



24 December 2004

Manager – Energy Market Reform Team  
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Department of Industry, Tourism and Resources  
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Dear Sir

## **Initial Submission on National Electricity Law Exposure Draft**

### ***Introduction and Background***

VENCorp welcomes the opportunity to provide its initial comments on the Ministerial Council on Energy's (MCE) exposure draft of the new National Electricity Law (new NEL).

As you are aware, the arrangements in Victoria are unique in the National Electricity Market with the separation of transmission planning and ownership. VENCorp's functions, as a not for profit statutory authority, include the planning and directing of augmentations to the shared transmission network. SPI PowerNet, a privatised entity, owns, controls and operates the majority of the shared transmission network.

VENCorp procures network services from SPI PowerNet's and other Transmission Network Service Provider's and in return collects revenues relating to those services, and its own costs, from transmission users. The Australian Competition and Consumer Commission (ACCC) currently determines the revenues for those assets forming part of the shared transmission network as well as VENCorp's costs.

### ***Regulated transmission system operator***

The new NEL sets out the functions and powers of the Australian Energy Regulator (AER), among which is the ACCC's current revenue setting role. In particular, the AER is required to make ***transmission determinations*** under ss 15(1)(b). ***Transmission determinations*** apply to a ***regulated transmission system operator***, which is defined in the new NEL as:

“an owner, controller or operator of a transmission system

- (a) who is a registered participant; and
- (b) whose revenue or prices are regulated under a transmission determination

In light of the above, VENCORP asks the MCE to ensure that the definition of *regulated transmission system operator* is sufficient to cover VENCORP’s roles and functions in Victoria.

Should you have any questions about this matter please do not hesitate to contact Louis Tirpcou on (03) 8664 6615.

Yours sincerely,

Matt Zema  
Chief Executive Officer