

Integrated System Plan Rule Changes

CONSULTATION VERSION - 19 NOVEMBER 2019 [\(ENA proposed amendments – 17 January 2020\)](#)

Based on version 124 of the Rules.

The Integrated System Plan Rule changes do not apply in the Northern Territory.

This document provides extracts of relevant Rules from Chapters 5, 6A and 10 and minor consequential changes. It is not in Amending Rule format.

ESB proposed amendments are marked [blue](#) and [red](#)

ENA proposed amendments are marked [green](#).

The following table provides an overview of Integrated System Plan Rule Changes.

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NATIONAL ELECTRICITY RULES

Rule/Clause No.	Content
New 5.23	Dispute resolution on the ISP process

10. Glossary

New definitions:

actionable ISP project

A project that relates to a transmission asset or non-network option the purpose of which is to address an identified need specified in an Integrated System Plan and which forms part of an optimal development path.

designated ISP planning costs

For a regulatory control period, any costs that a Transmission Network Service Provider incurs, or expects to incur in connection with:

- (a) the Transmission Network Service Provider having commenced the regulatory investment test for transmission for a project that was previously an actionable ISP project, but is no longer an actionable ISP project following publication of an Integrated System Plan or an ISP update; or
- (b) the Transmission Network Service Provider being required to materially alter or undertake further work in relation to a regulatory investment test for transmission for an actionable ISP project following publication of an Integrated System Plan or an ISP update; or
- (c) the Transmission Network Service Provider having been required to undertake preparatory activities under rule 5.16A for a project that was previously an actionable ISP project, but is no longer an actionable ISP project following publication of an Integrated System Plan or an ISP update.

Inertia Report

A report published by AEMO under clause 5.20.4.

Integrated System Plan

A plan developed and published by AEMO under rule 5.22 as amended by an ISP update from time to time.

ISP update

An update to an *Integrated System Plan* published by AEMO under clause 5.22.12.

NSCAS Report

A report published by AEMO under clause 5.20.2.

NTP cost event

If, at the end of a regulatory year, the amount of NTP function fees paid by a Transmission Network Service Provider for that previous regulatory year is higher or lower than the amount of the NTP function fees allowance (if any) for the Transmission Network Service Provider for that previous regulatory year, this constitutes a NTP cost event.

NTP function fees allowance

The amount of NTP function fees (if any) that is provided for a Transmission Network Service Provider for a regulatory year in the annual building block revenue requirement for the Transmission Network Service Provider for that regulatory year.

optimal development path

A development path identified by AEMO as the optimal development path in the most recent Integrated System Plan in accordance with rule 5.22.

System Strength Report

A report published by AEMO under clause 5.20.6.

Amended definitions:

contingent project

In relation to a distribution determination, a *proposed contingent project* that is determined by the AER, in accordance with clause 6.6A.1(b), to be a *contingent project* for the purposes of that distribution determination.

In relation to a revenue determination, ~~has the meaning given in clause 6A.8.1A a proposed contingent project that is determined by the AER, in accordance with clause 6A.8.1(b), to be a contingent project for the purposes of that revenue determination.~~

identified need

The objective a *Network Service Provider* ~~or (or in the case of a need identified through joint planning under clause 5.14.1(d)(3) or clause 5.14.2(a), or clause 5.14.3(a),~~ a group of *Network Service Providers* seeks to achieve by investing in the *network* in accordance with planning requirements under the Rules or an Integrated System Plan.

~~*national transmission flow path*~~

~~That portion of a transmission network or transmission networks used to transport significant amounts of electricity between generation centres and load centres.~~

NSCAS gap

Any *NSCAS need* that AEMO forecasts will arise at any time within a planning horizon of at least 5 years from the beginning of the year in which the most recent NSCAS Report ~~NTNDP~~ applies.

~~NTNDP~~

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

~~NTNDP-ISP~~ database

The database that AEMO is required to establish and maintain under clause 5.22~~0~~.134.

NTNDP inputs

Has the meaning given in clause 5.20.4.

trigger event

For a *Distribution Network Service Provider*, in relation to a *proposed contingent project* or a *contingent project*, a specific condition or event described in clause 6.6A.1(c), the occurrence of which, during the relevant *regulatory control period*, may result in the amendment of a distribution determination under clause 6.6A.2.

For a *Transmission Network Service Provider*, in relation to:

- (a) a *proposed contingent project* or a *contingent project* in a revenue determination, a specific condition or event described in clause 6A.8.1(c), the occurrence of which, during the relevant *regulatory control period*, may result in the amendment of a *revenue determination* under clause 6A.8.2; and
- (b) an actionable ISP project as defined in clause 5.10.2, the event specified in clause 5.16A.5, the occurrence of which, during the relevant regulatory control period, may result in the amendment of a revenue determination under clause 6A.8.2.

5. Network Connection Access, Planning and Expansion

Part D Network Planning and Expansion

Note:

[Parts B and C will be inserted by Schedule 2 of the National Electricity Amendment \(Transmission Connection and Planning Arrangements\) Rule 2017 No. 4 which commences on 1 July 2018.](#)

5.10 Network development generally

5.10.1 Content of Part D

- (a) Clause 5.10.2 sets out local definitions used in Part D.
- (b) Clause 5.11.1 sets out obligations regarding forecasts for connection points to the *transmission network*.
- (c) Clause 5.11.2 sets out the obligations of *Network Service Providers* relating to the identification of network limitations.
- (d) ~~Clause~~ [Rule](#) 5.12 sets out planning and reporting obligations for *Transmission Network Service Providers*.
- (e) ~~Clause~~ [Rule](#) 5.13 sets out planning and reporting obligations for *Distribution Network Service Providers*.
- (e1) ~~Clause~~ [Rule](#) 5.13A sets out the obligations to provide distribution zone substation information.
- (f) ~~Clause~~ [Rule](#) 5.14 sets out joint planning obligations of *Network Service Providers*.
- (f1) Rule 5.14B relates to guidelines for *Transmission Annual Planning Reports*.
- (g) ~~Clause~~ [Rule](#) 5.15 relates to regulatory investment tests generally.
[\(g1\) Rule 5.15A relates to the regulatory investment test for transmission.](#)
- (h) ~~Clause~~ [Rule](#) 5.16 relates to the [application of the regulatory investment test for transmission to RIT-T projects that are not actionable IPS projects.](#)
- [\(h1\) Rule 5.16A relates to the application of the regulatory investment test for transmission to actionable ISP projects.](#)
- [\(h2\) Rule 5.16B relates to disputes about the application of the regulatory investment test for transmission.](#)
- (i) ~~Clause~~ [Rule](#) 5.17 relates the *regulatory investment test for distribution*.
- (j) ~~Clause~~ [Rule](#) 5.18 relates to the construction of *funded augmentations*.
- (j1) Rule 5.18A sets out the obligations of *Transmission Network Service Providers* in relation to a register of large generator connections.
- (j2) Rule 5.18B sets out obligations of *Distribution Network Service Providers* in relation to completed embedded generation projects.

Note:

Rule 5.18B commences operation on 1 July 2018 when clause 5.4.5 is renumbered as rule 5.18B under the National Electricity Amendment (Transmission Connection and Planning Arrangements) Rule 2017 No. 4

- (k) ~~Clause~~ [Rule](#) 5.19 relates to Scale Efficient Network Extensions.
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- (l) ~~Clause Rule~~ 5.20 relates to *the NSCAS Report, Inertia Report and System Strength Report* and associated methodologies ~~*AEMO's National Transmission Planning responsibilities*~~.
- (m) ~~Clause Rule~~ 5.20A relates to *power system frequency management planning*.
- (m1) ~~Clause Rule~~ 5.20B sets out the process for identifying and providing the *inertia requirements for inertia sub-networks*.
- (m2) ~~Clause Rule~~ 5.20C sets out the process for identifying and providing the *system strength requirements for each region*.
- (n) ~~Rule Clause~~ 5.21 sets out *AEMO's obligations to publish information and guidelines and provide advice regarding network development*.
- (o) ~~Clause Rule~~ 5.22 relates to the ~~*AEMC's Integrated System Plan last-resort planning powers*~~.
- (p) Rule 5.23 sets out dispute resolution procedures relating to the *Integrated System Plan*.

5.10.2 Definitions

In this Part D and schedules 5.8, 5.9 and 5.4A:

~~**actionable ISP project** means a project that relates to a transmission asset or non-network option the purpose of which is to address an identified need specified in an *Integrated System Plan* and which forms part of an optimal development path.~~

asset management means the development and implementation of plans and processes, encompassing management, financial, consumer, engineering, information technology and other business inputs to ensure assets achieve the expected level of performance and minimise costs to consumers over the expected life cycle of the assets.

Cost Benefit Analysis Guidelines means the guidelines made by the *AER* under clause 5.22.5.

cost threshold means a cost threshold specified in clause 5.15.3(b) or 5.15.3(d) (as relevant).

cost threshold determination means a final determination under clause 5.15.3(i).

cost threshold review means a review conducted under clause 5.15.3(e).

credible option has the meaning given to it in clause 5.15.2(a).

demand side engagement document means the document *published* by the *Distribution Network Service Provider* under clause 5.13.1(g).

demand side engagement register means a facility by which a person can register with a *Distribution Network Service Provider* their interest in being notified of developments relating to *distribution network* planning and expansion.

demand side engagement strategy means the strategy developed by a *Distribution Network Service Provider* under clause 5.13.1(e) and described in its demand side engagement document.

de-rate means, in respect of a *Network Service Provider*, a reduction in the *network capability* of a *network element* in the *network* of that *Network Service Provider*.

design fault level means the maximum level of fault current that a *facility* can sustain while maintaining operation at an acceptable *performance standard*.

dispute notice has the meaning given in clause 5.16B.5(c)(1) and 5.17.5(c)(1).

disputing party has the meaning given in clause 5.16B.5(c) and 5.17.5(c).

distribution asset means the apparatus, equipment and plant, including *distribution lines, substations* and sub-transmission lines, of a *distribution system*.

development path means a set of projects in an *Integrated System Plan* that together address power system needs.

draft project assessment report means the report prepared under clause 5.17.4(i).

final project assessment report means the report prepared under clauses 5.17.4(o) or (p).

firm delivery capacity means the maximum allowable output or load of a *network* or *facility* under *single contingency* conditions, including any short term overload capacity having regard to external factors, such as ambient temperature, that may affect the capacity of the *network* or *facility*.

Forecasting Best Practice Guidelines means the guidelines made by the *AER* under clause 4A.B.5.

forward planning period means the period determined by the *Distribution Network Service Provider* under clause 5.13.1(a)(1).

Inputs, Assumptions and Scenario Report means the report published by *AEMO* under clause 5.22.7(a).

ISP candidate option means the credible option specified in an *Integrated System Plan* that the RIT-T proponent must consider as part of a *regulatory investment test for transmission* for an *actionable ISP project*.

ISP development opportunity means a development opportunity identified in an *Integrated System Plan* that does not involve relate to a transmission asset or *non-network option* and includes distribution assets, generation, storage projects or demand side developments that are consistent with the efficient development of the power system.

ISP methodology means the methodology published by *AEMO* under clause 5.22.7(c).

ISP parameters means, for an *ISP project*:

(a) the inputs, assumptions and scenarios set out in the most recent *Inputs, Assumptions and Scenarios Report*; and

(b) the other *ISP projects* associated with the *optimal development path*.

ISP project means an *actionable ISP project* or an *ISP development opportunity*.

ISP timetable means the timetable published by *AEMO* under clause 5.22.4(a).

joint planning project means a project the purpose of which is to address a need identified under clause 5.14.1(d)(3) or clause 5.14.2(a) or clause 5.14.3(a).

load transfer capacity means meeting the *load* requirements for a *connection point* by the reduction of *load* or group of *loads* at the *connection point* and increasing the *load* or group of *loads* at a different *connection point*.

non-network options report means the report prepared under clause 5.17.4(b).

non-network provider means a person who provides *non-network options*.

normal cyclic rating means the normal level of allowable *load* on a primary distribution feeder having regard to external factors, such as ambient temperature and wind speed, that may affect the capacity of the primary distribution feeder.

optimal development path means a development path identified by *AEMO* as the optimal development path in the most recent *Integrated System Plan* in accordance with rule 5.22.

potential credible option means an option which a RIT-D proponent or RIT-T proponent (as the case may be) reasonably considers has the potential to be a credible option based on its initial assessment of the *identified need*.

potential transmission project means investment in a transmission asset of a *Transmission Network Service Provider* which:

- (a) is an *augmentation*; and
- (b) has an estimated capital cost in excess of \$5 million (as varied in accordance with a cost threshold determination); and
- (c) the person who identifies the project considers is likely, if constructed, to relieve forecast constraints ~~in respect of national transmission flow paths~~ between *regional reference nodes*.

power system needs has the meaning given in clause 5.22.3(a).

preferred option has the meaning given in clause 5.15A.1(c) ~~16.1(b)~~ and 5.17.1(b).

preparatory activities means activities required to design and to investigate the costs and benefits of *actionable ISP projects* including:

- (a) detailed engineering design;
- (b) route selection and easement assessment work;
- (c) cost estimation based on engineering design and route selection;
- (d) preliminary assessment of environmental and planning approvals; and
- (e) council and stakeholder engagement.

primary distribution feeder means a *distribution line* connecting a sub-transmission asset to either other *distribution lines* that are not sub-transmission lines, or to distribution assets that are not sub-transmission assets.

project assessment conclusions report means the report prepared under clause 5.16.4(t), ~~5.16.4(u)~~ or 5.16A.4(j) (as applicable).

project assessment draft report means the report prepared under clause 5.16.4(j) or 5.16A.4(d) (as applicable).

project specification consultation report means the report prepared under clause 5.16.4(b).

protected event EFCS investment means investment by a *Transmission Network Service Provider* or a *Distribution Network Service Provider* for the purposes of installing or modifying an *emergency frequency control scheme* applicable in respect of the *Network Service Provider's transmission or distribution system* in accordance with a *protected event EFCS standard*.

reconfiguration investment has the meaning given to it in clause 5.16.3(a)(5).

regulatory investment test for distribution application guidelines means the guidelines developed and *published* by the *AER* in accordance with clause 5.17.2 as in force from time to time, and include amendments made in accordance with clause 5.17.2(e).

regulatory investment test for transmission application guidelines means the guidelines developed and *published* by the *AER* in accordance with clause 5.16.2 as in force from time to time, and include amendments made in accordance with clause 5.16.2(e).

reliability corrective action means investment by a *Transmission Network Service Provider* or a *Distribution Network Service Provider* in respect of its *transmission*

network or *distribution network* for the purpose of meeting the service standards linked to the technical requirements of schedule 5.1 or in *applicable regulatory instruments* and which may consist of *network options* or *non-network options*.

