

NATIONAL ELECTRICITY (AUSTRALIAN ENERGY MARKET OPERATOR)
AMENDMENT RULES 2009

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Schedule 4 General amendment to the National Electricity Rules

1 Citation

These rules may be cited as the *National Electricity (Australian Energy Market Operator) Amendment Rules 2009*.

2 Amendment of *National Electricity Rules*

The *National Electricity Rules* are amended in accordance with the Schedules to these rules.

3 Commencement of amendments

- (1) Schedules 1, 2 and 3 commence on the same day as the *National Electricity (Australian Energy Market Operator) Amendment Act 2009*.
- (2) Schedule 4 commences immediately after Schedules 1, 2 and 3.

Schedule 1 Amendments relevant to AEMO's role as provider of shared transmission services

Clause 5.1.3

After paragraph (f) *insert*

- (g) The following general principles apply in the application of this Chapter to transmission services provided by means of, or in connection with, a *declared transmission system*:

A reference to a *Transmission Network Service Provider* is, in relation to the provision of *entry services* or *exit services*, to be read as a reference to a *declared transmission system operator*.

A reference to a *Transmission Network Service Provider* is, in relation to the provision of *shared transmission services*, to be read as a reference to *AEMO*.

After clause 6A.1.5

insert

6A.1.6 Application of this Chapter to AEMO and declared transmission system operators

- (a) This Chapter applies to *AEMO* in respect of the provision of shared transmission services by means of, or in connection with, a *declared shared network* subject to the exclusions, qualifications and modifications set out in Schedule 6A.4.
- (b) This Chapter applies to *declared transmission system operators* subject to the provisions of Schedule 6A.4 that expressly apply to them.

After Schedule 6A.3

insert

Schedule 6A.4 Application of this Chapter to AEMO and declared transmission system operators

S6A.4.1 Application of this Chapter to AEMO etc

- (1) Subject to the following exclusions, qualifications and modifications, this Chapter applies to *AEMO* in its capacity as a provider of *shared transmission services* by means of, or in connection with, a *declared shared network*.
- (2) This Chapter does not apply to *AEMO* in any other capacity.
- (3) For the purpose of applying this Chapter, *AEMO* will be regarded as a *Transmission Network Service Provider* providing *shared transmission services*.
- (4) The following general modifications apply in the application of this Chapter to transmission services provided by means of, or in connection with, a *declared transmission system*:

A reference to *prescribed transmission services* extends to *prescribed shared network capability services* and a reference to *negotiated transmission services* extends to *negotiated shared network capability services*.

A reference to a *Transmission Network Service Provider* is, in relation to the provision of *entry services*, *exit services* or *shared network capability services* to be read as a reference to a *declared transmission system operator*.

A reference to a *Transmission Network Service Provider* is, in relation to the provision of *shared transmission services*, to be read as a reference to *AEMO*.

S6A.4.2 Exclusions, qualifications and modifications

This Chapter will be read subject to the following exclusions, qualifications and modifications in its application to *AEMO*:

(a) **Part A**

No exclusions, qualifications or modifications are prescribed.

(b) **Part B**

This Part applies subject to the following qualifications:

Clause 6A.4.2 (Components of transmission determinations):

- (1) A *transmission determination* for *AEMO* will not include a *revenue determination*.

- (2) However, *AEMO* must have a revenue methodology (which will not be subject to the *AER*'s approval) setting out how *AEMO*'s *aggregate annual revenue requirement* for the provision of *prescribed transmission services* for each *regulatory year* is to be worked out.
- (3) In formulating its revenue methodology, or an amendment to its revenue methodology, *AEMO* must consult with the public.
- (4) *AEMO*'s *aggregate annual revenue requirement* consists of:
 - (i) so much of the aggregate annual revenue requirement of each *declared transmission system operator* for a *regulatory year* as relates to the provision to *AEMO* of *prescribed shared network capability services*; and
 - (ii) the other costs forecast to be incurred by *AEMO* in the same *regulatory year* for the provision of *prescribed shared transmission services*.
- (5) The revenue methodology must include a description of:
 - (i) the categories of costs to be recovered; and
 - (ii) the method (which must be consistent with the *Cost Allocation Principles*) for allocating costs to *prescribed transmission services* and *negotiated transmission services*; and
 - (iii) how under and over recovery of revenue in a particular *regulatory year* is to be treated.
- (6) The revenue methodology must be consistent with the general principles applicable to the determination of *AEMO*'s budget.
- (7) *AEMO* must comply with its revenue methodology.
- (8) *AEMO* must *publish* on its website:
 - (i) *AEMO*'s revenue methodology; and
 - (ii) an annual report on how it has applied its revenue methodology for the purpose of determining prices for the ensuing *regulatory year*.

(c) **Part C (Regulation of Revenue – Prescribed Transmission Services)**

This Part is not applicable.

(d) **Part D (Negotiated Transmission Services)**

Part D applies subject to the following qualification:

Clause 6A.9.1 applies as if the reference in paragraph (1) to "principles and policies set out in the *Cost Allocation Methodology* for the relevant *Transmission Network Service Provider*" were a reference to principles and policies set out in AEMO's revenue methodology.

(e) **Part E (Revenue determinations, negotiating frameworks and pricing methodologies)**

Part E applies subject to the following exclusions, qualifications and modifications:

1. Clause 6A.10.1 (Submission of framework, pricing methodology and information):

For paragraphs (a), (b) and (c) substitute the following:

- (a) AEMO must, as and when required by the AER, submit to the AER:

- (1) a proposed *pricing methodology* relating to *shared transmission services* that are *prescribed transmission services* (**prescribed shared transmission services**); and
- (2) a proposed *negotiating framework* relating to *shared transmission services* that are *negotiated transmission services* (**negotiated shared transmission services**).

Note

The time for making the submission, and the regulatory control period for the ensuing transmission determination, will correspond with those applicable to 1 or more of the *declared transmission system operators*.

- (b) AEMO's *pricing methodology*:

- (1) must be designed to recover no more than AEMO's *aggregate annual revenue requirement* for the provision of *prescribed shared transmission services* for each *regulatory year*; and
- (2) must set out the principles on which prices for *prescribed shared transmission services* are to be determined.

- (c) Exact equivalence is not required between the costs of providing a service and the revenue derived from providing the service in a particular *regulatory year* if there are reasonable

grounds to believe that costs will over time approximate revenue.

