

15 September 2022

John Mackay
Director
Australian Energy Market Commission

Submitted electronically

Dear Mr. Mackay,

Establishing revenue determinations for Intending TNSPs—Draft determination

The Public Interest Advocacy Centre (PIAC) welcomes the opportunity to respond to the draft determination on establishing revenue determinations for intending Transmission Network Service Providers (TNSPs).

PIAC supports the AEMC's effort to close regulatory gaps creating uncertainty regarding the ability of the Australian Energy Regulator (AER) to make a revenue determination for intending TNSPs.

The draft rule defines an 'intending TNSP' as a registered participant who intends to provide prescribed transmission services. This means that intending TNSP includes both:

- a person registered as an Intending Participant that intends to provide prescribed transmission services, and
- an existing market network service provider (MNSP) that intends to re-classify its network services as prescribed transmission services.

PIAC supports the use of this definition. It includes a broader group of relevant participants and better supports the National Electricity Objective (NEO) by promoting efficient investment in transmission services and the efficient delivery of electricity services.

The Commission's draft rule allows an intending TNSP to request that the AER commence the revenue determination process by submitting a Revenue Proposal relating to the prescribed transmission services and system of the Intending TNSP.

On receiving a request from an Intending TNSP, the AER must decide whether to commence a revenue determination process.

PIAC agrees that the AER should have regard to any matters it considers appropriate in deciding whether to commence a revenue determination process. This discretion should address the risk of speculative submissions for transmission determinations on projects which do not proceed.

While it is reasonable for the AER to have a degree of discretion on whether to make and publish a Framework and Assessment (F&A) paper for an intending TNSP, the AEMC should provide more clarity around its expectations of the AER and the circumstances under which the publication of a F&A paper may be required. For example, it may be appropriate to require the AER to commence consulting on the F&A no later than when the project is given regulatory approval to proceed.

PIAC supports the amendments to Chapter 6A allowing contingent projects and the contingent project application (CPA) framework to apply to intending TNSPs. We welcome AEMC's confirmation that 'the cost of early works, which a TNSP intends to recover through the CPA process, will be included in RIT-T cost-benefit assessments' rather than excluded as sunk costs.

PIAC welcomes the opportunity to discuss these matters further with the Commission and other stakeholders.

Yours sincerely

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