RIT-D project means:

- (a) a project the purpose of which is to address an *identified need* identified by a *Distribution Network Service Provider*; or
- (b) a joint planning project that is not a RIT-T project.

RIT-D proponent means the *Network Service Provider* applying the *regulatory investment test for distribution* to a RIT-D project to address an *identified need*. The RIT-D proponent may be:

- (a) if the *identified need* is identified during joint planning under clause 5.14.1(d)(3), a *Distribution Network Service Provider* or a *Transmission Network Service Provider*; or
- (b) in any other case, a *Distribution Network Service Provider*.

RIT-T project means:

- (a) a project the purpose of which is to address an *identified need* identified by a *Transmission Network Service Provider*; or
- (b) a joint planning project if:
 - (1) at least one potential credible option to address the *identified need* includes investment in a *network* or *non-network option* on a *transmission network* (other than *dual function assets*) with an estimated capital cost greater than the cost threshold that applies under clause 5.16.3(a)(2); or
 - (2) the *Network Service Providers* affected by the joint planning project have agreed that the *regulatory investment test for transmission* should be applied to the project; ~~or~~

(c) an *actionable ISP project*.

RIT-T proponent means the *Network Service Provider* applying the *regulatory investment test for transmission* to a RIT-T project to address an *identified need*. The RIT-T proponent may be:

- (a) if the *identified need* is identified during joint planning under clause 5.14.1(d)(3), a *Distribution Network Service Provider* or a *Transmission Network Service Provider*; or
- (b) in any other case (including under clause 5.14.3(a)), a *Transmission Network Service Provider*.

sub-transmission means any part of the *power system* which operates to deliver electricity from the *transmission system* to the *distribution network* and which may form part of the *distribution network*, including zone substations.

sub-transmission line means a power line connecting a sub-transmission asset to either the *transmission system* or another sub-transmission asset.

system limitation means a limitation identified by a *Distribution Network Service Provider* under clause 5.13.1(d)(2).

system limitation template means a template developed and *published* by the *AER* under clause 5.13.3(a).

TAPR Guidelines means the guidelines *published* by the *AER* under clause 5.14B.1.

total capacity means the theoretical maximum allowable output or *load* of a *network* or *facility* with all network components and equipment intact.

transmission asset means the apparatus, equipment and plant, including *transmission lines* and *substations* of a *transmission system*.

transmission-distribution connection point means:

- (a) subject to paragraph (b), the agreed point of supply established between a *transmission network* and a *distribution network*;
- (b) in relation to the *declared transmission system* of an *adoptive jurisdiction*, the agreed point of supply between the transmission assets of the *declared transmission system operator* and a *distribution network*.

zone substation means a *substation* for the purpose of connecting a *distribution network* to a sub-transmission *network*.

5.10.3 Interpretation

The terms *Network Service Provider*, *Transmission Network Service Provider* and *Distribution Network Service Provider* when used in rules 5.11 to 5.17 and schedules 5.8 and 5.9 are not intended to refer to, and are not to be read or construed as referring to, any *Network Service Provider* in its capacity as a *Market Network Service Provider*.

5.11 Forecasts of connection to transmission network and identification of system limitations

[not extracted]

5.12 Transmission annual planning process

5.12.1 Transmission annual planning review

- (a) Each *Transmission Network Service Provider* must analyse the expected future operation of its *transmission networks* over an appropriate planning period, taking into account the relevant forecast *loads*, any future *generation*, *market network service*, demand side and *transmission* developments and any other relevant data.
 - (b) Each *Transmission Network Service Provider* must conduct an annual planning review which must:
 - (1) incorporate the forecast *loads* as submitted or modified in accordance with clause 5.11.1; 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 Integrated System Plan](#), [NSCAS Report](#), [Inertia Report](#), [System Strength Report](#), [information from joint planning under rule 5.14](#) and *power system frequency risk review*; 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*;
 - (5) consider the condition of *network* assets; and
 - (6) consider the potential for replacements of *network* assets, or non-*network options* to replacements of *network* assets, that are likely to provide a net economic benefit to all those who produce, consume and transport electricity in the *market*.
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- (c) The minimum planning period for the purposes of the annual planning review is 10 years for *transmission networks*.

5.12.2 Transmission Annual Planning Report

- (a) Subject to paragraph (b), by ~~30 June~~ 31 October each year all *Transmission Network Service Providers* must *publish a Transmission Annual Planning Report* setting out the results of the annual planning review conducted in accordance with clause 5.12.1.
- (b) If a *Network Service Provider* is a *Transmission Network Service Provider* only because it owns, operates or controls *dual function assets* then it may *publish its Transmission Annual Planning Report* in the same document and at the same time as its *Distribution Annual Planning Report*.
- (c) The *Transmission Annual Planning Report* must be consistent with the TAPR Guidelines and set out:
 - (1) the forecast *loads* submitted by a *Distribution Network Service Provider* in accordance with clause 5.11.1 or as modified in accordance with clause 5.11.1(d), including at least:
 - (i) a description of the forecasting methodology, sources of input information, and the assumptions applied in respect of the forecast *loads*;
 - (ii) a description of high, most likely and low growth scenarios in respect of the forecast *loads*;
 - (iii) an analysis and explanation of any aspects of forecast *loads* provided in the *Transmission Annual Planning Report* that have changed significantly from forecasts provided in the *Transmission Annual Planning Report* from the previous year; and
 - (iv) an analysis and explanation of any aspects of forecast *loads* provided in the *Transmission Annual Planning Report* from the previous year which are significantly different from the actual outcome;
 - (1A) for all *network* asset retirements, and for all *network* asset de-ratings that would result in a *network constraint*, that are planned over the minimum planning period specified in clause 5.12.1(c), the following information in sufficient detail relative to the size or significance of the asset:
 - (i) a description of the *network* asset, including location;
 - (ii) the reasons, including methodologies and assumptions used by the *Transmission Network Service Provider* for deciding that it is necessary or prudent for the *network* asset to be retired or de-rated, taking into account factors such as the condition of the *network* asset;
 - (iii) the date from which the *Transmission Network Service Provider* proposes that the *network* asset will be retired or de-rated; and
 - (iv) if the date to retire or de-rate the *network* asset has changed since the previous *Transmission Annual Planning Report*, an explanation of why this has occurred;
 - (1B) for the purposes of subparagraph (1A), where two or more *network* assets are:
 - (i) of the same type;
 - (ii) to be retired or de-rated across more than one location;

- (iii) to be retired or de-rated in the same calendar year; and
 - (iv) each expected to have a replacement cost less than \$200,000 (as varied by a cost threshold determination),
- those assets can be reported together by setting out in the *Transmission Annual Planning Report*:
- (v) a description of the *network* assets, including a summarised description of their locations;
 - (vi) the reasons, including methodologies and assumptions used by the *Transmission Network Service Provider*, for deciding that it is necessary or prudent for the *network* assets to be retired or de-rated, taking into account factors such as the condition of the *network* assets;
 - (vii) the date from which the *Transmission Network Service Provider* proposes that the *network* assets will be retired or de-rated; and
 - (viii) if the calendar year to retire or de-rate the *network* assets has changed since the previous *Transmission Annual Planning Report*, an explanation of why this has occurred;
- (2) planning proposals for future *connection points*;
 - (3) a forecast of *constraints* and inability to meet the *network* performance requirements set out in schedule 5.1 or relevant legislation or regulations of a *participating jurisdiction* over 1, 3 and 5 years, including at least:
 - (i) a description of the *constraints* and their causes;
 - (ii) the timing and likelihood of the *constraints*;
 - (iii) a brief discussion of the types of planned future projects that may address the *constraints* over the next 5 years, if such projects are required; and
 - (iv) sufficient information to enable an understanding of the *constraints* and how such forecasts were developed;
 - (4) in respect of information required by subparagraph (3), where an estimated reduction in forecast *load* would defer a forecast *constraint* for a period of 12 months, include:
 - (i) the year and months in which a *constraint* is forecast to occur;
 - (ii) the relevant *connection points* at which the estimated reduction in forecast *load* may occur;
 - (iii) the estimated reduction in forecast *load* in MW needed; and
 - (iv) a statement of whether the *Transmission Network Service Provider* plans to issue a request for proposals for *augmentation*, replacement of *network* assets, or a *non-network option* identified by the annual planning review conducted under clause 5.12.1(b) and if so, the expected date the request will be issued;
 - (5) for all proposed *augmentations* to the *network* and proposed replacements of *network* assets the following information, in sufficient detail relative to the size or significance of the project and the proposed operational date of the project:
 - (i) project/asset name and the month and year in which it is proposed that the asset will become operational;
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- (ii) the reason for the actual or potential *constraint*, if any, or inability, if any, to meet the *network* performance requirements set out in schedule 5.1 or relevant legislation or regulations of a *participating jurisdiction*, including *load* forecasts and all assumptions used;
 - (iii) the proposed solution to the *constraint* or inability to meet the *network* performance requirements identified in subparagraph (ii), if any;
 - (iv) total cost of the proposed solution;
 - (v) whether the proposed solution will have a *material inter-network impact*. In assessing whether an *augmentation* to the *network* will have a *material inter-network impact* a *Transmission Network Service Provider* must have regard to the objective set of criteria *published* by *AEMO* in accordance with clause 5.21 (if any such criteria have been *published* by *AEMO*); and
 - (vi) other reasonable *network options* and *non-network options* considered to address the actual or potential *constraint* or inability to meet the *network* performance requirements identified in subparagraph (ii), if any. Other reasonable *network* and *non-network options* include, but are not limited to, *interconnectors*, *generation options*, demand side options, *market network service options* and options involving other *transmission* and *distribution networks*;
- (6) the manner in which the proposed *augmentations* and proposed replacements of *network* assets relate to the most recent [NTNDP Integrated System Plan and the development strategies for current or potential national transmission flow paths that are specified in that NTNDP](#);
- (6A) for proposed new or modified *emergency frequency control schemes*, the manner in which the project relates to the most recent *power system frequency risk review*;
- (7) information on the *Transmission Network Service Provider's* asset management approach, including:
- (i) a summary of any asset management strategy employed by the *Transmission Network Service Provider*;
 - (ii) a summary of any issues that may impact on the system *constraints* identified in the *Transmission Annual Planning Report* that has been identified through carrying out asset management; and
 - (iii) information about where further information on the asset management strategy and methodology adopted by the *Transmission Network Service Provider* may be obtained.
- (8) any information required to be included in a *Transmission Annual Planning Report* under:
- (i) clause 5.16.3(c) in relation to a *network* investment which is determined to be required to address an urgent and unforeseen *network* issue; or
 - (ii) clauses 5.20B.4(h) and (i) and clauses 5.20C.3(f) and (g) in relation to *network* investment and other activities to provide *inertia network services*, *inertia support activities* or *system strength services*.
- (9) emergency controls in place under clause S5.1.8, including the *Network Service Provider's* assessment of the need for new or altered emergency controls under that clause;
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- (10) *facilities* in place under clause S5.1.10;
 - (11) an analysis and explanation of any other aspects of the *Transmission Annual Planning Report* that have changed significantly from the preceding year's *Transmission Annual Planning Report*, including the reasons why the changes have occurred; and
 - (12) the results of joint planning (if any) undertaken with a *Transmission Network Service Provider* under clause 5.14.3 in the preceding year, including a summary of the process and methodology used by the *Transmission Network Service Providers* to undertake joint planning and the outcomes of that joint planning.
- (d) A *declared transmission system operator* for all or part of the *declared shared network* must provide to AEMO within a reasonable period of receiving a request, such information as reasonably requested by AEMO to enable it to comply with:
- (1) clause 5.12.1(b)(5);
 - (2) clause 5.12.1(b)(6);
 - (3) clause 5.12.2(c)(1A);
 - (4) clauses 5.12.2(c)(4), (5) and (6) as they relate to the proposed replacement of *network* assets; and
 - (5) clause 5.12.2(c)(7).

5.13 Distribution annual planning process

[not extracted]

5.13A Distribution zone substation information

[not extracted]

5.14 Joint planning

5.14.1 Joint planning obligations of Transmission Network Service Providers and Distribution Network Service Providers

[not extracted]

5.14.2 Joint planning obligations of Distribution Network Service Providers and Distribution Network Service Providers

[not extracted]

5.14.3 Joint planning obligations of Transmission Network Service Providers

Transmission Network Service Providers must undertake joint planning if:

- (a) a possible credible option to address a *constraint* in a *transmission network* is an *augmentation* to the *transmission network* of another *Transmission Network Service Provider*; and
- (b) that *constraint* is not already being considered under other processes under the *Rules*.

5.14.4 Joint planning by Transmission Network Service Providers and AEMO

- (a) *Transmission Network Service Providers* and AEMO (the joint planning parties) must take reasonable steps to cooperate and consult with each other to enable preparation of a draft or final *Integrated System Plan* or an *ISP update*, including the joint planning parties:
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- (1) providing, and consulting on, a *Transmission Annual Planning Report* prior to its publication;
 - (2) providing, in accordance with the ISP timetable, the latest available information in relation to the development of a *Transmission Annual Planning Report* required for the purpose of preparing a draft or final *Integrated System Plan* or *ISP update*;
 - (3) providing the latest available information in relation to *non-network options* for the purpose of preparing a draft or final *Integrated System Plan* or *ISP update*;
 - (4) conducting a preliminary review of *non-network options* submitted to *AEMO* following a draft *Integrated System Plan*;
 - (5) sharing a draft *optimal development path* to be included in the draft and final *Integrated System Plan* or an *ISP update* before its publication;
 - (6) considering whether a credible option in a draft *optimal development path* is reliability corrective action; and
 - (7) sharing information reasonably necessary to prepare a draft or final *Integrated System Plan* or an *ISP update*.
- (b) As soon as practicable after a *Transmission Network Service Provider* or *AEMO* becomes aware of a material change to information provided under paragraph (a), that information must be updated ~~provided to *AEMO*~~.
- (c) *AEMO* must provide *Transmission Network Service Providers* with draft regional demand forecasts for the next summer period informed by the previous summer period as soon as practicable, and by no later than 30 June each year.
- (d) *AEMO* must, where requested by a *Transmission Network Service Provider*, provide modelling required to support the application of the *regulatory investment test for transmission to an actionable ISP project*.

5.14A Joint planning in relation to retirement or de-ratings of network assets forming part of the Declared Shared Network

[not extracted]

5.14B TAPR Guidelines

[not extracted]

5.15 Regulatory investment tests generally

5.15.1 Interested parties

[not extracted]

5.15.2 Identification of a credible option

- (a) A credible option is an option (or group of options) that:
- (1) addresses the *identified need*;
 - (2) is (or are) commercially and technically feasible; and
 - (3) can be implemented in sufficient time to meet the *identified need*,
- and is (or are) identified as a credible option in accordance with paragraphs (b) or (d) (as relevant).
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- (b) Subject to paragraph (b1e) In applying the *regulatory investment test for transmission*, the RIT-T proponent must consider, in relation to a RIT-T project other than those described in clauses 5.16.3(a)(1)-(8), all options that could reasonably be classified as credible options taking into account:
- (1) energy source;
 - (2) technology;
 - (3) ownership;
 - (4) the extent to which the credible option enables *intra-regional* or *inter-regional* trading of electricity;
 - (5) whether it is a *network option* or a *non-network option*;
 - (6) whether the credible option is intended to be regulated;
 - (7) whether the credible option has a proponent; and
 - (8) any other factor which the RIT-T proponent reasonably considers should be taken into account.