- (d) The proposed *negotiating framework* must comply with the requirements of, and must contain or be accompanied by the information required by, the *submission guidelines* so far as they are relevant.

2. Clause 6A.10.2 (Submission guidelines)

The *submission guidelines* apply only insofar as they are relevant to AEMO's proposed *negotiating framework*.

3. Clause 6A.11.1 (Preliminary examination and determination of non-compliance with relevant requirements)

Clause 6A.11.1 applies only insofar as relevant to a *negotiating framework* or *pricing methodology*.

4. Clause 6A.11.2 (Resubmission of framework, pricing methodology or information)

Clause 6A.11.2 applies only insofar as relevant to a *negotiating framework* or *pricing methodology*.

5. Clause 6A.11.3 (Resubmission of framework, pricing methodology or information)

Clause 6A.11.3 applies only insofar as relevant to a *negotiating framework* or *pricing methodology*.

6. Rule 6A.12 (Draft decision and further consultation)

This Rule applies only insofar as it is relevant to a decision on a *pricing methodology* or a *negotiating framework*.

7. Rule 6A.13 (Final decision)

This Rule applies only insofar as it is relevant to a decision on a *pricing methodology* or a *negotiating framework*.

8. Rule 6A.14 (Requirements relating to draft and final decisions)

This Rule applies only insofar as it is relevant to a decision on a *pricing methodology* or a *negotiating framework*.

Clause 6A.14.3(e) (which requires the AER to approve a *regulatory control period* of 5 *regulatory years*) is inapplicable.

Note

The rule is thus largely inapplicable. Of clause 6A.14.1 only paragraphs (6), (7)

and (8) are applicable. Clause 6A.14.2 requires the AER to give reasons setting out the basis and rationale of its decision. This requirement is relevant to a decision on a pricing methodology or negotiating framework but the matters of detail mentioned in paragraphs (1) to (4) would, as a general rule, be irrelevant to such a decision. Of clause 6A.14.3 only paragraphs (f) to (i) would be relevant.

9. Rule 6A.15 (Amendment of pricing methodology for wrong information or error)

This Rule applies only insofar as it is relevant to the amendment of a *pricing methodology*.

10. Rule 6A.16 (Miscellaneous)

This Rule applies as if it included the following additional paragraphs:

- (g) *AEMO* must, on or before 15 May in each year, *publish* its prices for *prescribed shared transmission services* for the next *financial year*.
- (h) A *declared transmission system operator* must notify *AEMO* of its revenue requirement for the provision of *prescribed shared network capability services* for a *financial year* in sufficient time to enable *AEMO* to calculate prices in accordance with the approved *pricing methodology* and meet its obligations under paragraph (g).

- (f) **Part F (Information Disclosure)**

This Part is not applicable.

- (g) **Part G (Cost Allocation)**

AEMO's revenue methodology must be consistent with the *Cost Allocation Principles* set out in this Part: see S6A.4.2(b)(5). This Part applies only insofar as it is relevant to that requirement.

- (h) **Part H (Transmission Consultation Procedures)**

No exclusions, qualifications or modifications are prescribed.

- (i) **Part I (Ring-Fencing Arrangements for Transmission Network Service Providers)**

This Part is not applicable.

- (j) **Part J (Prescribed Transmission Services – Regulation of Pricing)**

Part J applies subject to the following exclusions, qualifications and modifications:

1. Rule 6A.23 (Pricing Principles for Prescribed Transmission Services)

Clause 6A.23.2 applies on the basis that the categories of *prescribed transmission services* provided by a *declared transmission system operator* are *prescribed shared network capability services*, *prescribed entry services* and *prescribed exit services*.

Clause 6A.23.3(d) applies as if the reference to “*prescribed TUOS services*” in subparagraph (1) were a reference to “*prescribed shared network capability services*” and subparagraph (2) were omitted.

Clause 6A.23.3 applies as if it included the following additional paragraph:

- (g) A *declared transmission system operator* must, on allocating its *aggregate annual revenue requirement* amongst all of its assets utilised in the provision of *prescribed shared network capability services*, immediately notify AEMO of the actual amount of the *aggregate annual revenue requirement* allocated to each of its assets utilised in the provision of those services.

Clause 6A.23.4 applies as if it included the following additional paragraph:

- (k) A *declared transmission system operator* is not required to develop separate prices for recovery of the ASRR referable to *prescribed shared network capability services*.

2. Clause 6A.26.2 (Application to AER for approval of proposed prudent discount amounts)

Clause 6A.26.2 (k) is inapplicable.

- (k) **Part K (Commercial arbitration for disputes about terms and conditions of access for prescribed and negotiated transmission services)**

This Part does not apply to a dispute that can be resolved by the AER under section 50H of the Law.

- (l) **Schedule S6A.1 (Contents of Revenue Proposals)**

This Schedule is inapplicable.

- (m) **Schedule S6A.2 (Regulatory Asset Base)**

This Schedule is inapplicable.

(n) **Schedule S6A.3 (CRNP methodology and modified CRNP methodology)**

This Schedule applies without exclusion, qualification or modification.

Amendments to Chapter 9

Clause 9.3.1(2)

Omit the definitions of *Information requirements guidelines*, *maximum allowable aggregate revenue*, *Regulated owner*, *relevant regulatory period*, *shared network services*, *shared transmission network use charges*, *SPI PowerNet*, *statutory electricity transmission-related costs*, *Tariff order*, *transmission exemption*, *transmission licence*, *Victorian Switching Operator*, *Victorian Transmission Network*

Insert

Victorian Transmission Network The *transmission system* in Victoria that is a *declared shared network*

Clause 9.3.2

Omit

Clause 9.7.2

Omit

Clause 9.8.4(a)(2)

Omit

Clause 9.8.4

After paragraph (a) insert:

- (b) *AEMO* must, in allocating revenue to be recovered from each *Distributor* to which it provides *prescribed TUOS services* and *prescribed transmission common services* by means of, or in connection with a *declared shared network* in each *financial year* of a *relevant regulatory period*, adjust the allocation in accordance with paragraph (a)(3).

Clauses 9.8.4A, 9.8.4B, 9.8.4C, 9.8.4D, 9.8.4F, 9.8.4G

Omit

Clause 9.8.7(c),(d),(e) and (f)

Omit

Amendments to Chapter 10

Insert (in alphabetical order)

aggregate annual revenue requirement

For *prescribed transmission services* provided by AEMO – has the meaning given by clause S6A.4.2(b)(4).

