



NATIONAL ELECTRICITY RULES

**Submission to the Ministerial Council on Energy Standing
Committee of Officials**

Ergon Energy Corporation Limited

28 January 2005



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1. INTRODUCTION

In December 2004, the Ministerial Council on Energy Standing Committee of Officials released its "National Electricity Rules Consultation Paper" (the "Consultation Paper"), seeking comments by 28 January 2005.

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2. EECL SUBMISSION

EECL welcomes the opportunity to comment about the concepts and drafting of the “new” National Electricity Rules “the Rules” (which are a conversion of the existing National Electricity Code to Rules).

From a Distribution Network Service Provider’s perspective, we are largely comfortable with the content of the exposure draft – but make specific comments against some clauses in the sections below.

One of our primary concerns (and focus when reviewing the exposure draft) is the separation of powers and functions between the AEMC (the rule maker) and the AER (the economic regulator and enforcer) and ensuring that in the conversion, no additional or expanded discretionary powers are allowed than are presently afforded to NECA. We make comment about these points against specific clauses in the sections below.

We note that the drafting relating to Distribution Network Service Providers carrying out the Regulatory Test and consultation for network augmentation (clause 5.6.2 + Chapter 10 definitions) appears to have rectified an existing problem with drafting. This has been a matter that had been of concern to us for some time now.

3. CHAPTER 2 – CODE PARTICIPANTS & REGISTRATION

Clause No	Description	Comments
2.2.1(b)	<p>“A person who otherwise <i>supplies</i> electricity to a <i>transmission</i> or <i>distribution system</i> may, on application for registration by that person in accordance with clause 2.9 be registered by <i>NEMMCO</i> as a <i>Generator</i>.”</p>	<p>For consistency with the amended 2.2.1(a) – <i>EECL suggests that this clause be redrafted to similarly remove the “supplies” and instead refer to “connect to”</i> – since generators might not necessarily be “supplying to” a transmission or distribution network but nonetheless need to be registered because they are connected to a network (whether or not they have the potential to send out electricity to it).</p> <p>“A person who otherwise-supplies electricity engages in the activity of owning, controlling or operating a generating system that is connected to a <i>transmission</i> or <i>distribution system</i> may, on application for registration by that person in accordance with clause 2.9 be registered by <i>NEMMCO</i> as a <i>Generator</i>.”</p>

<p>2.5.1(d) & (e)</p>	<p>(d) NECAThe AER may, in accordance with the guidelines issued from time to time by the AER, exempt any person or class of persons who is or are required to register as a <i>Network Service Provider</i> from:</p> <ol style="list-style-type: none"> (1) the requirement to register as a <i>Network Service Provider</i>; or (2) the operation of Chapter 5 [and the requirement under Chapter 5 to provide an access undertaking to the ACCC] [The MCE is currently reviewing the access arrangements that are to apply to the national electricity market.] <p>subject to such conditions as NECAthe AER deems appropriate where (in NECAthe AER's opinion) an exemption is not inconsistent with the market objectives or the Code objectives<u>objective</u>.</p> <p>(e) NECAThe AER must develop and issue guidelines for the exemptions described in clause 2.5.1(d) pursuant to the CodeRules consultation procedures and in accordance with those procedures consult with CodeRegistered Participants and Jurisdictional Regulators.</p>	<p>This clause gives powers to develop exemption guidelines to the AER – this is inconsistent with the drafting of the National Electricity Law and other MCE consultations – wherein it is clearly stated that the role of the AEMC is to develop market rules (NEL s30) and the AER is limited to enforcement of the rules.</p> <p>This proposed change would give a new, additional and inconsistent power to the AER.</p> <p>EECL submits that the clause should be amended as below:</p> <p>(d) The AER may, in accordance with the guidelines issued from time to time by the AER AEMC exempt a person or class of persons who is or are required to register as a <i>Network Service Provider</i> from:</p> <ol style="list-style-type: none"> (1) the requirement to register as a <i>Network Service Provider</i>, or (2) the operation of Chapter 5 <p>subject to such conditions as the AER AEMC deems appropriate where (in the AER's AEMC's opinion) an exemption is not inconsistent with the <i>market objective</i>.</p> <p>(e) The AER AEMC must develop and issue guidelines for the exemptions described in clause 2.5.1(d) pursuant to the Rules consultation procedures and in accordance with those procedures consult with Registered Participants and Jurisdictional Regulators.</p>
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4. CHAPTER 7 – METERING