(b1) Paragraph (b) applies to the application of the *regulatory investment test for transmission* to a RIT-T project that is an *actionable ISP project* where clause 5.15A.3(b)(7)(iii)(C) applies but not otherwise.

- (c) In applying the *regulatory investment test for distribution*, the RIT-D proponent must consider, in relation to a RIT-D project other than those described in clauses 5.17.3(a)(1)-(7), all options that could reasonably be classified as credible options, without bias as to:
- (1) energy source;
 - (2) technology;
 - (3) ownership; and
 - (4) whether it is a *network option* or a *non-network option*.
- (d) The absence of a proponent does not exclude an option from being considered a credible option.

5.15.3 Review of costs thresholds

[not extracted]

5.15.4 Costs determinations

[not extracted]

5.15A Regulatory investment test for transmission

5.15A.1 General principles and application

~~5.16 Regulatory investment test for transmission~~

~~5.16.1 Principles~~

- (a) The *AER* must develop and *publish* the *regulatory investment test for transmission* in accordance with the *transmission consultation procedures* and this rule ~~5.15A~~5.16.1.
- (b) The *regulatory investment test for transmission* will apply to RIT-T projects which are not *actionable ISP projects* (in accordance with rule 5.16) and to RIT-T
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projects which are *actionable ISP projects* (in accordance with rule 5.16A) but will differ in its application to each of those types of projects.

- (bc) The purpose of the *regulatory investment test for transmission* in respect of its application to both types of projects is to identify the credible option that best contributes to the efficient development of the power system for the ~~maximises the present value of net economic benefit of~~ to all those who produce, consume and transport electricity in the *market* (the preferred option). For the avoidance of doubt, a preferred option may, in the relevant circumstances, have a negative net economic benefit (that is, a net economic cost) to the extent where the *identified need* is for reliability corrective action or the provision of *inertia network services* required under clause 5.20B.4 or the provision of *system strength services* required under clause 5.20C.3.
- (d) The regulatory investment test for transmission application guidelines under clause 5.16.2 apply to RIT-T projects which are not *actionable ISP projects*.
- (e) The Cost Benefit Analysis Guidelines under clause 5.22.5 apply to RIT-T projects which are *actionable ISP projects*.

5.15A.2 Principles for RIT-T projects which are not actionable ISP projects

- (a) This clause 5.15A.2 only applies in respect of the application of the *regulatory investment test for transmission* to RIT-T projects that are not *actionable ISP projects*.
 - (eb) The *regulatory investment test for transmission* must:
 - (1) be based on a cost-benefit analysis that is to include an assessment of reasonable scenarios of future supply and demand if each credible option were implemented compared to the situation where no option is implemented;
 - (2) not require a level of analysis that is disproportionate to the scale and likely impact of each of the credible options being considered;
 - (3) be capable of being applied in a predictable, transparent and consistent manner;
 - (4) require the RIT-T proponent to consider the following classes of market benefits that could be delivered by the credible option:
 - (i) changes in fuel consumption arising through different patterns of *generation dispatch*;
 - (ii) changes in voluntary *load* curtailment;
 - (iii) changes in involuntary *load shedding*, with the market benefit to be considered using a reasonable forecast of the value of electricity to consumers;
 - (iv) changes in costs for parties, other than the RIT-T proponent, due to:
 - (A) differences in the timing of new *plant*;
 - (B) differences in capital costs; and
 - (C) differences in the operating and maintenance costs;
 - (v) differences in the timing of expenditure;
 - (vi) changes in *network* losses;
 - (vii) changes in *ancillary services* costs;
 - (viii) competition benefits;
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- (ix) any additional option value (where this value has not already been included in the other classes of market benefits) gained or foregone from implementing that credible option with respect to the likely future investment needs of the *market*; and
 - (x) other classes of market benefits that are:
 - (A) determined to be relevant by the RIT-T proponent and agreed to by the *AER* in writing before the date the relevant project specification consultation report is made available to other parties under clause 5.16.4; or
 - (B) specified as a class of market benefit in the *regulatory investment test for transmission*;
 - (5) require a RIT-T proponent to include a quantification of all classes of market benefits which are determined to be material in the RIT-T proponent's reasonable opinion;
 - (6) require a RIT-T proponent to consider all classes of market benefits as material unless it can, in the project assessment draft report, or in respect of a proposed preferred option which is subject to the exemption contained in clause 5.16.4(z1), in the project specification consultation report, provide reasons why:
 - (i) a particular class of market benefit is likely not to affect materially the outcome of the assessment of the credible options under the *regulatory investment test for transmission*; or
 - (ii) the estimated cost of undertaking the analysis to quantify the market benefit is likely to be disproportionate to the scale, size and potential benefits of each credible option being considered in the report;
 - (7) with respect to the classes of market benefits set out in subparagraphs (4)(ii) and (iii), ensure that, if the credible option is for reliability corrective action, the quantification assessment required by paragraph (5) will only apply insofar as the market benefit delivered by the credible option exceeds the minimum standard required for reliability corrective action;
 - (8) require the RIT-T proponent to quantify the following classes of costs:
 - (i) costs incurred in constructing or providing the credible option;
 - (ii) operating and maintenance costs in respect of the credible option;
 - (iii) the cost of complying with laws, regulations and applicable administrative requirements in relation to the construction and operation of the credible option; and
 - (iv) any other class of costs that are:
 - (A) determined to be relevant by the RIT-T proponent and agreed to by the *AER* in writing before the date the relevant project specification consultation report is made available to other parties under clause 5.16.4; or
 - (B) specified as a class of cost in the *regulatory investment test for transmission*;
 - (9) provide that any cost or market benefit which cannot be measured as a cost or market benefit to *Generators, Distribution Network Service Providers, Transmission Network Service Providers* or consumers of electricity may not
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be included in any analysis under the *regulatory investment test for transmission*;

- (10) specify:
 - (i) the method or methods permitted for estimating the magnitude of the different classes of market benefits;
 - (ii) the method or methods permitted for estimating the magnitude of the different classes of costs;
 - (iii) the method or methods permitted for estimating market benefits which may occur outside the region in which the *networks* affected by the RIT-T project are located; and
 - (iv) the appropriate method and value for specific inputs, where relevant, for determining the discount rate or rates to be applied;
- (11) specify that a sensitivity analysis is required of any modelling relating to the cost-benefit analysis; and
- (12) reflect that the credible option that ~~maximises the present value of net economic benefit to best~~ contributes to the efficient development of the power system for all those who produce, consume or transport electricity in the market may, in some circumstances, have a negative net economic benefit (that is, a net economic cost) where the *identified need* is for reliability corrective action.

5.15A.3 Principles for actionable ISP projects

- (a) This clause 5.15A.3 only applies in respect of the application of the *regulatory investment test for transmission* to RIT-T projects that are *actionable ISP projects*.
 - (b) The *regulatory investment test for transmission* must:
 - (1) assess the costs and benefits of future supply and demand if each credible option were implemented compared to the case where that option is not implemented;
 - (2) not require a level of analysis that is disproportionate to the scale and likely impact of each of the credible options being considered;
 - (3) be capable of being applied in a predictable, transparent and consistent manner;
 - (4) require a RIT-T proponent to include a quantification of all classes of market benefits identified in the relevant *Integrated System Plan*, and may include consideration of other classes of market benefits, in accordance with the *Cost Benefit Analysis Guidelines*;
 - (5) with respect to the classes of market benefits set out in subparagraph (4), ensure that, if the credible option is for reliability corrective action, the quantification assessment required by paragraph (4) will only apply insofar as the market benefit delivered by the credible option exceeds the minimum standard required for reliability corrective action;
 - (6) require the RIT-T proponent to quantify the following classes of costs:
 - (i) costs incurred in constructing or providing each credible option;
 - (ii) operating and maintenance costs in respect of each credible option;
 - (iii) the cost of complying with law, regulations and applicable administrative requirements in relation to the construction and operation of each credible option; and
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- (iv) any other class of costs that are:
 - (A) determined to be relevant by the RIT-T proponent and agreed to by the *AER* in writing before the date the relevant project assessment draft report is made available to other parties under clause 5.16A.4; or
 - (B) specified as a class of cost in the *regulatory investment test for transmission*;
 - (7) specify that the RIT-T proponent must:
 - (i) comply with the Cost Benefit Assessment Guidelines;
 - (ii) adopt the *identified need* set out in the *Integrated System Plan* relevant to the *actionable ISP project*;
 - (iii) consider the following credible options:
 - (A) the ISP candidate option, which may include refinements of the ISP candidate option;
 - (B) *non-network options* identified in the *Integrated System Plan* as *being reasonably likely to meet the relevant identified need*, in accordance with rule 5.22.10(e)(1); and
 - (C) any new credible options that were not previously considered in the *Integrated System Plan* that meet the *identified need*;
 - (iv) adopt the most recent ISP parameters, or if the RIT-T proponent decides to vary or omit an ISP parameter, or add a new parameter, then the RIT-T proponent must specify the ISP parameter which is new, omitted or has been varied and provide demonstrable reasons why the addition or variation is necessary;
 - (v) assess the market benefits with and without each credible option;
 - (vi) in so far as practicable, adopt the market modelling from the *Integrated System Plan*; ~~and~~
 - (8) specify that the RIT-T proponent is not required to:
 - (i) consider any credible option that was previously considered in the *Integrated System Plan*, but does not form part of the *optimal development path*;
 - (ii) consider any *non-network options* identified in the *Integrated System Plan* as not meeting the relevant *identified need*, in accordance with rule 5.22.10(e)(2); or
 - (iii) request submissions for *non-network options*, or otherwise seek to identify *non-network options* in addition to those assessed in the *Integrated System Plan* under clause 5.22.10;
 - (9) specify the RIT-T proponent ~~may, but~~ is not required to, but may, consider credible options already considered and not included in the *optimal development path* in the *Integrated System Plan*; and
 - (10) specify when an *actionable ISP project* will be treated as a committed project for the purposes of the *regulatory investment test for transmission*.
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5.16 Application of RIT-T to RIT-T projects which are not actionable ISP projects

5.16.1 Application

This rule 5.16 applies to the application of the *regulatory investment test for transmission* to RIT-T-projects that are not *actionable ISP projects*.

5.16.2 Regulatory investment test for transmission application guidelines

- (a) At the same time as the *AER* develops and *publishes* a proposed *regulatory investment test for transmission* under the *transmission consultation procedure*, the *AER* must also develop and *publish* guidelines for the operation and application of the *regulatory investment test for transmission* (the *regulatory investment test for transmission application guidelines*) in accordance with the *transmission consultation procedures* and this rule 5.16.
 - (b) The *regulatory investment test for transmission application guidelines* must:
 - (1) give effect to and be consistent with this clause 5.16.2 and clauses 5.15.2, 5.16.3, 5.16.4 and [rule 5.16B-5](#); and
 - (2) provide guidance on:
 - (i) the operation and application of the *regulatory investment test for transmission*;
 - (ii) the process to be followed in applying the *regulatory investment test for transmission*; and
 - (iii) how disputes raised in relation to the *regulatory investment test for transmission* and its application will be addressed and resolved.
 - (c) The *regulatory investment test for transmission application guidelines* must provide guidance and worked examples as to:
 - (1) what constitutes a credible option;
 - (2) acceptable methodologies for valuing the costs of a credible option;
 - (3) what may constitute an externality under the *regulatory investment test for transmission*;
 - (4) the classes of market benefits to be considered for the purposes of clause 5.16.1(c)(4);
 - (5) the suitable modelling periods and approaches to scenario development;
 - (6) the acceptable methodologies for valuing the market benefits of a credible option referred to clause 5.16.1(c)(4), including the option value, competition benefits and market benefits that accrue across regions;
 - (7) the appropriate approach to undertaking a sensitivity analysis for the purposes of clause 5.16.1(c)(11);
 - (8) the appropriate approaches to assessing uncertainty and risks; and
 - (9) when a person is sufficiently committed to a credible option for reliability corrective action to be characterised as a proponent for the purposes of clause 5.15.2(b)(7).
 - (d) The *AER* must ensure that there is a *regulatory investment test for transmission* and *regulatory investment test for transmission application guidelines* in force at all times.
 - (e) The *AER* may, from time to time, amend or replace the *regulatory investment test for transmission* and *regulatory investment test for transmission application*
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guidelines in accordance with the *transmission consultation procedures*, provided the *AER publishes* any amendments to, or replacements of, the *regulatory investment test for transmission* or regulatory investment test for transmission application guidelines at the same time.

- (f) An amendment referred to in paragraph (e) does not apply to a current application of the *regulatory investment test for transmission* and the regulatory investment test for transmission application guidelines under the *Rules* by RIT-T proponent.
- (g) For the purposes of paragraph (f), a "current application" means any action or process initiated under the *Rules* which relies on or is referenced to the *regulatory investment test for transmission* and/or the regulatory investment test for transmission application guidelines and is not completed at the date of the relevant amendment to the *regulatory investment test for transmission* and/or the regulatory investment test for transmission application guidelines.