For other *prescribed transmission services* – has the meaning given by clause 6A.22.1.

For services other than *prescribed transmission services* – means the calculated total annual revenue to be earned by an entity for providing the services.

changeover date

Has the meaning given in the *National Electricity Law*.

declared shared network

Has the meaning given in the *National Electricity Law*.

declared transmission system operator

Has the meaning given in the *National Electricity Law*.

NTP functions

Has the meaning given in the *National Electricity Law*.

prescribed shared network capability service

A *shared network capability service* that is procured by AEMO for the purpose of providing a *prescribed transmission service*.

negotiated shared network capability service

A *shared network capability service* that is procured by AEMO for the purpose of providing a *negotiated transmission service*.

shared network capability service

Has the meaning given in the *National Electricity Law*.

Amendments to Chapter 11

[Transitional provisions yet to be drafted for existing Victorian transmission determinations.]

Schedule 2 Amendments relevant to AEMO's role as National Transmission Planner

Amendments to Chapter 3

Clause 3.13.3(q)

omit "31 October"

substitute "31 August"

Clause 3.13.3(r)(1) & (2)

omit, substitute

- (1) projections of aggregate MW demand and *energy* requirements for each *region*; or
- (2) generating capabilities of existing *generating units* and *generating units* for which formal commitments have been made for construction or installation; or
- (3) planned *plant* retirements;

Clause 3.13.3(s)

omit, substitute

- (s) *AEMO* may by written notice request a *jurisdictional planning body* to provide *AEMO* with information that *AEMO* requires for the preparation of a *statement of opportunities* and the *jurisdictional planning body* must comply with that notice.

After clause 3.13.3(v)

insert

- (w) The *jurisdictional planning bodies* must provide assistance *AEMO* reasonably requests in connection with the preparation of a report under paragraph (u).

Amendments to Chapter 5

Clause 5.2.3(h1), (h2) & (h3)

omit

Clause 5.6.2(b)

Omit, substitute

- (b) Each *Transmission Network Service Provider* must conduct an annual planning review with each *Distribution Network Service Provider connected* to its *transmission network* within each *region*. The annual planning review must:
- (1) incorporate the forecast *loads* as submitted or modified in accordance with clause 5.6.1; and
 - (2) include a review of the adequacy of existing *connection points* and relevant parts of the *transmission system* and planning proposals for future *connection points*; and
 - (3) take into account the most recent *NTNDP*; and
 - (4) consider the potential for *augmentations*, or non-*network alternatives to augmentations*, that are likely to provide a net economic benefit to all those who produce, consume and transport electricity in the *market*.

Clause 5.6.2(n)

Omit "to the Inter-Regional Planning Committee, and"

Clause 5.6.2A(b)(4)(v)

Omit "the Inter-Regional Planning Committee" (wherever occurring)

Insert "AEMO" (in each case)

Clause 5.6.2A(b)(5)(ii)

Omit "the Inter-Regional Planning Committee" (wherever occurring)

Insert "AEMO" (in each case)

Clause 5.6.2A(b)(5)(iii)

Omit the second sentence

Clause 5.6.2A(b)

After subparagraph (5) *insert*

- (6) the manner in which the proposed *augmentations* relate to the most recent *NTNDP* and the development strategies for current or potential *national transmission flow paths* that are

specified in that *NTNDP*.

Clause 5.6.3

Omit, substitute

5.6.3 AEMO's obligation to publish information and guidelines and provide advice

- (a) In carrying out its NTP functions, *AEMO* must:
- (1) *publish* an objective set of criteria for assessing whether a proposed *transmission network augmentation* is reasonably likely to have a *material inter-network impact*;
 - (2) prepare and *publish augmentation technical reports* on proposed *transmission network augmentations* that are reasonably likely to have a *material inter-network impact*;
 - (3) *publish* guidelines to assist *Registered Participants* to determine when an *inter-network test* may be required;
 - (4) provide advice to the *AEMC* as requested about the exercise of the *last resort planning power*.
- (b) *AEMO* must develop and *publish*, and may vary from time to time, an objective set of criteria for assessing whether or not a proposed *transmission network augmentation* is reasonably likely to have a *material inter-network impact*. In developing (or varying) the objective set of criteria, *AEMO* must:
- (1) proceed in accordance with the *Rules consultation procedures*; and
 - (2) have regard to:
 - (i) the relevant guiding objectives and principles provided by the *AEMC*; and
 - (ii) the advice of *jurisdictional planning representatives*.
- (c) After receiving a written request for an *augmentation technical report* on a proposed *transmission network augmentation* that is reasonably likely to have a *material inter-network impact* *AEMO* must:
- (1) immediately undertake a review of all matters referred to it by the *Transmission Network Service Provider* in order to assess the *augmentation proposal*; and
 - (2) consult with, and take into account the recommendations of, the *jurisdictional planning representatives* in relation to the

augmentation proposal; and

- (3) make a determination as to:
 - (i) the performance requirements for the equipment to be *connected*; and
 - (ii) the extent and cost of *augmentations* and changes to all affected *transmission networks*; and
 - (iii) the possible material effect of the new *connection* on the *network power transfer capability* including that of other *transmission networks*; and
- (4) within 90 *business days* of the date of the request (or some other period agreed between the *Transmission Network Service Provider* and *AEMO*), *AEMO* must *publish* an *augmentation technical report* that sets out:
 - (i) *AEMO's* determination; and
 - (ii) the reasons for the determination (including a statement of any information and assumptions on which the determination is based).

A request for an *augmentation technical report* on a proposed *transmission network augmentation* must be accompanied by sufficient information to enable *AEMO* to make a proper assessment of the *augmentation proposal* and *AEMO's* reasonable fees covering the direct costs and expenses of preparing the report.

- (d) The period for *AEMO* to *publish* an *augmentation technical report* will be automatically extended by the time taken by the *Transmission Network Service Provider* to provide additional information requested by *AEMO*.
- (e) *AEMO* may, for the purpose of preparing an *augmentation technical report*, by written notice request a *Transmission Network Service Provider* to provide *AEMO* with additional information reasonably available to it and the *Transmission Network Service Provider* must comply with the request.
- (f) If the objective set of criteria is changed after a *project assessment draft report* has been made available to *Registered participants* and *AEMO*, the relevant *Network Service Provider* is entitled to choose whether the new criteria, or the criteria that existed when the *project assessment draft report* was made available to *Registered Participants* and *AEMO*, are to be applied.
- (g) The *AEMC* must provide *AEMO* with guiding objectives and principles for the development by *AEMO* of the objective set of

criteria for assessing whether or not a proposed *transmission network augmentation* is reasonably likely to have a *material inter-network impact*.

