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Thursday, 8 September 2022

Anna Collyer  
Chair  
Australian Energy Market Commission  
Level 15, 60 Castlereagh Street  
SYDNEY NSW 2000

Submitted online: [www.aemc.gov.au](http://www.aemc.gov.au)

Dear Anna

### **AEMC draft rule determination on establishing revenue determinations for Intending Transmission Network Service Providers**

Transgrid welcomes the opportunity to respond to the Australian Energy Market Commission's (AEMC) draft rule determination on a rule change request from Marinus Link Pty Ltd (Marinus Link) to enable the Australian Energy Regulator (AER) to establish revenue determinations for Intending Transmission Network Service Providers (TNSPs). As the jurisdictional planner, operator and manager of the transmission network in NSW and the ACT, Transgrid is keen to assist the AEMC in making the appropriate changes to the National Electricity Rules (NER) to support the energy transition and provide a reliable and affordable electricity supply for Australian consumers.

In this context, Transgrid supports the intent of the AEMC's draft rule determination to address the unintended gap in Chapter 6A of the NER which was identified in the rule change request, that gap being the AER cannot make a revenue determination for a third party that is not an existing TNSP. Bridging this gap in the NER will enable the Marinus Link project, identified as an actionable project in AEMO's latest Integrated System Plan (ISP), to proceed. It is important to ensure the regulatory framework supports actionable ISP projects proceeding in an urgent and timely manner for the benefit of consumers.

To better support the National Electricity Objective, our view is that there are some issues with the AEMC's more preferable draft rule that should be clarified in the final rule. In particular:

- It is not clear how activities that are required to occur before an Intending TNSP submits a revenue proposal under the NER would be undertaken if an Intending TNSP must submit a Revenue Proposal before the AER decides whether to proceed with the revenue determination for that Intending TNSP. These activities include the AER issuing a Framework and Approach Paper and a TNSP submitting its expenditure forecasting methodology.
- It is not clear how the Contingent Project Application process and revenue determination process could run concurrently as proposed by the AEMC. The AER is required to make a decision on a Contingent Project Application within 40 business days (subject to time extensions), which is a much shorter timeframe than a revenue determination. As a consequence, running these processes concurrently, as

indicated in the draft rule, may create a confusing timetable for stakeholder consultations and the AER's decision-making.

- The AEMC's approach of only applying Parts C, E and F of Chapter 6A to Intending TNSPs appears to exclude some important parts of Chapter 6A, including the cost allocation methodology (Part G) and transmission pricing (Part J), both of which are integral to the revenue determination process. While Transgrid supports a simplified revenue determination process if this can be achieved without compromising stakeholder consultation, it is questionable whether these parts of the NER should be disapplied as suggested in the AEMC's draft rule determination.

Transgrid welcomes the opportunity to respond to the AEMC's draft rule determination on this important issue. If you require any further information or clarification, please feel free to contact either me or Neil Howes, Senior Manager Policy Reform, at [neil.howes@transgrid.com.au](mailto:neil.howes@transgrid.com.au).

Yours faithfully

*David Feeney*

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General Manager Policy and Energy Market Reform