5.16.3 Investments subject to the regulatory investment test for transmission

- (a) A RIT-T proponent must apply the *regulatory investment test for transmission* to a RIT-T project except in circumstances where:
 - (1) the RIT-T project is required to address an urgent and unforeseen *network* issue that would otherwise put at risk the *reliability* of the *transmission network* as described in paragraph (b);
 - (2) the estimated capital cost of the most expensive option to address the *identified need* which is technically and economically feasible is less than \$5 million (as varied in accordance with a cost threshold determination);
 - (3) the proposed expenditure relates to maintenance and is not intended to *augment* the *transmission network* or replace *network* assets;
 - (4) **[Deleted]**;
 - (5) the proposed relevant *network* investment is an investment undertaken by a *Transmission Network Service Provider* which:
 - (i) re-routes one or more paths of a *network* for the long term; and
 - (ii) has a substantial primary purpose other than the need to *augment* a *network*,

(a reconfiguration investment) and which the RIT-T proponent reasonably estimates to have an estimated capital cost of less than \$5 million (as varied in accordance with a cost threshold determination) or which has, or is likely to have, no material impact on *network* users;
 - (6) the *identified need* can only be addressed by expenditure on a *connection asset* which provides services other than *prescribed transmission services* or *standard control services*;
 - (7) the cost of addressing the *identified need* is to be fully recovered through charges other than charges in respect of *prescribed transmission services* or *standard control services*;
 - (8) the proposed expenditure relates to protected event EFCS investment and is not intended to *augment* the *transmission network*; or
 - (9) the proposed expenditure is an *inertia service payment* or a *system strength service payment*;
 - (10) the proposed expenditure is for *network* investment undertaken by the *Transmission Network Service Provider* to satisfy its obligation as an *Inertia*

Service Provider under clause 5.20B.4 to make available *inertia network services* in relation to an *inertia shortfall* for an *inertia sub-network* and:

- (i) immediately prior to the notice of the *inertia shortfall* being given by *AEMO* under clause 5.20B.3(c), the *Inertia Service Provider* is not under an obligation to provide *inertia network services* for that *inertia sub-network* (including under rule 11.100); and
 - (ii) the time by which the *Inertia Service Provider* must make the *inertia network services* available is less than 18 months after the notice is given by *AEMO* under clause 5.20B.3(c); or
- (11) the proposed expenditure is for *network* investment undertaken by the *Transmission Network Service Provider* to satisfy its obligation as a *System Strength Service Provider* under clause 5.20C.3 to make available *system strength services* in relation to a *fault level shortfall* for a *fault level node* and:
- (i) immediately prior to the notice of the *fault level shortfall* being given by *AEMO* under clause 5.20C.2(c), the *System Strength Service Provider* is not under an obligation to provide *system strength services* for that *fault level node* (including under rule 11.101); and
 - (ii) the time by which the *System Strength Service Provider* must make the *system strength services* available is less than 18 months after the notice is given by *AEMO* under clause 5.20C.2(c).
- (b) For the purposes of paragraph (a)(1), a RIT-T project will be required to address an urgent and unforeseen *network* issue that would otherwise put at risk the *reliability* of the *transmission network* if:
- (1) it is necessary that the assets or services to address the issue be operational within 6 months of the issue being identified;
 - (2) the event or circumstances causing the *identified need* was not reasonably foreseeable by, and was beyond the reasonable control of, the *Network Service Provider(s)* that identified the *identified need*;
 - (3) a failure to address the *identified need* is likely to materially adversely affect the *reliability* and *secure operating state* of the *transmission network*; and
 - (4) it is not a *contingent project*.
- (c) If a proposed relevant *network* investment is determined to be required to address an urgent and unforeseen *network* issue as described in paragraph (b), and the *Network Service Provider* making the investment is a *Transmission Network Service Provider*, then the *Transmission Network Service Provider* must provide the following information in its next *Transmission Annual Planning Report* following the identification of the need for the relevant *network* investment:
- (1) the date when the proposed relevant *network* investment became or will become operational;
 - (2) the purpose of the proposed relevant *network* investment; and
 - (3) the total cost of the proposed relevant *network* investment.
- (d) With the exception of *funded augmentations*, for each RIT-T project to which the *regulatory investment test for transmission* does not apply in accordance with paragraphs (a)-, the *Network Service Providers* affected by the RIT-T project must ensure, acting reasonably, that the investment required to address the *identified need* is planned and developed at least cost over the life of the investment.
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- (e) A RIT-T proponent must not treat different parts of an integrated solution to an *identified need* as distinct and separate options for the purposes of determining whether the *regulatory investment test for transmission* applies to each of those parts.

5.16.4 Regulatory investment test for transmission procedures

- (a) If a RIT-T project is subject to the *regulatory investment test for transmission* under clause 5.16.3, then the RIT-T proponent must consult all *Registered Participants*, *AEMO* and *interested parties* on the RIT-T project in accordance with this clause 5.16.4.

Project specification consultation report

- (b) A RIT-T proponent must prepare a report (the project specification consultation report), which must include:
 - (1) a description of the *identified need*;
 - (2) the assumptions used in identifying the *identified need* (including, in the case of proposed reliability corrective action, why the RIT-T proponent considers reliability corrective action is necessary);
 - (3) the technical characteristics of the *identified need* that a non-network option would be required to deliver, such as:
 - (i) the size of *load* reduction or additional supply;
 - (ii) location; and
 - (iii) operating profile;
 - (4) if applicable, reference to any discussion on the description of the identified need or the credible options in respect of that *identified need* in the most recent *NTNDP-Integrated System Plan*;
 - (5) a description of all credible options of which the RIT-T proponent is aware that address the *identified need*, which may include, without limitation, alternative *transmission* options, *interconnectors*, *generation*, demand side management, *market network services* or other *network options*;
 - (6) for each credible option identified in accordance with subparagraph (5), information about:
 - (i) the technical characteristics of the credible option;
 - (ii) whether the credible option is reasonably likely to have a *material inter-network impact*;
 - (iii) the classes of market benefits that the RIT-T proponent considers are likely not to be material in accordance with clause 5.16.1(c)(6), together with reasons of why the RIT-T proponent considers that these classes of market benefits are not likely to be material;
 - (iv) the estimated construction timetable and commissioning date; and
 - (v) to the extent practicable, the total indicative capital and operating and maintenance costs.
- (c) The RIT-T proponent must make the project specification consultation report available to all *Registered Participants*, *AEMO* and other *interested parties*.
- (d) The RIT-T proponent must:

- (1) provide a summary of the project specification consultation report to *AEMO* within 5 *business days* of making the project specification consultation report; and
 - (2) upon request by an *interested party*, provide a copy of the project specification consultation report to that person within 3 *business days* of the request.
- (e) Within 3 *business days* of receipt of the summary, *AEMO* must *publish* the summary of the project specification consultation report on its website.
 - (f) The RIT-T proponent must seek submissions from *Registered Participants*, *AEMO* and *interested parties* on the credible options presented, and the issues addressed, in the project specification consultation report.
 - (g) The period for consultation referred to in paragraph (f) must be not less than 12 weeks from the date that *AEMO publishes* the summary of the project specification consultation report on its website.
 - (h) A RIT-T proponent that is a *Transmission Network Service Provider* may discharge its obligation under paragraph (c) to make the project specification consultation report available by including the project specification consultation report as part of its *Transmission Annual Planning Report*.
 - (i) A RIT-T proponent that is a *Distribution Network Service Provider* may discharge its obligation under paragraph (c) to make the project specification consultation report available by including the project specification consultation report as part of its *Distribution Annual Planning Report*.

Project assessment draft report

- (j) If one or more *Network Service Providers* wishes to proceed with a RIT-T project, within 12 months of the end date of the consultation period referred to in paragraph (g), or such longer time period as is agreed in writing by the *AER*, the RIT-T proponent for the relevant RIT-T project must prepare a report (the project assessment draft report), having regard to the submissions received, if any, under paragraph (f) and make that report available to all *Registered Participants*, *AEMO* and *interested parties*.
 - (k) The project assessment draft report must include:
 - (1) a description of each credible option assessed;
 - (2) a summary of, and commentary on, the submissions to the project specification consultation report;
 - (3) a quantification of the costs, including a breakdown of operating and capital expenditure, and classes of material market benefit for each credible option;
 - (4) a detailed description of the methodologies used in quantifying each class of material market benefit and cost;
 - (5) reasons why the RIT-T proponent has determined that a class or classes of market benefit are not material;
 - (6) the identification of any class of market benefit estimated to arise outside the *region* of the *Transmission Network Service Provider* affected by the RIT-T project, and quantification of the value of such market benefits (in aggregate across all regions);
 - (7) the results of a net present value analysis of each credible option and accompanying explanatory statements regarding the results;
 - (8) the identification of the proposed preferred option;
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- (9) for the proposed preferred option identified under subparagraph (8), the RIT-T proponent must provide:
 - (i) details of the technical characteristics;
 - (ii) the estimated construction timetable and commissioning date;
 - (iii) if the proposed preferred option is likely to have a *material inter-network impact* and if the *Transmission Network Service Provider* affected by the RIT-T project has received an *augmentation technical report*, that report; and
 - (iv) a statement and the accompanying detailed analysis that the preferred option satisfies the *regulatory investment test for transmission*.
 - (l) If a *Network Service Provider* affected by a RIT-T project elects to proceed with a project which is for reliability corrective action, it can only do so where the proposed preferred option has a proponent. The RIT-T proponent must identify that proponent in the project assessment draft report.
 - (m) A RIT-T proponent that is a *Transmission Network Service Provider* may discharge its obligation under paragraph (j) to make the project assessment draft report available by including the project assessment draft report as part of its *Transmission Annual Planning Report* provided that report is *published* within 12 months of the end date of the consultation period required under paragraph (g) or within 12 months of the end of such longer time period as is agreed by the *AER* in writing under paragraph (j).
 - (n) A RIT-T proponent that is a *Distribution Network Service Provider* may discharge its obligation under paragraph (j) to make the project assessment draft report available by including the project assessment draft report as part of its *Distribution Annual Planning Report* provided that report is *published* within 12 months of the end date of the consultation period required under paragraph (g) or within 12 months of the end of such longer time period as is agreed by the *AER* in writing under paragraph (j).
 - (o) The RIT-T proponent must:
 - (1) provide a summary of the project assessment draft report to *AEMO* within 5 *business days* of making the project assessment draft report; and
 - (2) upon request by an *interested party*, provide a copy of the project assessment draft report to that person within 3 *business days* of the request.
 - (p) Within 3 *business days* of receipt of the summary, *AEMO* must *publish* the summary of the project assessment draft report on its website.
 - (q) The RIT-T proponent must seek submissions from *Registered Participants*, *AEMO* and *interested parties* on the preferred option presented, and the issues addressed, in the project assessment draft report.
 - (r) The period for consultation referred to in paragraph (q) must be not less than 6 weeks from the date that *AEMO publishes* the summary of the report on its website.
 - (s) Within 4 weeks after the end of the consultation period required under paragraph (r), at the request of an *interested party*, a *Registered Participant* or *AEMO* (each being a relevant party for the purposes of this paragraph), the relevant *Network Service Provider* must meet with the relevant party if a meeting is requested by two or more relevant parties and may meet with a relevant party if after having considered all submissions, the relevant *Network Service Provider*, acting reasonably, considers that the meeting is necessary.
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Project assessment conclusions report

- (t) As soon as practicable after the end of the consultation period on the project assessment draft report referred to in paragraph (r), the RIT-T proponent must, having regard to the submissions received, if any, under paragraph (q) and the matters discussed at any meetings held, if any, under paragraph (s), prepare and make available to all *Registered Participants*, *AEMO* and *interested parties* and *publish* a report (the project assessment conclusions report).
- (u) If:
- (1) the RIT-T proponent is exempt from making a project assessment draft report under paragraph (z1); and
 - (2) a *Network Service Provider* affected by a RIT-T project, within 12 months of the end date of the period for consultation referred to in paragraph (g), or within 12 months of the end date of such longer time period as is agreed in writing by the *AER* elects to proceed with the proposed *transmission investment*,
the relevant *Network Service Provider* must, having regard to the submissions received, if any, under paragraph (g) as soon as practicable prepare and make available to all *Registered Participants*, *AEMO* and *interested parties* and *publish* a report (the project assessment conclusions report).
- (v) The project assessment conclusions report must set out:
- (1) the matters detailed in the project assessment draft report as required under paragraph (k); and
 - (2) a summary of, and the RIT-T proponent's response to, submissions received, if any, from *interested parties* sought under paragraph (q).
- (w) The RIT-T proponent must:
- (1) provide a summary of the project assessment conclusions report to *AEMO* within 5 *business days* of making the project assessment conclusions report; and
 - (2) upon request by an *interested party*, provide a copy of the project assessment conclusions report to that person within 3 *business days* of the request.
- (x) Within 3 *business days* of receipt of the summary, *AEMO* must *publish* the summary of the project assessment conclusions report on its website.
- (y) A RIT-T proponent that is a *Transmission Network Service Provider* may discharge its obligation under paragraph (t) and (u) to make the project assessment conclusions report available by including the project assessment conclusions report as part of its *Transmission Annual Planning Report* provided that the report is *published* within 4 weeks from the date of making available the project assessment conclusions report under paragraph (t) or (u), as the case may be.
- (z) A RIT-T proponent that is a *Distribution Network Service Provider* may discharge its obligation under paragraph (t) and (u) to make the project assessment conclusions report available by including the project assessment conclusions report as part of its *Distribution Annual Planning Report* provided that the report is *published* within 4 weeks from the date of making available the project assessment conclusions report under paragraph (t) or (u), as the case may be.

Exemption from drafting a project assessment draft report for RIT-T projects without material market benefits

- (z1) A RIT-T proponent is exempt from paragraphs (j) to (s) if:
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- (1) the estimated capital cost of the proposed preferred option is less than \$35 million (as varied in accordance with a cost threshold determination);
 - (2) the relevant *Network Service Provider* has identified in its project specification consultation report:
 - (i) its proposed preferred option;
 - (ii) its reasons for the proposed preferred option; and
 - (iii) that its RIT-T project has the benefit of this exemption;
 - (3) the RIT-T proponent considers, in accordance with clause 5.16.1(c)(6), that the proposed preferred option and any other credible option in respect of the *identified need* will not have a material market benefit for the classes of market benefit specified in clause 5.16.1(c)(4) except those classes specified in clauses 5.16.1(c)(4)(ii) and (iii), and has stated this in its project specification consultation report; and
 - (4) the RIT-T proponent forms the view that no submissions were received on the project specification consultation report which identified additional credible options that could deliver a material market benefit.
- (z2) The RIT-T proponent must address in the project assessment conclusions report any issues that were raised in relation to a proposed preferred option to which paragraph (z1) applies during the consultation on the project specification consultation report.

Reapplication of regulatory investment test for transmission

- (z3) If:
- (1) a RIT-T proponent has *published* a project assessment conclusions report in respect of a RIT-T project;
 - (2) a *Network Service Provider* still wishes to undertake the RIT-T project to address the *identified need*; and
 - (3) there has been a material change in circumstances which, in the reasonable opinion of the RIT-T proponent means that the preferred option identified in the project assessment conclusions report is no longer the preferred option,
- then the RIT-T proponent must reapply the *regulatory investment test for transmission* to the RIT-T project, unless otherwise determined by the *AER*.
- (z4) For the purposes of paragraph (z3), a material change in circumstances may include, but is not limited to, a change to the key assumptions used in identifying:
- (1) the *identified need* described in the project assessment conclusions report; or
 - (2) the credible options assessed in the project assessment conclusions report.
- (z5) When making a determination under paragraph (z3) the *AER* must have regard to:
- (1) the credible options (other than the preferred option) identified in the project assessment conclusions report;
 - (2) the change in circumstances identified by the RIT-T proponent; and
 - (3) whether a failure to promptly undertake the RIT-T project is likely to materially affect the *reliability* and *secure operating state* of the *transmission network* or a significant part of that *network*.