Clause 5.6.4

Heading immediately preceding clause 5.6.4(e)

Omit “**the Inter-regional Planning Committee**”

Insert “**AEMO**”

Clause 5.6.4(e)

Omit “*the Inter-regional Planning Committee*”

Insert “*AEMO*”

Clause 5.6.4(f)

Omit

Clause 5.6.4(g)(1)

Omit “*the Inter-regional Planning Committee*”

Insert “*AEMO*”

Clause 5.6.4(g)(2)

Omit, insert

(2) the *NTNDP* for the current and the previous year;

Clause 5.6.4(o)(2)

Omit

Clause 5.6.4(o)(3) & (4)

Omit “*the Inter-regional Planning Committee*” wherever it occurs

Insert “*AEMO*” in each case

Clause 5.6.5

Omit

Clause 5.6.6B(b)(3)

Omit “*the Inter-regional Planning Committee*” wherever it occurs and *insert* in each case “*AEMO*”

Omit "in accordance with clause 5.6.3(j)" and "in accordance with clause 5.6.3(i)"

After rule 5.6 *insert*

5.6A National Transmission Planning

5.6A.1 Preliminary consultation

- (a) By no later than 30 January each year, *AEMO* must *publish*:
 - (1) a document that sets out the *NTNDP inputs* that it proposes to use for the preparation or revision of the *NTNDP* for the following calendar year; and
 - (2) a document (the ***statement of material issues***):
 - (i) summarising the issues *AEMO* considers to be the material issues involved in the preparation or revision of the *NTNDP* for the following calendar year; and
 - (ii) giving an indication of *AEMO's* preliminary views on how those issues should be resolved.
- (b) At the same time as it *publishes* the documents referred to in paragraph (a), *AEMO* must *publish* an invitation for written submissions to be made to *AEMO* within a period (at least 30 *business days*) specified in the invitation on:
 - (1) the proposed *NTNDP inputs*; or
 - (2) the content of the *NTNDP* as it applies for the current year, including the location of the current and potential *national transmission flow paths* identified in the *NTNDP*; or
 - (3) the issues raised in the statement of material issues.
- (c) A person may make a written submission to *AEMO* on the proposed *NTNDP inputs*, the content of the *NTNDP* as it applies for the current year, or an issue raised in the statement of material issues within the period specified in the invitation.

5.6A.2 Publication of NTNDP

- (a) By no later than 31 December each year, *AEMO* must *publish* the *NTNDP* for the following year.
- (b) In preparing the *NTNDP* that is to be *published* under paragraph (a), *AEMO* must:
 - (1) take into account the submissions made in response to the invitation referred to in clause 5.6A.1(b); and
 - (2) consider the following matters:
 - (i) the quantity of electricity that flowed, the periods in which the electricity flowed, and *constraints* on the *national transmission flow paths* over the year that precedes the year in which the *NTNDP* is to apply;
 - (ii) the forecast quantity of electricity that is expected to flow, the periods in which the electricity is expected to flow, and the magnitude and significance of future *network losses* and *constraints*, on the current and potential *national transmission flow paths* over the year in which the *NTNDP* is to apply or such other period to which a scenario that is used for the purposes of the *NTNDP* applies;
 - (iii) the projected capabilities of the *national transmission grid*, and the *network control ancillary services* required to support the existing and future capabilities of the *national transmission grid*, under each of the scenarios that is being used for the purposes of the *NTNDP*;
 - (iv) relevant intra-jurisdictional developments and any incremental works that may be needed to co-ordinate *national transmission flow path* planning with intra-jurisdictional planning;
 - (v) such other matters as *AEMO*, in consultation with the *participating jurisdictions*, considers appropriate;
 - (3) have regard to the following documents:
 - (i) the most recent *Annual Planning Reports* that have been *published*;
 - (ii) the most recent *statement of opportunities* that has been *published*;
 - (iii) the most recent [gas statement of opportunities] that has been *published*;

- (iv) the current revenue determination for each Transmission Network Service Provider;
 - (v) any other documents that *AEMO* considers relevant.
- (c) A *NTNDP* that is published under paragraph (a) must:
- (1) consider and assess an appropriate course for the efficient development of the *national transmission grid* for a planning horizon of at least 20 years from the beginning of the year in which the *NTNDP* applies; and
 - (2) take into account all *transmission elements* which are part of, or materially affect, the transmission capability of any current or potential *national transmission flow paths*; and
 - (3) identify a range of credible scenarios for the geographic pattern of the demand for, and supply of, electricity for the planning horizon of the *NTNDP*; and
 - (4) identify the location of current *national transmission flow paths* and specify their transmission capability; and
 - (5) identify the location of the potential *national transmission flow paths* over the planning horizon of the *NTNDP* under each of the scenarios referred to in subparagraph (3); and
 - (6) specify a development strategy for each current and potential *national transmission flow path* in accordance with clause 5.6A.3; and
 - (7) include a summary of the information specified in rule 3.7A in relation to congestion on each current *national transmission flow path*; and
 - (8) include a consolidated summary of the *augmentations* proposed by each *Transmission Network Service Provider* in the most recent *Annual Planning Reports* they have *published* and an analysis of the manner in which the proposed *augmentations* relate to the *NTNDP* and any previous *NTNDP*; and
 - (9) summarise the material issues arising from the submissions received in response to the invitation referred to in clause 5.6A.1(b), explain how those issues have been addressed in the *NTNDP* and give reasons for not addressing any of those issues in the *NTNDP*.
- (d) *AEMO* must *publish* the first *NTNDP* (the *NTNDP* for 2011) no later than 31 December 2010.

- (e) If, after the *publication* of the most recent *NTNDP*, *AEMO* becomes aware of information that shows the *NTNDP* to be incorrect in a material respect, *AEMO* must *publish* a correction of the *NTNDP* as soon as practicable.

