to facilitate the original policy intent of the National Electricity Rules (NER or Rules) to implement the actionable Integrated System Planning (ISP) framework, which commenced on 1 July 2020.

Final rule

This final rule will provide the correct transitional and administrative mechanisms within the Rules so that:

- the Australian Energy Market Operator (AEMO) is able to recover its national transmission planner (NTP) function fees for the 2020-21 financial year from co-ordinating network service providers (CNSPs), and CNSPs can include these fees in their transmission pricing
- there is alignment between AEMO's budgeting process and CNSP's transmission pricing processes, and
- there is clarity with regard to the recovery of NTP function fees in Victoria, where AEMO is the CNSP.

The Commission considers that the rule will improve the effectiveness and efficiency of the administrative processes associated with the recovery of NTP function fees from CNSPs, potentially reducing costs for participants and contributing to cost savings being passed on to customers.

The rule will also improve clarity, accuracy and consistency of the Rules by ensuring the Rules reflect their policy intent. Clear, accurate and consistent Rules will enable participants to understand what theirs and others' intended obligations are with respect to the transactions they undertake. This will promote confidence in, and efficiency of, the market.

The final rule will commence 29 October 2020.

Background

On 21 August 2020, the AEMC received a rule change request from the Australian Energy Market Operator (AEMO) which seeks to address a number of issues relating to timing and uncertainty in administrative arrangements for the budgeting and charging of AEMO's national transmission planner (NTP) costs to transmission network service providers (TNSPs).

The rule change request identified four key issues related to the budgeting and charging of NTP function fees by AEMO to TNSPs:

- The previous rules did not provide for AEMO to recover in 2020-2021 the NTP function fees it expects to incur in 2020-21 (or which AEMO has already incurred in 2020-21 or in previous financial years but not yet recovered).
- The previous rules did not provide for TNSPs to include any NTP function fees in their 2020-21 transmission prices in Queensland, New South Wales, South Australia and Tasmania.
- There was a misalignment in the timing of AEMO's budgeting process and the publication of TNSPs' transmission pricing.
- There was uncertainty in the administrative arrangements around the recovery of NTP function fees in Victoria due to AEMO acting as both national transmission planner and TNSP.

It also proposed that NTP function fees be allocated to CNSPs, rather than TNSPs.

On 3 September 2020, the AEMC initiated the rule change request under an expedited rule change process with the publication of the consultation paper.

AEMO requested that the rule change request be treated as non-controversial as the proposed changes will not have a significant effect on the NEM and are of a non-controversial nature.

The Commission decided to use an expedited process as it considered the proposed rule as non-controversial. Specifically, the rule change request was narrow in scope and did not seek to change existing policy or to introduce new policy. In addition, the proposed changes were largely of an administrative nature, designed to facilitate the original policy intent of the ISP Rule.

On 1 October 2020, submissions to the consultation closed. One submission was received.

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29 October 2020