Declared transmission system operator may request assistance from AEMO to conduct market benefits assessments for replacement RIT-T projects

- (z6) Where a RIT-T proponent is a *declared transmission system operator* within a *declared shared network*, it may in relation to RIT-T projects to address an *identified need* that arises from the retirement or de-rating of *network* assets, request assistance and information from *AEMO* as reasonably required for it to consider and conduct market benefits assessments as required by:
- (1) clause 5.16.4(b)(6)(iii);
 - (2) clause 5.16.4(k)(3) to (k)(6); and
 - (3) clause 5.16.4(v).
- (z7) *AEMO* must provide assistance and information requested under paragraph (z6) to the *declared transmission system operator* within a reasonable period of time.

[Drafting note – clause 5.16.5 moved to 5.16B and amended]

5.16.6 — ~~Determination that preferred option satisfies the regulatory investment test for transmission~~

- ~~(a) After the expiry of the 30 day period referred to in clause 5.16.5(e) and where a preferred option is not for reliability corrective action, the RIT-T proponent may request, in writing to the AER, that the AER make a determination as to whether the preferred option satisfies the *regulatory investment test for transmission*.~~
- ~~(b) The AER:~~
- ~~(1) must, within 120 business days of receipt of the request from the applicant, subject to paragraph (c), make and publish a determination, including reasons for its determination;~~
 - ~~(2) must use the findings and recommendations in the project assessment conclusions report in making its determination under subparagraph (1);~~
 - ~~(3) may request further information from the RIT-T proponent; and~~
 - ~~(4) may have regard to any other matter the AER considers relevant.~~
- ~~(c) The relevant period of time in which the AER must make a determination under paragraph (b) is automatically extended by the period of time taken by the RIT-T proponent to provide any additional information requested by the AER under this clause 5.16.6, provided:~~
- ~~(1) the AER makes the request for the additional information at least 7 business days prior to the expiry of the relevant period; and~~
 - ~~(2) the RIT-T proponent provides the additional information within 14 business days of receipt of the request.~~

5.16A Application of the RIT-T to actionable ISP Projects

5.16A.1 Application

This rule 5.16A applies to the application of the *regulatory investment test for transmission* to RIT-T-projects which are *actionable ISP projects*.

5.16A.2 Cost Benefit Analysis Guidelines

- (a) The Cost Benefit Analysis Guidelines developed and published by the AER in accordance with clause 5.22.5 must include guidelines for the operation and application of the *regulatory investment test for transmission* to *actionable ISP projects* in accordance with rule 5.15A and this rule 5.16A.
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- (b) The Cost Benefit Analysis Guidelines must in relation to the application of the *regulatory investment test for transmission* by a RIT-T proponent to an actionable ISP project:

 - (1) give effect to and be consistent with clauses 5.15A, 5.16A.3, 5.16A.4 and 5.16A.5; and
 - (2) specify requirements for *actionable ISP projects* on:

 - (i) the operation and application of the *regulatory investment test for transmission*;
 - (ii) the process to be followed in applying the *regulatory investment test for transmission*; and
 - (iii) how disputes raised in relation to the *regulatory investment test for transmission* and its application will be addressed and resolved.
- (c) The Cost Benefit Analysis Guidelines must provide guidance as to:

 - (1) what constitutes a credible option for the purposes of clause 5.15A.3(b)(7)(iii)(C);
 - (2) acceptable methodologies for valuing the costs of a credible option; and
 - (3) how the RIT-T proponent must apply the ISP parameters.

5.16A.3 Actionable ISP projects subject to the RIT-T

- (a) A RIT-T proponent must apply the *regulatory investment test for transmission* to an *identified need* associated with an *actionable ISP project* except if the circumstances set out in clause 5.16.3(a) apply to that *actionable ISP project*.
 - (b) In addition to the circumstances under clause 5.16.3(a)(1), an *actionable ISP project* will also be taken to be required to address an urgent and unforeseen *network* issue that would otherwise put at risk the *reliability* of the *transmission network* where it is identified as such a project in the *Integrated System Plan*.
 - (c) If an *Integrated System Plan* identifies an *actionable ISP project* that is excepted from the *regulatory investment test for transmission* under this clause 5.16A.3, then the relevant *Transmission Network Service Provider* must progress preparatory activities necessary to make an investment decision for that *actionable ISP project* within the timeframes set out in the *Integrated System Plan*.
 - (d) If a proposed relevant *network* investment is determined to be required to address an urgent and unforeseen *network* issue as described in paragraph (b), then the relevant *Transmission Network Service Provider* must provide the following information in its next *Transmission Annual Planning Report* following the identification of the need for the relevant *network* investment:

 - (1) the date when the proposed relevant *network* investment became or will become operational;
 - (2) the purpose of the proposed relevant *network* investment; and
 - (3) the total cost of the proposed relevant *network* investment.
 - (e) With the exception of *funded augmentations*, for each *actionable ISP project* to which the *regulatory investment test for transmission* does not apply in accordance with paragraph (a), the *Network Service Providers* affected by the *actionable ISP project* must ensure, acting reasonably, that the investment required to address the *identified need* is planned and developed at least cost over the life of the investment.
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5.16A.4 Regulatory investment test for transmission procedures

- (a) If a *Transmission Network Service Provider* is identified as a RIT-T proponent in an *Integrated System Plan* for an *actionable ISP project*, then that *Transmission Network Service Provider* is the RIT-T proponent for that RIT-T project and must apply the *regulatory investment test for transmission* to, and consult all *Registered Participants, AEMO* and *interested parties* on, that RIT-T project in accordance with this clause 5.16A.4.
- (b) A *Transmission Network Service Provider*'s obligations under paragraphs (a) and (c) cease if *AEMO* publishes an *Integrated System Plan* or an *ISP update* that shows that the *actionable ISP project* no longer forms part of the *optimal development path*.

Preparatory activities

- (c) A RIT-T proponent must commence preparatory activities for a RIT-T project:
- (1) at least 24 months before the due date for the project assessment draft report specified in the *Integrated System Plan*; or
 - (2) as soon as practicable, if the *Integrated System Plan* identifies an *actionable ISP project* with a due date for the project assessment draft report which is less than 24 months from the publication of that *Integrated System Plan*.

Project assessment draft report

- (d) The RIT-T proponent must prepare a report in accordance with paragraphs (d) to (i) (project assessment draft report) and publish it by the date specified in the *Integrated System Plan* for that RIT-T project or such longer time period as is agreed in writing by the *AER* and make that report available to all *Registered Participants, AEMO* and *interested parties*.
- (e) The RIT-T proponent may apply to the *AER* in writing for extension of the timeframe to publish a project assessment draft report. An application under this paragraph must:
- (1) specify the length of extension sought and the RIT-T proponent's reasons for seeking the extension; and
 - (2) be made no less than one month before the project assessment draft report was required to be published.
- (f) The *AER* must grant an extension to the timeframe to publish a project assessment draft report if it is satisfied that it is reasonable to do so, having regard to:
- (1) the length of extension sought;
 - (2) the reasons set out in the application under paragraph (e);
 - (3) whether, in the *AER*'s reasonable opinion, the RIT-T proponent could have avoided the need to request an extension;
 - (4) whether effective consultation on the *actionable ISP project* will be materially affected if the extension is not granted;
 - (5) the impact of the proposed timeframe extension on the expected timing of the investment; and
 - (6) any other matters the *AER* considers relevant.
- (g) The *AER* must notify the RIT-T proponent of its decision under paragraph (f) in writing within 10 *business days* of receiving the application.
- (h) The project assessment draft report must:
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- (1) include the matters required by the Cost Benefit Assessment Guidelines;
- (2) adopt the *identified need* set out in the *Integrated System Plan* (including, in the case of proposed reliability corrective action, why the RIT-T proponent considers reliability corrective action is necessary);
- (3) describe each credible option assessed;
- (4) include a quantification of the costs, including a breakdown of operating and capital expenditure for each credible option;
- (5) assess market benefits with and without each credible option and provide accompanying explanatory statements regarding the results;
- (6) if the RIT-T proponent has varied the ISP parameters, provide demonstrable reasons in accordance with 5.15A.3(b)(7)(iv);
- (7) identify the proposed preferred option that the RIT-T proponent proposes to adopt; and
- (8) for the proposed preferred option identified under subparagraph (7), the RIT-T proponent must provide:
 - (i) details of the technical characteristics; and
 - (ii) the estimated construction timetable and commissioning date.
- (j) The RIT-T proponent must promptly provide the project assessment draft report to *AEMO* after it is made and the RIT-T proponent and *AEMO* must publish on their websites the project assessment draft report within 5 business days of the project assessment draft report being made.
- (j) The RIT-T proponent must seek submissions from *Registered Participants*, *AEMO* and *interested parties* on the proposed preferred option presented, and the issues addressed, in the project assessment draft report.
- (k) The period for consultation referred to in paragraph (g) must be not less than 6 weeks from the date that *AEMO* publishes the report on its website.
- (l) Within 4 weeks after the end of the consultation period required under paragraph (h), at the request of an *interested party*, a *Registered Participant* or *AEMO* (each being a relevant party for the purposes of this paragraph), the RIT- Proponent must meet with the relevant party if a meeting is requested by two or more relevant parties and may meet with a relevant party if after having considered all submissions, the RIT-T proponent, acting reasonably, considers that the meeting is necessary.

Project assessment conclusions report

- (m) As soon as practicable after the end of the consultation period on the project assessment draft report referred to in paragraph (h), the RIT-T proponent must, having regard to the submissions received, if any, under paragraph (g) and the matters discussed at any meetings held, if any, under paragraph (i), prepare and make available to all *Registered Participants*, *AEMO* and *interested parties* and publish a report (the project assessment conclusions report).
 - (n) The project assessment conclusions report must set out:
 - (1) the matters detailed in the project assessment draft report as required under paragraph (he);
 - (2) a summary of, and the RIT-T proponent's response to, submissions received, if any, from *interested parties* sought under paragraph (g).
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- (o) The RIT-T proponent must promptly provide the project assessment conclusions report to AEMO after it is made and the RIT-T proponent and AEMO must publish on their websites the project conclusions report within 5 business days of the project assessment conclusions report being made.
- (p) A RIT-T proponent may discharge its obligation under paragraph (j) to make the project assessment conclusions report available by including the project assessment conclusions report as part of its *Transmission Annual Planning Report* provided that the report is published within 4 weeks from the date of publishing the project assessment conclusions report under paragraph (j).

Exemption from drafting a project assessment draft report for RIT-T projects

- (q) A RIT-T proponent is exempt from paragraphs (d) to (il) if:
 - (1) the estimated capital cost of the ISP candidate option is less than \$35 million (as varied in accordance with a cost threshold determination);
 - (2) AEMO has identified in the draft *Integrated System Plan* relevant to that ISP candidate option that, if implemented, the ISP candidate option would be reliability corrective action and have the benefit of this exemption; and
 - (3) AEMO confirms that no submissions were received on the draft *Integrated System Plan* which identified additional credible options that could deliver a material market benefit.

Reapplication of regulatory investment test for transmission

- (r) If:
 - (1) a RIT-T proponent has published on its website a project assessment conclusions report in respect of a RIT-T project;
 - (2) a *Network Service Provider* still wishes to undertake the RIT-T project to address the *identified need*; and
 - (3) there has been either:
 - (i) a material change in circumstances which, in the reasonable opinion of the RIT-T proponent means that the preferred option identified in the project assessment conclusions report is no longer the preferred option;
or
 - (ii) AEMO has published an *Integrated System Plan* or an *ISP update* which shows that the preferred option identified in the project assessment conclusions report no longer forms part of the *optimal development path*.

then the RIT-T proponent must apply the *regulatory investment test for transmission* to the RIT-T project under rule 5.16A, unless otherwise determined by the AER.
 - (s) For the purposes of paragraph (or), a material change in circumstances may include, but is not limited to, a change to the key inputs and assumptions (including as a result of an *ISP update*) used in identifying:
 - (1) the *identified need* described in the project assessment conclusions report; or
 - (2) the credible options assessed in the project assessment conclusions report.
 - (t) When making a determination under paragraph (or) the AER must have regard to:
 - (1) the credible options (other than the preferred option) identified in the project assessment conclusions report;
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- (2) the change in circumstances identified by the RIT-T proponent or the most recent *Integrated System Plan* or *ISP update* (as the case may be) *AEMO*; and
- (3) whether a failure to promptly undertake the RIT-T project is likely to materially affect the *reliability* and *secure operating state* of the *transmission network* or a significant part of that *network*.

5.16A.5 Actionable ISP project trigger event

[Drafting note – included here to simplify the changes to 6A.8 and to reduce the number of definitions that need to go into Ch 10.]

- (a) Where an *actionable ISP project* is taken to address an urgent and unforeseen *network* issue under clause 5.16A.3(b), the relevant *Transmission Network Service Provider* may apply to the *AER* under clause 6A.8.2 to amend a *revenue determination* in respect of the *actionable ISP project*. For the purposes of clause 6A.8.2, a trigger event occurs in relation to the *actionable ISP project* upon publication of the *Integrated System Plan* in which the project is identified as being required to address the urgent and unforeseen *network* issue.
 - (b) Where an *actionable ISP project* is not required to address an urgent and unforeseen *network* issue and is subject to the RIT-T under clause 5.16A.3, ~~the RIT-T proponent must, prior to submitting a contingent project application applying to the *AER* under clause 6A.8.2 to amend a *revenue determination* in relation to an *actionable ISP project* to the *AER*, obtain written advice from *AEMO* as to whether:~~
 - (1) ~~if written confirmation from *AEMO* that the RIT-T proponent’s preferred option is the same as the *ISP candidate option*, its expected cost is equal to or less than that assumed in the *Integrated System Plan*; or~~
 - (2) if the RIT-T proponent’s preferred option is not the *ISP candidate option*, written advice from *AEMO* as to whether the RIT-T proponent’s preferred option:
 - (i) addresses the relevant *identified need* specified in the most recent *Integrated System Plan*; and
 - (ii) forms part of the *optimal development path* referred to in the most recent *Integrated System Plan*.
 - (c) *AEMO*’s written confirmation or advice under paragraph (b):
 - (1) is to be provided to the RIT-T proponent within 20 business days of the RIT-T proponent seeking that advice; and
 - (2) where the RIT-T proponent’s preferred option is not the *ISP candidate option*, must:
 - (i) be limited to whether the RIT-T proponent’s preferred option satisfies the criteria in paragraph (b)(2); and
 - (ii) have regard to the RIT-T proponent’s reasons for selecting its preferred option.
 - (d) A RIT-T proponent may apply to the *AER* under clause 6A.8.2 to amend a *revenue determination* in respect of an *actionable ISP project* referred to in paragraph (b) if the following criteria are satisfied (“**trigger event**”)
 - (1) the project assessment conclusions report identifies that project as the preferred option;
-

- (2) AEMO has given written confirmation under subparagraph (b)(1) or written advice under subparagraph (b)(2)(a) confirming that the project is consistent with the requirements of that either subparagraph (a)(1) or subparagraph (a)(2); and
- (3) no dispute notice has been given to the AER under clause 5.16B(c) or, if a dispute notice has been given, then in accordance with clause 5.16B(d), the dispute has been rejected or the project assessment conclusions report has been amended and identifies that project as the preferred option.