5.6A.3 Development strategies for national transmission flow paths

A development strategy for a current or potential *national transmission flow path* that is specified in accordance with clause 5.6A.2(c)(6) must:

- (1) be proposed for each of the scenarios referred to in clause 5.6A.2(c)(3); and
- (2) to the extent reasonably practicable and appropriate, be consistent with:
 - (i) the co-optimisation of *network* and non-*network* investment; and
 - (ii) the maximisation of net economic benefit to all those who produce, consume and transport electricity to the *market*; and
 - (iii) the service standards that are linked to the technical requirements of schedule 5.1 or in *applicable regulatory instruments*; and
- (3) take into account the following matters:
 - (i) the current or likely capacity of the *national transmission flow path*, and the need to increase that capacity to relieve current or likely *constraints* and congestion points; and
 - (ii) technically feasible *network* and non-*network* options (including additional *generation* and demand side options) for relieving current or likely *constraints* or congestion points; and
 - (iii) possible market benefits associated with each of the options identified under subparagraph (ii); and
- (4) include a high level assessment as to:
 - (i) which of the options, or combination of options, identified under paragraph(3)(ii) provides the most efficient strategy for the development of the *national transmission grid* under each of the scenarios referred to in clause 5.6A.2(c)(3); and

- (ii) the manner in which each such option, or combination of options, relates to the overall development of the *power system*.

5.6A.4 NTNDP database

- (a) AEMO must establish, maintain and make available to the public a database (the **NTNDP database**) that includes *NTNDP inputs* used by it in preparing the most recent *NTNDP*.
- (b) The **NTNDP inputs** for a *NTNDP* include:
 - (1) assumptions made about the cost of fuel used for the generation of electricity (including gas and coal); and
 - (2) the conversion factors used to relate the consumption of a given quantity of fuel to the production of electricity using that quantity of fuel; and
 - (3) assumptions about the capital costs associated with the generation of electricity; and
 - (4) prevailing location of generation capacity; and
 - (5) assumptions about the price of carbon; and
 - (6) electricity demand forecasts.

5.6A.5 Jurisdictional planning bodies and jurisdictional planning representatives

- (1) The *jurisdictional planning bodies* must provide the assistance AEMO reasonably requests in connection with the performance of its *NTP functions*.
- (2) If there is no *jurisdictional planning body* or no *jurisdictional planning representative* for a *participating jurisdiction*, AEMO may assume the functions of such a body or representative under the *Rules*.

Clause 5.7.7(a)

Omit (from column 1, row 5 of chart 1) “the *Inter-regional Planning Committee* or”

Clause 5.7.7(f) to (s)

Omit, insert

- (f) If AEMO receives a notice under clause 5.7.7(e), then it must provide a copy of the notice to each *jurisdictional planning representative* and consult with each *jurisdictional planning*

representative about the potential impact of the development or activity.

- (g) *AEMO* or the *Relevant TNSP* for a development or activity may notify the *Proponent* of the development or activity that *AEMO* or the *Relevant TNSP* believes an *inter-network test* is required for that development or activity.
- (h) *AEMO* or the *Relevant TNSP* may only give a notice under clause 5.7.7(g) if:
 - (1) *AEMO* or the *Relevant TNSP* considers that the development or activity may have a material impact on the magnitude of the *power transfer capability* of more than one *transmission network* and, in the circumstances, an *inter-network test* is required; or
 - (2) an *inter-network test* is required having regard to guidelines *published* under clause 5.7.7(k) and the surrounding circumstances.
- (i) If the *Relevant TNSP* gives a notice under clause 5.7.7(g), then it must also promptly give a copy of the notice to *AEMO*.
- (j) A *Registered Participant* undertaking a development or activity listed in chart 1 must provide information reasonably requested by *AEMO* or the *Relevant TNSP* for making an assessment under this clause.
- (k) *AEMO* may develop, *publish* and amend from time to time, in accordance with the *Rules consultation procedures*, a set of guidelines to assist *Registered Participants* to determine when an *inter-network test* may be required.
- (l) *AEMO* and the *Relevant TNSP* must consider any relevant guidelines in determining whether an *inter-network test* is required.
- (m) If *AEMO* or the *Relevant TNSP* gives notice under clause 5.7.7(g), then the *Proponent* must, in consultation with *AEMO*, prepare a draft *test program* for the *inter-network test* and provide it to *AEMO*, each *jurisdictional planning representative* and the *Relevant TNSP* (if the *Relevant TNSP* gave the notice).
- (n) However, if *AEMO* determines that an *inter-network test* is required for a reason contemplated in item 5 or 6 of chart 1, then it must prepare a draft *test program* for the *inter-network test* in consultation with the *jurisdictional planning representatives* and provide that draft *test program* to each *jurisdictional planning representative*.
- (o) If a *jurisdictional planning representative* considers that any

changes should be made to a draft *test program*, the *jurisdictional planning representative* must, within 10 *business days* after being provided with the draft *test program*, make a recommendation to *AEMO* that identifies the changes it proposes should be made to the draft *test program*.

(p) *AEMO* must:

- (1) *publish* a copy of the draft *test program* and any relevant changes recommended by any *jurisdictional planning representative* and invite interested *Registered Participants* to make written submissions; and
- (2) only accept as valid submissions received not later than the closing date for submissions specified in the notice *publishing* the copy of the draft *test program* (not to be less than 14 days after the date of *publication*); and
- (3) provide the *jurisdictional planning representatives* with copies of all valid submissions and seek any further recommendations they may have.

(q) **[Deleted]**

(r) *AEMO* must determine and *publish* in accordance with clause 3.13.13 the *test program* for an *inter-network test* after taking into account the recommendations of the *jurisdictional planning representatives* and any valid submissions received from *Registered Participants*.

(s) In determining the *test program*, *AEMO* must so far as practicable have regard to the following principles:

- (1) *power system security* must be maintained in accordance with Chapter 4; and
- (2) the variation from the *central dispatch* outcomes that would otherwise occur if there were no *inter-network test* should be minimised; and
- (3) the duration of the tests should be as short as possible consistently with test requirements and *power system security*; and
- (4) the test facilitation costs to be borne by the *Proponent* under paragraph (aa) should be kept to the minimum consistent with this paragraph.