Clause No	Description	Comments
Sch 7.2.6.1(f)	Clause includes a reference to AS1284 and IEC1036.	<p>IEC1036 no longer exists – changed to IEC61036.</p> <p>The IEC has also moved forward with a new standards set (62000 series) specifically targeted at building a uniform standard set for metering and load control. As a consequence most of the older IEC standards are now superseded by standards in the 62000 set – including IEC61036 – which is now IEC62053-21 & IEC62052-11.</p> <p>The foundation for AS1284.9 (ie IEC60687) has also been superseded by IEC62053-22 & IEC62052-11. We are not clear whether Australian Standards will update AS1284.9 in response (or if the 62000 series will be adopted by Australian Standards).</p>
Sch 7.2.6.1(g)	References AS1675 (current transformers) and AS1243 (voltage transformers).	<p>Both these standards have changed.</p> <p>AS1675 (current transformers) has been superseded by AS60044.1-2003.</p> <p>AS1243 (voltage transformers) has been superseded by both</p> <p>AS60044.2-2003 (Instrument transformers – Voltage Transformers)</p>

		<p><i>and</i></p> <p><i>AS60044.5-2004 (in part) (Instrument transformers – Capacitor voltage transformers).</i></p>
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5. CHAPTER 8 – ADMINISTRATIVE FUNCTIONS

Clause No	Description	Comments
8.2.2(a) and (b)(4)	States that the AER must appoint the Dispute Resolution Adviser – and the Adviser must not be associated with the AER.	Query whether this function should transfer from NECA to the AER (economic regulator & enforcement) – or instead from NECA to the AEMC (policy & rule maker).
8.7.1	<p>Deletion of “Monitoring Objectives” including:</p> <p>(c) <i>NECA</i> must ensure that, to the extent practicable in light of the objectives set out in clause 8.7.1(b), the monitoring processes which it implements under this clause 8.7:</p> <ul style="list-style-type: none"> (1) are consistent over time; (2) do not discriminate unnecessarily between <i>Code Participants</i>; (3) are cost effective to both <i>NECA</i> and all <i>Code Participants</i>; and (4) are publicised or information relating thereto is available to any person, subject to any requirements as a result of the confidentiality obligations in clause 8.6. 	<p>Whilst the Exposure Draft amendment table states that the monitoring functions of NECA have been largely allocated to the AER via the NEL s14(a) – there is no guidance carried forward to the NEL as to objectives for monitoring (such as have been deleted from the Rules).</p> <p><i>EECL suggests that the AER should be bound by guidelines as to <u>how</u> it conducts its monitoring – and that the guidelines include the objectives deleted from the Code clause 8.7.1(c) (or equivalent).</i></p>
8.7.2(b)	Clauses 8.7.2(a) and (d) states that the AER must develop reporting criteria – and clause 8.7.2(b) states:	<i>Ergon Energy submits that where the AER is developing rules relating to its own powers and for which it is the enforcer, as a minimum the Rules consultation procedures should be mandatory (as opposed to “as the AER</i>

	<p>(b) Prior to establishing requirements or standards and procedures referred to in clause 8.7.2(a), NECA<u>the AER</u> must consult with <u>the AEMC, NEMMCO and such CodeRegistered Participants</u> as NECA considers appropriate. In formulating requirements or procedures and standards, NECA must take into consideration the monitoring objectives set out in clause 8.7.1. The reporting requirements and standards and procedures established by NECA are reviewable decisions<u>the AER considers appropriate.</u></p>	<p><i>considers appropriate”).</i></p>
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6. CHAPTER 9 – JURISDICTIONAL DEROGATIONS & TRANSITIONAL ARRANGEMENTS

Clause No	Description	Comments
9.37.12	References to <i>Australian Standard AS2279 Part 4</i> .	AS2279 Part 4 has been <i>superseded by AS61000.3.7</i> (which is the reference used in the newly inserted paragraphs further down in the section).
Schedule 9G1 1(a)	There is a comment/note retained asking whether this clause is drafted correctly.	<p>Would appear that the intention is for the derogation to apply to EXISTING metering installations installed up to 5 years after market commencement ie. 13 December 2003 – but that any NEW metering installations after 13 December 1998 must be compliant with the Rules.</p> <p><i>Drafting needs to be resolved and comment removed – it does not seem to reflect the intention at present.</i></p>