5.16B-5 Disputes in relation to application of regulatory investment test for transmission

- (a) *Registered Participants, the AEMC, Connection Applicants, Intending Participants, AEMO and interested parties* may, by notice to the AER, dispute conclusions made by the RIT-T proponent in the project assessment conclusions report in relation to:
 - (1) the application of the *regulatory investment test for transmission*;
 - (2) the basis on which the RIT-T proponent has classified the preferred option as being for reliability corrective action; or
 - (3) the RIT-T proponent's assessment regarding whether the preferred option will have a *material inter-network impact*, in accordance with any criteria for a *material inter-network impact* that are in force at the time of the preparation of the project assessment conclusions report.
 - (b) A dispute under this ~~rule clause~~ 5.16B-5 may not be raised in relation to any matters set out in the project assessment conclusions report which:
 - (1) are treated as externalities by the *regulatory investment test for transmission*; or
 - (2) relate to an individual's personal detriment or property rights; ~~or~~
 - (3) for an actionable ISP project, uses or relies on matters set out in the most recent Integrated System Plan or Inputs, Assumptions and Scenarios Report, including the identified need, ISP parameters, credible options or classes of market benefits relevant to that actionable ISP project.
 - (c) Within 30 days of the date of *publication* of the project assessment conclusions report under clauses 5.16.4(t), (u), (y) or (z) ~~or 5.16A.4((j) or (m) or (p))~~ (as the case may be), the party disputing a conclusion made in the project assessment conclusions report (a disputing party) must:
 - (1) give notice of the dispute in writing setting out the grounds for the dispute (the dispute notice) to the AER; and
 - (2) at the same time, give a copy of the dispute notice to the RIT-T proponent.
 - (d) Subject to paragraph (f)(3), within 40 days of receipt of the dispute notice or within an additional period of up to 60 days where the AER notifies *interested parties* that the additional time is required to make a determination because of the complexity or difficulty of the issues involved, the AER must either:
 - (1) reject any dispute by written notice to the person who initiated the dispute if the AER considers that the grounds for the dispute are misconceived or lacking in substance; and
 - (2) notify the RIT-T proponent that the dispute has been rejected; or
 - (3) subject to paragraph (f), make and *publish* a determination:
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- (i) directing the RIT-T proponent to amend the matters set out in the project assessment conclusions report; or
 - (ii) stating that, based on the grounds of the dispute, the RIT-T proponent will not be required to amend the project assessment conclusions report.
 - (e) The RIT-T proponent must comply with an *AER* determination made under paragraph (d)(3)(i) within a timeframe specified by the *AER* in its determination.
 - (f) In making a determination under paragraph (d)(3), the *AER*:
 - (1) must only take into account information and analysis that the RIT-T proponent could reasonably be expected to have considered or undertaken at the time that it performed the *regulatory investment test for transmission*;
 - (2) must *publish* its reasons for making a determination;
 - (3) may request further information regarding the dispute from the disputing party or the RIT-T proponent in which case the period of time for rejecting a dispute or making a determination under paragraph (d) is extended by the time it takes the relevant party to provide the requested further information to the *AER*;
 - (4) may disregard any matter raised by the disputing party or the RIT-T proponent that is misconceived or lacking in substance; and
 - (5) where making a determination under subparagraph (d)(3)(i), must specify a reasonable timeframe for the RIT-T proponent to comply with the *AER*'s direction to amend the matters set out in the project assessment conclusions report.
 - (g) The *AER* may only make a determination under subparagraph (d)(3)(i) if it determines that:
 - (1) the RIT-T proponent has not correctly applied the *regulatory investment test for transmission* in accordance with the *Rules*;
 - (2) the RIT-T proponent has erroneously classified the preferred option as being for reliability corrective action;
 - (3) the RIT-T proponent, for a RIT-T project that is not an *actionable ISP project*, has not correctly assessed whether the preferred option will have a *material inter-network impact*; or
 - (4) there was a manifest error in the calculations performed by the RIT-T proponent in applying the *regulatory investment test for transmission*.
 - (h) A disputing party or the RIT-T proponent (as the case may be) must as soon as reasonably practicable provide any information requested under paragraph (f)(3) to the *AER*.
 - (i) The relevant period of time in which the *AER* must make a determination under paragraph (d)(3) is automatically extended by the period of time taken by the RIT-T proponent or a disputing party to provide any additional information requested by the *AER* under this ~~rule clause~~ rule clause 5.16B.5, provided:
 - (1) the *AER* makes the request for the additional information at least 7 *business days* prior to the expiry of the relevant period; and
 - (2) the RIT-T proponent or the disputing party provides the additional information within 14 *business days* of receipt of the request.
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5.17 Regulatory investment test for distribution

[not extracted]

5.18 Construction of funded augmentations

[not extracted]

5.18A Large generator connections

[not extracted]

5.18B Completed embedded generation projects

[not extracted]

5.19 SENE Design and Costing Study

[not extracted]

5.20 System security reports ~~National transmission planning~~

In this rule:

NSCAS description means a detailed description of each type of *network support and control ancillary service*.

NSCAS quantity procedure means a procedure that determines the location and quantity of each type of *network support and control ancillary service* required.

NSCAS trigger date means for any *NSCAS gap* identified in clause 5.20.2(eb)(8)(i), the date that the *NSCAS gap* first arises.

NSCAS tender date means for any *NSCAS gap* identified in clause 5.20.2(c)(8)(i), the date or indicative date that *AEMO* would need to act so as to call for offers to acquire *NSCAS* to meet that *NSCAS gap* by the relevant *NSCAS* trigger date in accordance with clause 3.11.3(c)(4).

5.20.1 Publication of Preliminary consultation ~~NSCAS methodology~~

(a) *AEMO* must develop and publish the *NSCAS description* and *NSCAS quantity procedure* in accordance with the *Rules consultation procedures*.

(b) *AEMO* may amend the *NSCAS description* and the *NSCAS quantity procedure*.

(c) *AEMO* must comply with the *Rules consultation procedures* when making or amending the *NSCAS description* or the *NSCAS quantity procedure*.

(d) *AEMO* may make minor and administrative amendments to the *NSCAS description* or the *NSCAS quantity procedure* without complying with the *Rules consultation procedures*.

[Drafting note – the above is the wording from clause 3.11.4]

(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; and~~
- ~~(3) the inertia requirements methodology and the system strength requirements methodology.~~
- ~~(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; and~~
 - ~~(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; and~~
 - ~~(3) the issues raised in the statement of material issues; and~~
 - ~~(4) the inertia requirements methodology and the system strength requirements methodology.~~
- ~~(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, the inertia requirements methodology, the system strength requirements methodology or an issue raised in the statement of material issues within the period specified in the invitation.~~

5.20.2 Publication of **NSCAS NTNDP Report**

- ~~(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 5.20.1(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 previous year;~~
 - ~~(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 some 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 support and 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; and~~
 - ~~(3) have regard to the following documents:~~
-

- ~~(i) the most recent *Transmission 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* published under the National Gas Law;~~
 - ~~(iv) the current revenue determination for each *Transmission Network Service Provider*;~~
 - ~~(v) any other documents that *AEMO* considers relevant.~~
- ~~(c) An *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) take into account all *NSCAS* provided; and~~
 - ~~(4) 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~~
 - ~~(5) identify the location of current *national transmission flow paths* and specify their transmission capability; and~~
 - ~~(6) 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~~
 - ~~(7) specify a development strategy for each current and potential *national transmission flow path* in accordance with clause 5.20.3; and~~

AEMO must publish annually the *NSCAS Report* on its website for the following year which must include:

- ~~(8a) include~~ an assessment that identifies ~~(i)~~ any *NSCAS gap*;
 - ~~(bii)~~ for any *NSCAS gap* identified in subparagraph ~~(a)(i)~~ required to maintain *power system security* and reliability of *supply* of the *transmission network* in accordance with the *power system security standards* and the *reliability standard*, the relevant *NSCAS* trigger date;
 - ~~(ciii)~~ for any *NSCAS gap* identified in subparagraph ~~(a)(i)~~ required to maintain *power system security* and reliability of *supply* of the *transmission network* in accordance with the *power system security standards* and the *reliability standard*, the relevant *NSCAS* tender date;
 - ~~(d9)~~ a report on *NSCAS* acquired by *AEMO* in the previous *NTNDP* calendar year; and
 - information on any other matter that *AEMO* considers relevant.
- ~~(10) include a summary of the information specified in rule 3.7A in relation to congestion on each current *national transmission flow path*; and~~
 - ~~(11) include a consolidated summary of the *augmentations* proposed by each *Transmission Network Service Provider* in the most recent *Transmission Annual Planning Reports* they have published and an analysis of the manner~~
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~~in which the proposed *augmentations* relate to the *NTNDP* and any previous *NTNDP*; and~~

- ~~(12) summarise the material issues arising from the submissions received in response to the invitation referred to in clause 5.20.1(b), explain how those issues have been addressed in the *NTNDP* and give reasons for not addressing any of those issues in the *NTNDP*; and~~
- ~~(13) describe the boundaries of the *inertia sub-networks* and related *inertia requirements* determined by *AEMO* under rule 5.20B since the last *NTNDP* and details of *AEMO's* assessment of any *inertia shortfall* and *AEMO's* forecast of any *inertia shortfall* arising at any time within a planning horizon of at least 5 years; and~~
- ~~(14) describe the *system strength requirements* determined by *AEMO* under rule 5.20C since the last *NTNDP* and details of *AEMO's* assessment of any *fault level shortfall* and *AEMO's* forecast of any *fault level shortfall* arising at any time within a planning horizon of at least 5 years.~~
- ~~(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.~~

5.20.3 — 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 5.20.2(c)(7) must:

- ~~(a) be proposed for each of the scenarios referred to in clause 5.20.2(c)(4); and~~
 - ~~(b) to the extent reasonably practicable and appropriate, be consistent with:

 - ~~(1) the co-optimisation of *network* and non-*network* investment; and~~
 - ~~(2) the maximisation of net economic benefit to all those who produce, consume and transport electricity to the *market*; and~~
 - ~~(3) the service standards that are linked to the technical requirements of schedule 5.1 or in *applicable regulatory instruments*; and~~~~
 - ~~(c) take into account the following matters:

 - ~~(1) 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~~
 - ~~(2) technically feasible *network* and non-*network options* (including additional *generation* and demand side options) for relieving current or likely *constraints* or congestion points; and~~
 - ~~(3) possible market benefits associated with each of the options identified under subparagraph (2); and~~~~
 - ~~(d) include a high level assessment as to:

 - ~~(1) which of the options, or combination of options, identified under paragraph (c)(2) provides the most efficient strategy for the development of the *national transmission grid* under each of the scenarios referred to in clause 5.20.2(c)(4); and~~
 - ~~(2) the manner in which each such option, or combination of options, relates to the overall development of the *power system*.~~~~
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~~5.20.4 — 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 an *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.~~~~
- ~~(b1) — Subject to paragraph (b2), AEMO must include the following in the *NTNDP database*:

 - ~~(i) — any forecasts prepared under clause 5.20.6(b)(i); and~~
 - ~~(ii) — sufficient information used to develop the forecasts referred to in paragraph (i) to enable an understanding of how such forecasts were developed.~~~~
- ~~(b2) — The information referred to in paragraph (b1)(ii) must be included in the *NTNDP database* at the same time as, or as soon as reasonably practical after, the inclusion of the forecasts in the database.~~
- ~~(d) — A part of the database established for *confidential information* is not to be accessible to the public.~~

Note:

~~The disclosure of *protected information* to the public may however be authorised under the *National Electricity Law*.~~

~~5.20.5 — Jurisdictional planning bodies and jurisdictional planning representatives~~

- ~~(a) — A *jurisdictional planning body* must provide assistance AEMO reasonably requests in connection with the performance of its *NTP functions*.~~
- ~~(b) — 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*.~~

~~5.20.6 — NTP Functions~~

- ~~(a) — This rule has effect for the purposes of section 49(2)(e) of the *National Electricity Law*.~~
 - ~~(b) — The *NTP functions* also include the following:

 - ~~(i) — developing any forecasts of electricity demand at a *regional* or *connection point* level.~~~~
 - ~~(c) — To avoid doubt, the *NTP functions* do not include determining the *inertia requirements* or the assessment of *inertia shortfalls* or the *system strength requirements* or the assessment of any *fault level shortfalls*.~~
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5.20.37 Inertia requirements and ~~system strength requirements~~ methodologies

- (a) AEMO must develop and publish the inertia requirements methodology in accordance with the Rules consultation procedures.
- (b) AEMO may amend the inertia requirements methodology.
- (c) AEMO must comply with the Rules consultation procedures when making or amending the inertia requirements methodology.
- (d) AEMO may make minor and administrative amendments to the inertia requirements methodology without complying with the Rules consultation procedures.
- (e) The *inertia requirements methodology* determined by AEMO must provide for AEMO to take the following matters into account in determining the *secure operating level of inertia*:
 - (1) the capabilities and expected response times provided by *generating units* providing *market ancillary services* (other than the *regulating raise service* or *regulating lower service*) in the *inertia sub-network*;
 - (2) the maximum *load shedding* or *generation shedding* expected to occur on the occurrence of any *credible contingency event* affecting the *inertia sub-network* when the *inertia sub-network* is *islanded*;
 - (3) additional *inertia* needed to account for the possibility of a reduction in *inertia* if the *contingency event* that occurs is the loss or unavailability of a *synchronous generating unit*, *synchronous condenser* or any other *facility* or *service* that is material in determining *inertia requirements*;
 - (4) any *constraints* that could reasonably be applied to the *inertia sub-network* when *islanded* to achieve a *secure operating state* and any *unserved energy* that might result from the *constraints*; and
 - (5) any other matters as AEMO considers appropriate.

5.20.4 Publication of Inertia Report

AEMO must publish annually the *Inertia Report* on its website for the following year which must include:

- (a) the boundaries of the *inertia sub-networks* and related *inertia requirements* determined by AEMO under rule 5.20B since the last *Inertia Report* and details of AEMO's assessment of any *inertia shortfall* and AEMO's forecast of any *inertia shortfall* arising at any time within a planning horizon of at least 5 years;
- (b) a report on the *inertia requirements* determined for each *inertia sub-network* together with the results of AEMO's assessment under clause 5.20B.3; and
- (c) information on any other matter that AEMO considers relevant.