Clause 5.7.7(ad)

Omit "the *Inter-regional Planning Committee*" wherever it occurs

Insert "AEMO" in each case

Clause 5.8.3(d)

Omit "the Inter-regional Planning Committee whose majority decision"

Insert "AEMO whose decision"

Schedule, clause S5.1.2.3

Omit "clauses 5.6.5 and 5.6.6 of the Rules"

Insert "Rules 5.6 and 5.6A"

Amendments to Chapter 6A

Clause 6A.6.6(e)

After subparagraph (10) *insert*

(11) the most recent *NTNDP* and any submissions made by *AEMO*, in accordance with the *Rules*, on the forecast of required operating expenditure of the *Transmission Network Service Provider*.

Clause 6A.6.7(e)

After subparagraph (10) *insert*

(11) the most recent *NTNDP* and any submissions made by *AEMO*, in accordance with the *Rules*, on the forecast of required capital expenditure of the *Transmission Network Service Provider*.

Clause 6A.10.1

After the present contents *insert*

The *Revenue Proposal* must also include a statement of whether it is consistent with the most recent *NTNDP* and, if it is inconsistent, identify and give reasons for the inconsistency.

Amendments to Chapter 9

Clause 9.28.3

Omit

Rule 9.29A, paragraphs (a) and (c)

Omit "ESIPC" wherever it occurs

Insert "Technical Regulator" in each case

Rule 9.29A, after paragraph (c)

Insert

(d) In this Rule:

Technical Regulator means the person holding or acting in the office of Technical Regulator under section 7 of the *Electricity Act 1996* (SA).

Amendments to Chapter 10

Chapter 10, Glossary

Omit the following definitions

annual national transmission review or ANTS review

Annual National Transmission Statement or ANTS

augment, augmentation

augmentation technical report

Convener

Inter-regional Planning Committee

Insert the following definitions in alphabetical order

augmentation

Has the meaning given in the *National Electricity Law*,

augmentation technical report

A report on *augmentation* under clause 5.6.3.

jurisdictional planning body

The entity nominated by the relevant *Minister* of a *participating jurisdiction* as having *transmission system* planning responsibility in that *participating jurisdiction*.

jurisdictional planning representative

The *representative* from the *jurisdictional planning body* for a *participating jurisdiction* nominated by that *jurisdictional planning body* as the *jurisdictional planning representative* for that *participating jurisdiction*.

national transmission grid

Has the meaning given in the *National Electricity Law*.

NTNDP

The National Transmission Network Development Plan as defined in the *National Electricity Law*.

NTNDP database

The database that *AEMO* is required to establish and maintain under clause 5.6A.4.

NTNDP inputs

Has the meaning given in clause 5.6A.4.

Amendments to Chapter 11

After Rule 11.21 *insert*

11.22.1 Definitions

In this Rule:

amending rules means the *National Electricity (Australian Energy Market Operator) Amendment Rules 2009*.

commencement date means the date Schedule 2 of the amending rules comes into operation.

new National Electricity Rules the National Electricity Rules as in force after the commencement date.

old National Electricity Rules the National Electricity Rules as in force before the commencement date.

11.22.2 Jurisdictional planning bodies and representatives

- (a) The former responsible planning entity for a *participating jurisdiction*

is taken to be the *jurisdictional planning body* for the *participating jurisdiction* until the relevant *Minister* nominates a different entity under the new National Electricity Rules.

- (b) The *representative* from the former responsible planning entity for a *participating jurisdiction* who was a member of the *Inter-regional Planning Committee* immediately before the commencement date is taken to be the *jurisdictional planning representative* for that *participating jurisdiction* under the new National Electricity Rules until another person is nominated under the new National Electricity Rules.
- (c) This clause does not apply to a jurisdiction for which *AEMO* is the *jurisdictional planning body*.
- (d) In this clause:

former responsible planning entity for a *participating jurisdiction* means the entity that was treated, for the purposes of clause 5.6.3((b)(2) of the old National Electricity Rules, as having *transmission system* planning responsibility in the *participating jurisdiction*.

11.22.3 Criteria and guidelines published by Inter-regional Planning Committee

- (a) The old transmission network augmentation criteria continue in force, subject to revocation or variation by *AEMO*, as if they had been *published* by *AEMO* under clause 5.6.3(b) of the new National Electricity Rules.
- (b) The old inter-network test guidelines continue in force, subject to revocation or variation by *AEMO*, as if they had been *published* by *AEMO* under clause 5.7.7(k) of the new National Electricity Rules.
- (c) In this clause:

old inter-network test guidelines means guidelines for assisting *Registered Participants* to determine when an *inter-network test* may be required that were *published* by the *Inter-regional Planning Committee* under clause 5.7.7.(k) of the old National Electricity Rules and were applicable immediately before the commencement date.

old transmission network augmentation criteria means criteria for assessing whether a proposed *transmission network augmentation* is reasonably likely to have a *material inter-network impact* that were *published* by the *Inter-regional Planning Committee* under clause 5.6.3.(i) of the old National Electricity

Rules and were applicable immediately before the commencement date.

11.22.4 Augmentation technical reports

If a request for an augmentation technical report was made under clause 5.6.3 of the old National Electricity Rules, but proceedings based on, or related to, the request had not been completed by the commencement date, the proceedings are to be continued and completed by *AEMO* as if anything done under the old National Electricity Rules had been done under the corresponding provisions of the new National Electricity Rules.

11.22.5 Last Resort Planning Power

(1) For the purposes of clause 5.6.4(g)(2) of the new National Electricity Rules, a reference to an *NTNDP* extends to:

- (1) a relevant interim *NTNDP*;
- (2) an *Annual National Transmission Statement* published under clause 5.6.5 of the old National Electricity Rules .

(2) In this clause:

interim NTNDP means a document prepared by *AEMO* in accordance with the requirements for an *NTNDP* but for a period antecedent to the period for which an *NTNDP* was first required.

11.22.6 Inter-network power system tests

- (a) Proceedings commenced before the commencement date under clause 5.7.7 of the old National Electricity Rules may be continued and completed under clause 5.7.7 of the new National Electricity Rules.
- (b) Anything validly done before the commencement date under clause 5.7.7 of the old National Electricity Rules is taken to have been validly done under the corresponding provision of clause 5.7.7 of the new National Electricity Rules.

11.22.7 Control and protection settings for equipment

- (a) A matter referred to the *Inter-regional Planning Committee* under clause 5.8.3(d) of the old National Electricity Rules that remained undecided at the commencement date must be decided by *AEMO* within 20 *business days* after the commencement date.
- (b) *AEMO*'s decision is final.

