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### **Release of Exposure Drafts of amendments to the National Electricity Law and National Electricity Rules**

The Consumer Action Law Centre (**Consumer Action**) welcomes the opportunity to comment on the draft legislation for the National Electricity Law (the **NEL**) and the National Electricity Rules (the **NER**) for the establishment of the Australian Energy Market Operator (**AEMO**).

#### **National Electricity Law**

Overall we strongly support the inclusion of AEMO responsibilities in the NEL, in particular in relation to its role as a National Transmission Planner (**NTP**).

#### *Demand management*

As an initial comment, we are concerned by the limitations of the AEMO's NTP responsibilities given they are bound by the national electricity objective under the NEL and the NER. This is problematic because the NEL objective requires efficient investment, operation and use of electricity services but does not include social or environmental considerations, even though these, together with reduced augmentation and facilitation of the move to a low carbon economy, are critical to meeting the long term interests of consumers.

Specifically, clarification and stipulation that a consideration of demand management (**DM**) possibilities is required should underpin all of the AEMO's specific NTP decision making responsibilities. This would ensure clear consideration of the long term interests of consumers in relation to the need for energy efficiency / reduced consumption and would facilitate overall reduced cost to consumers. We therefore strongly urge the Government to include DM as a relevant consideration for the AEMO in exercising its responsibilities as the

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NTP under the NEL, to prevent the current bias towards considering only supply-side initiatives to assist with network planning. This would also assist in harmonising transmission planning initiatives with broader policy initiatives in relation to the Federal Government's objectives to reduce greenhouse gas emissions. While the proposed Carbon Pollution Reduction Scheme (**CPRS**) is the principal policy tool designed to do this, the proactive role of the NTP could further ensure the issue of future carbon constraints are effectively considered and planned for, within the National Energy Market (**NEM**).

#### *Section 50F - Augmentation*

We are concerned with the emphasis the draft legislation continues to place on network augmentation. We believe that this section needs to state clearly that any augmentation recommendations be economically justified, having considered alternative initiatives including DM and/or Distributed Generation (**DG**) measures. It should also be amended to allow for consideration of other important issues that impact on the long-term interests of consumers, particularly the social and environmental implications of proposed network augmentation. This section should also provide for the NER to stipulate how information relevant to augmentation decisions is to be collected and reported by the Transmission Network Service Providers (**TNSPs**) to facilitate decision making by AEMO as the NTP.

#### *Division 5 - Information Gathering*

We believe the information gathering capabilities of the AEMO, as defined in the current proposed amendments to the NEL, need to be strengthened. For example, it is critical that the TNSPs undertake consideration of non-network options, such as DM and DG measures. At present the NEL does not give the AEMO sufficient powers to monitor and ensure that TNSPs do so. For a truly comprehensive and effective National Transmission Network Development Plan (**NTNDP**), all aspects of network and non-network solutions need to be considered.

Further, we strongly recommend that the information gathering powers of the AEMO in its role as NTP clearly define the format and required content of the information to be gathered from TNSPs to ensure that the TNSPs collect data that will be useful and meaningful for the AEMO's assessment and development of the NTNDP without having to refer to a mediator or issue a subpoena. This would ensure that the information request made by the AEMO can be objectively assessed in terms of balancing public benefit and commercial risk.

### **National Electricity Rules**

We strongly support the NTNDP and the inclusion of national transmission flow paths, with a forecast of up to 20 years including its ongoing, annual reviews by AEMO.

We recommend, however, changes to Schedule 2, 5.6A National Transmission Planning:

#### *Clause 5.6A.2 Publication of NTNDP*

The guidelines for the publication of the NTNDP fail to include consideration of non-network alternatives and DM. The AEMO should be required to publish details of its consideration of

the potential for non-network alternatives, as evidence this has adequately been addressed and integrated in its overall role of NTP.

*Clause 5.6A.3 Development strategies for national transmission flow paths*

While this clause supports the inclusion of non-network options, we believe it is important to further expand the current phrasing of 5.6A.3 (2) (ii) beyond 'relieving current or likely constraints or congestion points', to include consideration of social and environmental impacts. In addition, we recommend the expansion of 5.6A.3 (2) (iii) 'market benefits' to include social and environmental benefits (impacts) and consideration of the 'long term interests of consumers' with respect to these.

Again, thank you for the opportunity to submit comments on the draft NEL and NER. We also note that our submission is in further support of the submissions previously made by the Total Environment Centre throughout the process of establishing a NTP and we endorse those submissions.

Should you have any questions about this submission, please contact us on 03 9670 5088.

Yours sincerely

**CONSUMER ACTION LAW CENTRE**

A handwritten signature in black ink that reads "Janine Rayner". The signature is written in a cursive, flowing style.

Janine Rayner  
Senior Policy Officer