5.20.5 Publication of system strength requirements methodologies

- (a) AEMO must develop and publish the *system strength requirements methodology* in accordance with the *Rules consultation procedures*.
 - (b) AEMO may amend the *system strength requirements methodology*.
 - (c) AEMO must comply with the *Rules consultation procedures* when making or amending the *system strength requirements methodology*.
 - (d) AEMO may make minor and administrative amendments to the *system strength requirements methodology* without complying with the *Rules consultation procedures*.
-

- (be) The *system strength requirements methodology* determined by *AEMO* must provide for *AEMO* to take the following matters into account in determining the *fault level nodes* and the minimum *three phase fault level*:
- (1) the combination of *three phase fault levels* at each *fault level node* in the *region* that could reasonably be considered to be sufficient for the *power system* to be in a *secure operating state*;
 - (2) the maximum *load shedding* or *generation shedding* expected to occur on the occurrence of any *credible contingency event* or *protected event* affecting the *region*;
 - (3) the stability of the *region* following any *credible contingency event* or *protected event*;
 - (4) the risk of *cascading outages* as a result of any *load shedding* or *generating system* or *market network service facility* tripping as a result of a *credible contingency event* or *protected event* in the *region*;
 - (5) additional contribution to the *three phase fault level* needed to account for the possibility of a reduction in the *three phase fault level* at a *fault level node* if the *contingency event* that occurs is the loss or unavailability of a *synchronous generating unit* or any other *facility* or service that is material in determining the *three phase fault level* at the *fault level node*;
 - (6) the stability of any equipment that is materially contributing to the *three phase fault level* or *inertia* within the *region*; and
 - (7) any other matters as *AEMO* considers appropriate.

5.20.6 Publication of System Strength Report

AEMO must publish annually the *System Strength Report* on its website for the following year which must include:

- (a) a description of the *system strength requirements* determined by *AEMO* under rule 5.20C since the last *System Strength Report* and details of *AEMO*'s assessment of any *fault level shortfall* and *AEMO*'s forecast of any *fault level shortfall* arising at any time within a planning of at least 5 years;
- (b) the *system strength requirements* determined for each *region* together with the results of its assessment under clause 5.20C.2; and
- (c) information on any other matter that *AEMO* considers relevant.

5.20A Frequency management planning

[not extracted]

5.20B Inertia sub-networks and requirements

[not extracted]

5.20C System strength requirements

[not extracted]

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

(a) This rule 5.21 does not apply to *actionable ISP projects*.

(a1) 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*; and
 - (2) prepare and *publish augmentation technical reports* on proposed *transmission network augmentations* that are reasonably likely to have a *material inter-network impact*; and
 - (3) *publish* guidelines to assist *Registered Participants* to determine when an *inter-network test* may be required; ~~and~~
 - ~~(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 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) 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*.
- (d) If *AEMO* receives 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*, or *AEMO* decides in the course of exercising its functions under Chapter 8, Part H, that a proposed *transmission network augmentation* 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 proposed *augmentation*; and
 - (2) consult with, and take into account the recommendations of, the *jurisdictional planning representatives* in relation to the proposed *augmentation*; 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 decision (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
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- (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 proposed *augmentation* and AEMO's reasonable fees covering the direct costs and expenses of preparing the report.

- (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) 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.
- (g) If the objective set of criteria developed and published under paragraph (b) is changed after a project assessment draft report has been made available to *Registered Participants* and AEMO, the relevant *Transmission 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.

~~5.22 Last resort planning power~~

[Drafting note – existing clause deleted in its entirety and replaced with new clause 5.22 below.]

5.22 Integrated System Plan

5.22.1 Duty of AEMO to make Integrated System Plan

AEMO must publish an *Integrated System Plan* every two years by 30 June in accordance with the *Rules*.

5.22.2 Purpose of the ISP

- (a) The *Integrated System Plan* is a whole of system plan for the efficient development of the *power system* that achieves power system needs for a planning horizon of at least 20 years for the long-term interests of the consumers of electricity.
- (b) The purpose of the *Integrated System Plan* is to:
 - (1) trigger the *regulatory investment test for transmission process for actionable ISP projects*; and
 - (2) inform decisions in relation to ISP development opportunities.

5.22.3 Power system needs

- (a) The power system needs are:
 - (1) the *reliability standard*;
 - (2) *power system security*;
 - (3) *system standards*;
 - (4) standards or technical requirements in Schedule 5.1 or in an *applicable regulatory instrument*; and
-

- (5) public policy requirements in accordance with paragraph (b).
- (b) In determining power system needs, as it relates to a *NEM participating jurisdiction*, *AEMO* may consider a current environmental or energy policy of that *participating jurisdiction* where that policy has been sufficiently developed to enable *AEMO* to identify the impacts of it on the *power system* and at least one of the following is satisfied:

 - (1) a commitment has been made in an international agreement to implement that policy;
 - (2) that policy has been enacted in legislation;
 - (3) there is a *regulatory obligation* in relation to that policy;
 - (4) there is material funding allocated to that policy in a budget of the relevant *participating jurisdiction*; or
 - (5) the *MCE* has advised *AEMO* to incorporate the policy.

5.22.4 ISP timetable

- (a) *AEMO* must publish an ISP timetable within 3 months of the publication of the most recent *Integrated System Plan* published by *AEMO*.
- (b) This ISP timetable must set out dates of publication for the following matters:

 - (1) the Inputs, Assumptions and Scenarios Report;
 - (2) if *AEMO* is not using an existing ISP methodology, the ISP methodology;
 - (3) the draft *Integrated System Plan*; and
 - (4) the *Integrated System Plan* in accordance with clause 5.22.1.
- (c) The ISP timetable may include additional information that *AEMO* reasonably considers will assist stakeholders, including when information is to be provided or consultation is to occur under clause 5.14.4.
- (d) *AEMO* must keep the ISP timetable updated.
- (e) *AEMO* may, from time to time, make and publish changes to the ISP timetable in which case it must provide a brief explanation for the change.
- (f) Prior to publishing an ISP timetable under paragraph (a) or a change to the ISP timetable under paragraph (d), *AEMO* must publish a draft of the ISP timetable that it intends to publish and invite submissions. The time allowed for submissions on the draft ISP timetable must be no less than 10 *business days*.
- (g) *AEMO* is not required to consult under paragraph (f) in relation to changes to the ISP timetable that are of a minor nature.

5.22.5 Guidelines relevant to the ISP

Cost Benefit Analysis Guidelines

- (a) The *AER* must make, *publish* and may amend the Cost Benefit Analysis Guidelines in accordance with the *Rules consultation procedures*.
 - (b) The Cost Benefit Analysis Guidelines are to be used:

 - (1) by *AEMO* to prepare an *Integrated System Plan*; and
 - (2) by *Transmission Network Service Providers* in applying the *regulatory investment test for transmission to actionable ISP projects*.
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- (c) The AER may specify the relevant parts of the Cost Benefit Analysis Guidelines that are binding on AEMO and RIT-T proponents.

Application of Cost Benefit Analysis Guidelines to AEMO for the ISP

- (d) The Cost Benefit Analysis Guidelines must in relation to the preparation of an Integrated System Plan by AEMO:
- (1) be consistent with the purposes of the Integrated System Plan referred to in clause 5.22.2;
 - (2) require AEMO to test the robustness of alternative development paths to future uncertainties through the use of scenarios and sensitivities;
 - (3) be capable of being applied in a predictable, transparent and consistent manner;
 - (4) describe the objective that AEMO should seek to achieve when:
 - (i) developing the counterfactual development path; and
 - (ii) selecting a set of development paths for assessment;
 - (5) describe the framework used to select the optimal development path, including the assessment of the costs and benefits of various development paths across different scenarios; and
 - (6) set out how AEMO describes the identified need relating to an actionable ISP project.

Developing and publishing the Cost Benefit Analysis Guidelines

- (e) In developing and publishing the Cost Benefit Analysis Guidelines, the AER must:
- (1) recognise the risks to consumers arising from uncertainty, including over investment, under-investment, premature or overdue investment;
 - (2) provide flexibility to AEMO in its approach to scenario development, modelling and selection of the optimal development path;
 - (3) require that the optimal development path contribute to the efficient development of the power system for the benefit of all those who produce, consume and transport electricity in the market to have a positive net benefit in the most likely scenario;
 - (4) have regard to the need for alignment between the Integrated System Plan and the regulatory investment test for transmission as it applies to actionable ISP projects; and
 - (5) require that any estimate of costs for an actionable ISP project be based on the cost estimate provided by the relevant Transmission Network Service Provider.
- (f) The AER may make minor or administrative amendments to the Cost Benefit Analysis Guidelines without complying with the Rules consultation procedures.
- (g) An amendment to the Cost Benefit Analysis Guidelines does not apply to a current application of the regulatory investment test for transmission for an actionable ISP project or a current process for the development of an Integrated System Plan.
- (h) For the purposes of paragraph (g), a “current application” means any action or process initiated under the Rules which relies on or is referenced to the Cost Benefit Analysis Guidelines and is not completed at the date of the relevant amendment to Cost Benefit Analysis Guidelines.
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Forecasting Best Practice Guidelines

- (i) The AER must include in the Forecasting Best Practice Guidelines made under clause 4A.B.5 guidance for AEMO's forecasting practices and processes as they relate to an *Integrated System Plan* and the process to be used for an *ISP update*.
- (j) The AER may specify parts of the Forecasting Best Practice Guidelines that are binding on AEMO.
- (k) The AER must specify in the Forecasting Best Practice Guidelines the following processes in respect of the development, consultation and publication of the Input Assumptions and Scenarios Report and ISP methodology:
 - (1) AEMO must make an invitation to make submissions as set out in a published notice within a specified timeframe of not less than 30 days from the date of the invitation;
 - (2) AEMO must take into consideration the submissions received within the specified timeframe; and
 - (3) AEMO must publish an issues summary on material issues, and AEMO's response to each issue.

5.22.6 Content of Integrated System Plan

- (a) An *Integrated System Plan* must:
 - (1) identify a range of development paths;
 - (2) for each development path, identify the group of projects that form part of the development path;
 - (3) describe how each development path performs under any sensitivities AEMO considers reasonable;
 - (4) identify the *optimal development path* which must be based on a quantitative assessment of the costs and benefits of various options across a range of scenarios, in accordance with Cost Benefit Analysis Guidelines;
 - (5) for the *optimal development path*, identify the *actionable ISP projects* and ISP development opportunities;
 - (6) for each *actionable ISP project* specify:
 - (i) the date by which the project assessment draft report must be published and made available to relevant persons, which date must be:
 - (A) at least 6 months after the date of publication of the *Integrated System Plan*; and
 - (B) based on the anticipated commencement date of the *actionable ISP project*;
 - (ii) the relevant *Transmission Network Services Providers* who will be the RIT-T proponent for the *actionable ISP project*;
 - (iii) the ISP candidate option;
 - (iv) the *non-network options* that were considered by AEMO as part of the *Integrated System Plan* process in relation to that *actionable ISP project* (where relevant);
 - (v) the *identified need* related to that *actionable ISP project* and whether it is reliability corrective action; and

- (7) include the results of a net present value analysis for each development path for each scenario, together with an explanatory statement regarding the results.
- (b) An *Integrated System Plan* ~~may~~ must, where relevant:
 - (1) include relevant information about ISP development opportunities;
 - (2) identify and provide information on the optimal location and features of areas located in the *NEM participating jurisdictions* where large scale clusters of renewable energy and/or storage can be efficiently developed from a whole of *power system* perspective;
 - (3) provide information on the optimal timing and scale for connection of renewable energy and/or storage in the areas referred to in paragraph (2); and
 - (4) include sensitivities showing the impacts of energy or environmental policies of a *participating jurisdiction* where *AEMO* has been requested to do so by that *participating jurisdiction*. These sensitivities are in addition to those sensitivities considered in clause 5.22.6(a)(3) and do not form part of any development path.

5.22.7 Preliminary consultations

- (a) *AEMO*, must in accordance with the ISP timetable and the Forecasting Best Practice Guidelines develop, consult and publish a report on the inputs, assumptions and scenarios to be used for the *Integrated System Plan* (“**Inputs, Assumptions and Scenarios Report**”).
- (b) The Input Assumptions and Scenarios Report may:
 - (1) be included in a document that also provides for the assumptions and inputs to be used in preparing other *AEMO* publications, including a *reliability forecast*;
 - (2) be consulted on as part of the same consultation process with relevant stakeholders in preparing other *AEMO* publications, including a *reliability forecast*; and
 - (3) be updated for an *Integrated System Plan* process separately to the consultation process used in preparing a *reliability forecast*, in accordance with the Forecasting Best Practice Guidelines.
- (c) *AEMO* must, in accordance with the Forecasting Best Practice Guidelines, develop, consult and publish a cost benefits analysis and modelling methodology to be used for *Integrated System Plan* (“**ISP methodology**”) which is consistent with the Cost Benefit Analysis Guidelines.

5.22.8 Preparation of ISP

ISP requirements

- (a) In preparing an *Integrated System Plan*, *AEMO* must:
 - (1) comply with any requirements set out in the Cost Benefit Analysis Guidelines under clause 5.22.5(c);
 - (2) comply with any requirements set out in the Forecasting Best Practice Guidelines under clauses 5.22.5(j) and (k);
 - (3) adopt the inputs and assumptions, material issues and scenarios identified in the Inputs, Assumptions and Scenarios Report;
 - (4) seek to deliver power system needs;
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- (5) consider the following matters:
- (i) the efficient integration of ISP development opportunities;
 - (ii) the impact of ISP development opportunities on NEM development outcomes;
 - (iii) the risks to consumers arising from uncertainty, including over investment, under-investment, premature or overdue investment;
 - (iv) fuel security;
 - (v) credible options (including *non-network options*);
 - (vi) outcomes of joint planning with *Transmission Network Service Providers* under clause 5.14.4;
 - (vii) relevant intra jurisdictional developments and any incremental works that may be needed to coordinate the *Integrated System Plan* with intra jurisdictional planning;
 - (viii) the forecast quantity of electricity that is expected to flow, and the periods in which electricity is expected to flow, and the magnitude and significance of future *network losses* on interconnectors, as projected in the *Integrated System Plan* over the *Integrated System Plan* planning horizon;
 - (ix) the projected capability of the *national transmission grid*, and the technical requirements of the *power system* (such as *frequency, voltage, inertia* and system strength) required to support the secure and reliable operation of the *national transmission grid*;
 - (x) *good electricity industry practice*; and
 - (xi) such other matters as *AEMO* considers relevant.

Relevant documents

- (b) In preparing an *Integrated System Plan*, *AEMO* must have regard to the following documents:
- (1) the ISP methodology;
 - (2) the Cost Benefit Analysis Guidelines;
 - (3) the Forecasting Best Practice Guidelines;
 - (4) the most recent *Transmission Annual Planning Reports*;
 - (5) the most recent *statement of opportunities*;
 - (6) the most recent gas statement of opportunities under the National Gas Law;
 - (7) the most recent *NSCAS Report, System Security Report* and *Inertia Report*;
and
 - (8) any other documents that *AEMO* considers relevant.