11.22.8 Revenue Proposals

Clauses 6A.6.6(e)(11) and 6A.6.7(e)(11) of the new National Electricity Rules only apply in respect of a *Revenue Proposal* submitted to the *AER* under clause 6A.10.1 of the new National Electricity Rules more than 20 *business days* after the commencement date.

Schedule 3 Miscellaneous amendments

Amendments to Chapter 2

Clause 2.11.1

After clause 2.11.1(a), insert

- (ab) In determining *Participant fees*, *AEMO* must have regard to the *national electricity objective*.

Clause 2.11.1(b)(2)(i)

Omit, insert

- (i) recurring expenditure is, subject to the following qualifications, recovered in the year of expenditure;

Qualifications:

1. If *AEMO* recovers an excess of revenue over expenditure from the provision of a particular service in a financial year, it may roll over the excess to a later financial year (or later financial years) so as to reduce revenue requirements in the later financial year (or years).
2. *AEMO* may recover a shortfall of revenue in a later financial year or later financial years.
3. *AEMO* may take any other action it considers desirable to smooth the impact of actual or anticipated cost variations on the users of a service provided by *AEMO*.

Clause 2.11.1(b)(2)(iii)

Omit, insert

- (iii) costs of transition (as defined in the *National Electricity Law*) are recovered over a period of 4 years from the *changeover date*.

Clause 2.11.1(ba)(1), (2) and (3)

Omit, insert

- (1) a major reform or development (including an anticipated reform or development) of the *market*, or
- (2) a major change (including an anticipated change) to a function, responsibility, obligation or power of *AEMO* under the

Rules; or

- (3) a major change (including an anticipated change) to any of the computer software or systems that *AEMO* uses in the performance of any of its functions, responsibilities, obligations or powers under the *Rules*.

Clause 2.11.1(c)

After subparagraph (5), *insert*

- (5A) NTP function fees to recover *AEMO*'s budgeted revenue requirement as described in clause 2.11.3(b)(4A);
- (5B) additional advisory function fees to recover *AEMO*'s budgeted revenue requirement as described in clause 2.11.3(b)(4B);

Clause 2.11.3(b)

After subparagraph (4), insert:

- (4A) *AEMO*'s expenditures in carrying out *NTP functions*;
- (4B) *AEMO*'s expenditures in carrying out additional advisory functions;

Clause 2.11.3(b)(5)

Omit, substitute

- (5) *AEMO*'s other expenditure requirements, operating costs and margin so far as they relate to the electricity industry;
- (5A) the proportion of *AEMO*'s residual expenditures allocated to the electricity industry under paragraph (c).

Clause 2.11.3

After paragraph (b), insert

- (c) *AEMO* must allocate expenditures that cannot be specifically related to electricity activities or gas activities (***residual expenditures***) between the electricity and gas industries in a manner that:
 - (1) ensures that the total amount of the residual expenditures is allocated appropriately between the electricity and the gas industries; and
 - (2) ensures that each industry bears an allocation at least equal

to the amount by which residual expenditures would be reduced if services were no longer provided to that industry; and

- (3) promotes the efficient use of electricity and gas services.
- (d) AEMO's expenditures in carrying out *declared network functions* are to be recovered through fees charged as a *Transmission Network Service Provider* and not through participant fees.

Amendments to Chapter 3

Clause 3.17.2

Omit

Amendments to Chapter 8

Clause 8.1.3

Omit, insert

Part A Introductory

8.1.3 Structure of this Chapter

- (a) This Chapter describes some of the key processes and obligations associated with the administration of the *Rules*.
- (b) It is divided into Parts as follows:
 - (1) this Part is introductory;
 - (2) Part B deals with dispute resolution;
 - (3) Part C deals with the obligations of *Registered Participants* to maintain confidentiality;
 - (4) Part D deals with monitoring and reporting;
 - (5) Part E deals with the structure and responsibilities of the *Reliability Panel*;
 - (6) Part F sets out the *Rules consultation procedures*;
 - (7) Part G deals with funding for the Consumer Advocacy Panel;
 - (8) Part H deals with contestable augmentations.

Heading

Before Rule 8.2, insert

Part B Disputes

Heading

Before Rule 8.6, insert

Part C Registered participants' confidentiality obligations

Clause 8.6.1(a)

Omit, insert

- (a) Each *Registered Participant* must use all reasonable endeavours to keep confidential any *confidential information* that comes into the possession or control of the *Registered Participant* or of which the *Registered Participant* becomes aware.

Clause 8.6.1(b)

Omit "Recipient"

Insert "*Registered Participant*"

Clause 8.6.1(c)

Omit "Recipient" wherever occurring

Insert "*Registered Participant*" in each case

Clause 8.6.2(a), (b), and (d)

Omit "Recipient" wherever occurring

Insert "*Registered Participant*" in each case

Clause 8.6.2(d1)

Omit

Clause 8.6.2(h) and (i)

Omit "Recipient" wherever occurring

Insert "*Registered Participant*" in each case

Clause 8.6.2(m)

Omit "*NEMMCO* or"

Clause 8.6.2(n) and (o)

Omit

Clause 8.6.3

Omit "the Recipient who wishes"

Insert "the *Registered Participant* that wishes"

Heading

Before Rule 8.7, insert

Part D Monitoring and reporting

Heading

Before Rule 8.8, insert

Part E Reliability panel

Heading

Before Rule 8.9, insert

Part F Rules consultation procedures

Heading

Before Rule 8.10, insert

Part G Consumer Advocacy Panel

Rule 8.10(a), definition of ***consumer advocacy funding obligation***

Omit, insert

consumer advocacy funding obligation means the following

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costs as budgeted by the Consumer Advocacy Panel and approved by the MCE under Part 4 of the relevant Act:

- (a) the cost of grant funding consumer advocacy and research projects for the benefit of consumers of electricity;
- (b) an appropriate proportion of the cost of grant funding projects in research or consumer advocacy for the joint benefit of consumers of electricity and consumers of natural gas;
- (c) an appropriate proportion of the costs of administration.

After Rule 8.10

Insert

Part H Augmentations

8.11.1 Application

This Part applies only to, and in relation to, the *declared transmission system* of an *adoptive jurisdiction* that has legislated to invoke AEMO's *declared network functions*.

8.11.2 Object

The objects of this Rule are:

- (1) to establish the distinction between *contestable augmentations* and *non-contestable augmentations*; and
- (2) to regulate the process for calling, receiving and evaluating tenders for the construction, operation and maintenance of a *contestable augmentation*; and
- (3) to provide guidance on risk allocation and other commercial principles to be reflected in *network agreements* and *connection agreements*.

8.11.3 Definitions

In this Part:

connection agreement means an agreement for connecting an *augmentation* with the *declared shared network* to which it relates.

contestable augmentation means an augmentation classified as a contestable augmentation under clause 8.11.4.

contestable provider means a person responsible for the construction, maintenance or operation of a *contestable augmentation*.

incumbent declared transmission system operator means the *declared transmission system operator* that owns or operates the part of the transmission system to which the *augmentation* will connect.

relevant limit means \$10 million or some other amount fixed as the relevant limit by *AEMO*.

separable augmentation means an *augmentation* that satisfies both the following criteria:

- (a) the *augmentation* will result in a distinct and definable service to be provided by the *contestable provider* to *AEMO*;
- (b) *AEMO* is satisfied that the *augmentation* will not have a material adverse effect on the *incumbent declared transmission system operator's* ability to provide services to *AEMO* under any relevant *network agreement*.

8.11.4 Contestable augmentations

- (a) Subject to paragraph (b), an *augmentation* of a *declared shared network* is a *contestable augmentation* if:
 - (1) the *capital cost* of the *augmentation* is reasonably expected to exceed the *relevant limit*, and
 - (2) the *augmentation* is a *separable augmentation*.
- (b) An *augmentation* of a *declared shared network* is not a *contestable augmentation* if:
 - (1) *AEMO* classifies the *augmentation* as *non-contestable* because the delay in implementation that would necessarily result from treating the *augmentation* as *contestable* would unduly prejudice system security; or
 - (2) *AEMO* classifies the *augmentation* as *non-contestable* because it does not consider it economical or practicable to treat the *augmentation* as *contestable*.

8.11.5 Construction, operation and maintenance of contestable augmentation

- (a) This clause describes how a proposal for a *contestable augmentation* is to be dealt with.
- (b) For the purpose of procuring the construction, operation and

maintenance of a *contestable augmentation*, AEMO must:

- (1) publish a generally applicable tender and evaluation process that accords with best practice as currently understood and may include, but need not be limited to:
 - (i) typical timetables for the tender and evaluation process; and
 - (ii) details of typical evaluation criteria; and
 - (iii) indications of the way in which different matters are to be or might be weighted for evaluation purposes; and
 - (iv) provision for declaration and management of conflicts of interest; and
 - (v) provision for the debriefing of unsuccessful tenderers; and
- (2) *publish*, on its website, a register of persons who have from time to time expressed interest in being *contestable providers* and keep the register up to date to reflect the developing market.

(c) For each *contestable augmentation*, AEMO must:

- (1) prepare, in consultation with the *incumbent declared transmission system operator*, a timetable allowing AEMO and the *incumbent declared transmission system operator* a reasonable time to comply with their respective obligations and allowing a reasonable construction period having regard to the nature and extent of the *augmentation*; and
- (2) call for expressions of interest from the market in the *contestable augmentation*; and
- (3) prepare, in consultation with the *incumbent declared transmission system operator*, a detailed tender specification setting out the scope of the work involved in the *augmentation*, including details of the *technical interface* required for the *augmentation*; and
- (4) prepare and issue an invitation to tender setting out the details of the *contestable augmentation*, the tender and evaluation process for the particular *contestable augmentation*, taking particular care to ensure that it:
 - (i) provides maximum certainty to tenderers regarding the terms and conditions subject to which they are invited to undertake the work involved in the *contestable*

augmentation; and

- (ii) identifies the relevant land (if any) that is available for or in connection with the *contestable augmentation*, including details of current usage and a geotechnical and environmental report on the land; and
 - (iii) specifies the services to be provided under the *network agreement*;
- (5) where it is reasonably practicable to do so, provide a copy of the invitation to tender, and a compliance checklist to the AER at least 10 *business days* before it is issued.
- (d) The *incumbent declared transmission system operator* must do all things reasonably required by AEMO to facilitate the construction, operation and maintenance of the *contestable augmentation*, including:
- (1) providing, within a reasonable period specified by AEMO, information and assistance reasonably required by AEMO for the preparation of the tender documents such as information about the technical interface and information required for the preparation of the tender specification; and
 - (2) negotiating in good faith with a proposed *contestable provider* any changes to the proposed *connection agreement* that are sought or suggested by that *contestable provider*.
- (e) The *incumbent declared transmission system operator* may tender for work involved in a *contestable augmentation*.
- (f) AEMO must evaluate, assess and negotiate responses to the invitation to tender in accordance with the published tender and evaluation process.
- (g) After completing the tender and evaluation process, AEMO must notify all persons who submitted tenders of:
- (1) AEMO's decision about whether to enter into a *network agreement* with a tenderer in relation to the *contestable augmentation*; and
 - (2) if AEMO decides to enter into a *network agreement* with a tenderer in relation to the *contestable augmentation*, the identity of that tenderer.

8.11.6 Risk allocation and commercial principles

- (a) AEMO must develop a statement of principles that should, in AEMO's opinion, be reflected in *network agreements* and

connection agreements related to a *contestable augmentation*.

- (b) The principles should cover risk allocation and other commercial aspects of the relationship between the *incumbent declared transmission system operator*, the *contestable provider* and AEMO.
- (c) The principles must be published on AEMO's website.
- (d) If a person submits a tender for a *contestable augmentation* proposing a *network agreement* or a *connection agreement* that is not entirely consistent with the principles, the person must, in responding to the invitation to tender, include a statement drawing AEMO's attention to the inconsistency and explaining the reasons for it.

8.11.7 Annual planning review

AEMO must in its annual planning review indicate:

- (a) which *augmentations* commenced in the previous year are *contestable augmentations*; and
- (b) which *augmentations* planned to commence in the present or future years are likely to be *contestable augmentations*.

Amendments to Chapter 10

Definition of ***Disclosee***

Omit "or NEMMCO (as the case may be)"

Schedule 4 General amendment to the National Electricity Rules

National Electricity Rules, all provisions referring to NEMMCO

Omit "NEMMCO" wherever occurring

Substitute "AEMO" in each case

[There will need to be a few exceptions to this.]