Market benefits

- (c) In preparing an *Integrated System Plan*, *AEMO* must:
- (1) consider the following classes of market benefits that could be delivered by the development path:
 - (i) changes in fuel consumption arising through different patterns of *generation dispatch*;
 - (ii) changes in voluntary *load curtailment*;
-

- (iii) changes in involuntary *load shedding*, with the market benefit to be considered using a reasonable forecast of the value of electricity to consumers;
- (iv) changes in costs for parties due to:
 - (A) differences in the timing of new plant;
 - (B) differences in capital costs; and
 - (C) differences in the operating and maintenance costs;
- (v) differences in the timing of expenditure;
- (vi) changes in *network losses*;
- (vii) changes in *ancillary services costs*;
- (viii) competition benefits;
- (ix) any additional option value (where this value has not already been included in the other classes of market benefits) gained or foregone from implementing that development path with respect to the likely future investment needs of the *market*; and
- (x) other classes of market benefits that are:
 - (A) determined to be relevant by *AEMO* and agreed to by the *AER* in writing before the publication of the draft *Integrated System Plan*;
or
 - (B) specified as a class of market benefit in the Cost Benefit Analysis Guidelines;
- (2) include a quantification of all classes of market benefits which are determined to be material to the ~~optimal~~ development path in *AEMO*'s reasonable opinion; and
- (3) consider all classes of market benefits as material unless it can provide reasons why:
 - (i) a particular class of market benefit is likely not to materially affect the outcome of the assessment of the development path; or
 - (ii) the estimated cost of undertaking the analysis to quantify the market benefit is likely to be disproportionate given the level of uncertainty regarding future outcomes.

Costs

- (d) In preparing an *Integrated System Plan*, *AEMO* must quantify the following classes of costs:
 - (1) costs incurred in constructing or providing the projects in the development path;
 - (2) operating and maintenance costs in respect of the projects in the development path;
 - (3) the cost of complying with laws, regulations and applicable administrative requirements in relation to the construction and operation of the projects in the development path; and
 - (4) any other class of costs that are:
 - (i) determined to be relevant by *AEMO* and agreed to by the *AER* in writing before the publication of the draft *Integrated System Plan*; or
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- (ii) specified as a class of cost in the Cost Benefit Analysis Guidelines.

5.22.9 Draft Integrated System Plan

- (a) AEMO must publish the draft *Integrated System Plan* in accordance with the ISP timetable and include:
 - (1) all relevant matters referred to in clause 5.22.6;
 - (2) an invitation for written submissions on the draft *Integrated System Plan*, which must:
 - (i) specify the deadline for when written submissions must be submitted which date must not be earlier than 30 *business days* after the publication of the draft *Integrated System Plan*; and
 - (ii) list the matters in respect of which submissions are invited; and
 - (3) an invitation to participate in public forums on the draft *Integrated System Plan*.
- (a1) At the same time as it publishes the draft *Integrated System Plan*, AEMO must also publish an issues summary identifying material issues and AEMO's response to each issue.
- (b) AEMO must hold a public forum on the draft *Integrated System Plan* prior to the deadline for written submissions.
- (c) Any person may make a written submission to AEMO on the matters, documents and information referred to in paragraph (a) and which forms part of the draft *Integrated System Plan*, by the date specified in the ISP timetable.
- (d) Nothing in this clause 5.22.9 is to be construed as precluding AEMO from publishing any issues, consultation and discussion papers, or holding any conferences and information sessions that AEMO considers appropriate.
- (e) As soon as practicable after AEMO receives written submissions in response to an invitation for submissions that is made under paragraph (a), AEMO must publish that submission on its website subject to its confidentiality obligations under section 54 of the *National Electricity Law*.

5.22.10 Non-network options

- (a) Where a draft *Integrated System Plan* identifies an *actionable ISP project*, AEMO must publish a notice at the same time as it publishes the draft *Integrated System Plan*, that:
 - (1) requests submissions for *non-network options*;
 - (2) provides sufficient detail on the technical characteristics that the *non-network options* must meet; and
 - (3) describes the relevant technical characteristics of the identified need that the *actionable ISP project* (including any *non-network option*) is addressing, such as:
 - (i) the size of *load* reduction or additional supply;
 - (ii) location; and
 - (iii) operating profile.
 - (b) Proponents of *non-network options* requested under paragraph (a) must submit their *non-network option* proposal to AEMO within 12 weeks of the publication of the draft *Integrated System Plan*.
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- (c) AEMO and the relevant Transmission Network Service Provider will conduct a preliminary review of the non-network option proposal submitted by a proponent under paragraph (b), as part of the joint planning process under clause 5.14.4.
- (d) AEMO must provide its assessment in the Integrated System Plan on whether the non-network option proposals submitted under paragraph (b) meet, or are reasonably likely to meet, the relevant identified need, as outlined in the draft Integrated System Plan.
- (e) If the assessment of non-network options proposals in the Integrated System Plan concludes:

 - (1) that the non-network option proposal is reasonably likely to meet the relevant identified need, the relevant Transmission Network Service Provider must assess that non-network option proposal in their project assessment draft report; or
 - (2) that the non-network option proposal will not meet the relevant identified need, the relevant Transmission Network Service Provider does not have to assess that non-network option proposal in their project assessment draft report.

5.22.11 Final Integrated System Plan

- (a) AEMO must publish the Integrated System Plan in accordance with the Rules and the ISP timetable.
- (b) The Integrated System Plan must include all relevant matters for an Integrated System Plan referred to in clauses 5.22.6 and 5.22.10 and the reasons for decisions made in relation to the Integrated System Plan.
- (c) AEMO must publish on its website:

 - (1) summaries of each issue, that AEMO reasonably considers to be material, contained in valid written submissions received under clause 5.22.9;
 - (2) AEMO's response to each such issue; and
 - (3) subject to its confidentiality obligations under section 54 of the National Electricity Law, copies of those written submissions.

5.22.12 ISP updates

- (a) If, after the publication of the most recent Integrated System Plan:

 - (1) new information becomes available to AEMO relating to the matters set out in clause 5.22.6 and, in AEMO's reasonable opinion, that new information, may materially change the outcome of the regulatory investment for transmission for an actionable ISP project that has either commenced or is due to commence prior the publication of the next Integrated System Plan ("current ISP project"); or
 - (2) an actionable ISP project does not satisfy the regulatory investment test for transmission under rule 5.16A,

then AEMO must as soon as practicable, assess the impact of the new information on the optimal development path under that Integrated System Plan.
 - (b) If AEMO's assessment under paragraph (a) determines that there is a material change to the need for, or the characteristics of a current actionable ISP project, AEMO must consult on the new information and the impact on the optimal development path under the Integrated System Plan, in accordance with the
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consultation requirements set out in the Forecasting Best Practice Guidelines for an *ISP update*.

- (c) *AEMO* may prepare and publish an update to the *Integrated System Plan* (“**ISP update**”) which must include:
 - (1) a description of the new information in a descriptive form that is consistent with the *Integrated System Plan*;
 - (2) the impact of that new information on the *optimal development path* under the *Integrated System Plan*.
- (d) *AEMO* must publish an *ISP update* if it is required to do so following a determination by the *AER* under clause 5.23.4.
- (e) If *AEMO* has consulted under paragraph (b), *AEMO* must publish on its website.
 - (1) summaries of each issue, that *AEMO* reasonably considers to be material, contained in valid written submissions received under paragraph (b);
 - (2) *AEMO*’s response to each such issues; and
 - (3) subject to its confidentiality obligations under section 54 of the *National Electricity Law*, copies of those written submissions.

5.22.13 ISP database

- (a) *AEMO* must establish, maintain and make available to the public, a database (“**ISP database**”) of information that includes:
 - (1) inputs used by it in preparing the most recent *Integrated System Plan* or *ISP update*;
 - (2) the most recent Inputs, Assumptions and Scenarios Report;
 - (3) supporting information in relation to each of the draft and final *Integrated System Plan* (at the same time as they are published) which will assist in the understanding of the draft and final *Integrated System Plan* having regard to:
 - (i) the Forecasting Best Practice Guidelines;
 - (iii) *AEMO*’s confidentiality obligations under section 54 of the *National Electricity Law*; and
 - (iv) the best form of the information for this purpose; and
 - (4) *NSCAS Reports, System Strength Reports and Inertia Reports*.
- (b) Subject to paragraph (c) and its confidentiality obligations under section 54 of the *National Electricity Law*, *AEMO* must publish the following on *AEMO*’s website:
 - (1) any forecasts prepared under clause 5.22.15(b)(1); and
 - (2) sufficient information used to develop the forecasts referred to in subparagraph (1) to enable an understanding of how such forecasts were developed.
- (c) The information referred to in subparagraph (b)(2) must be published at the same time as, or as soon as reasonably practical after, the forecasts referred to in (b)(1).

5.22.14 Jurisdictional planning bodies and jurisdictional planning representatives

- (a) A *jurisdictional planning body* must provide assistance *AEMO* reasonably requests in connection with the performance of its *NTP functions*.
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- (b) 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.

5.22.15 NTP Functions

- (a) Paragraph (b) has effect for the purposes of section 49(2)(e) of the *National Electricity Law*.
- (b) The NTP functions also include the following:
- (1) developing any forecasts of electricity demand at a regional or connection point level; and
 - (2) AEMO's functions relating to an *Integrated System Plan* under clauses 5.14.4, 5.16A, 5.22 and 5.23.
- (c) AEMO's preparation and publication of *Integrated System Plans*, and provision of supporting information under clause 5.22.11, is undertaken pursuant to, and in satisfaction of, AEMO's NTP functions under sections 49(2)(a) to (d) of the *National Electricity Law*.

5.23 Disputes in relation to an ISP

5.23.1 Disputing party

- (a) A person (a “disputing party”) may, by notice to the AER, raise a dispute on the grounds that one or more of the following procedures required by the Rules to be observed by AEMO in connection with the making of an *Integrated System Plan* were not observed:
- (1) the processes for the ISP methodology specified under the Forecasting Best Practice Guidelines in accordance with clause 5.22.5(k);
 - (2) the processes for the Inputs, Assumptions and Scenarios Report specified under the Forecasting Best Practice Guidelines in accordance with clause 5.22.5(k);
 - (3) the consultation for a draft *Integrated System Plan* required in accordance with clauses 5.22.9(a)(2) and (3), (b), (c) and (e); and
 - (4) the consultation for an *Integrated System Plan* required in accordance with clause 5.22.11(c),
(each, a “prescribed ISP process”).
- (b) It is for a disputing party to establish:
- (1) that the person made a submission in the prescribed ISP process;
 - (2) that AEMO has not observed a prescribed ISP process;
 - (3) the reasons why the AER should accept a dispute notice; and
 - (4) if the person did not make a submission to the prescribed ISP process, the reasons for which they did not make a submission and should be entitled to raise a dispute.
- (c) Within 30 days of the date of publication of an *Integrated System Plan*, a disputing party must:
- (1) give notice of the dispute in writing setting out the matters in paragraph (b) (the dispute notice) to the AER; and
 - (2) at the same time, give a copy of the dispute notice to AEMO.
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5.23.2 Initial AER review

Within 20 business days of receipt of the dispute notice, the AER must review the dispute notice and either:

- (a) reject any dispute by written notice to the person who initiated the dispute if the AER considers that:
 - (1) based on the dispute notice, the disputing party has not established a prima facie case in respect of the matters under clause 5.23.1(b)(1), (2), or (3);
 - (2) if clause 5.23.1(b)(4) applies, the reasons given are not sufficient to justify an entitlement to raise a dispute;
 - (3) that the grounds for the dispute and the reasons described are misconceived or lacking in substance; or
 - (4) the dispute is vexatious,and notify AEMO that the dispute has been rejected; or
- (b) accept the dispute notice and notify the disputing party and AEMO that it has been accepted.

5.23.3 Provision of further information

- (a) The AER may request further information regarding the dispute from the disputing party or AEMO.
- (b) A disputing party or AEMO (as the case may be) must as soon as reasonably practicable provide any information requested under paragraph (a) to the AER.
- (c) The relevant period of time in which the AER must make a determination under clause 5.23.4 is automatically extended by the period of time taken by AEMO or a disputing party to provide any additional information requested by the AER under this clause 5.23, provided:
 - (1) the AER makes the request for the additional information at least 7 business days prior to the expiry of the relevant period; and
 - (2) AEMO or the disputing party provides the additional information within 14 business days of receipt of the request.

5.23.4 AER determination

- (a) Where the AER accepts a dispute notice under clause 5.23.2(b), then subject to clause 5.23.3(c), within 40 business days of receipt of a dispute notice, the AER must either:
 - (1) reject any dispute by written notice to the person who initiated the dispute if the AER considers that the grounds of the dispute are not established and notify AEMO that the dispute has been rejected; or
 - (2) subject to paragraph (c), make and publish a determination:
 - (i) directing AEMO to remedy the non-observance with the prescribed ISP process, which direction may include requiring AEMO to consider whether an ISP update is required; or
 - (ii) stating that, based on the grounds of the dispute, AEMO will not be required to take any remedial action in respect of the Integrated System Plan.
 - (b) AEMO must comply with an AER determination under subparagraph (a)(2)(i) within the timeframe specified in that determination. If, having regard to the
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determination, AEMO considers that an *ISP update* is required, then it must publish an *ISP update* in accordance with clause 5.22.11.

- (c) In making a determination under paragraph (a), the *AER*:
- (1) must *publish* its reasons for making a determination;
 - (2) may disregard any matter raised by the disputing party or *AEMO* that the *AER* considers is misconceived or lacking in substance;
 - (3) must only consider compliance with the prescribed *ISP* process and must not consider the merits of the conclusions of the *Integrated System Plan* or direct the amendment of the *Integrated System Plan* or require *AEMO* to undertake an *ISP update*; and
 - (4) must specify a reasonable timeframe for *AEMO* to comply with the *AER*'s determination (if applicable).
- (d) The raising of a dispute under clause 5.23.1, or the making of a determination under subparagraph (a)(2)(i), does not affect the validity, or stay the operation, of the *Integrated System Plan*.

Note:

The *Integrated System Plan* will remain in effect until such time as replaced in whole or in part by an *ISP update*.

6A. Economic Regulation of Transmission Services

6A.5.4 Building blocks approach

(a) Building blocks generally

The *annual building block revenue requirement* for a *Transmission Network Service Provider* for each *regulatory year* of a *regulatory control period* must be determined using a building blocks approach, under which the building blocks are:

- (1) indexation of the regulatory asset base - see paragraph (b)(1);
- (2) a return on capital for that year - see paragraph (b)(2);
- (3) the depreciation for that year - see paragraph (b)(3);
- (4) the estimated cost of corporate income tax of the *Transmission Network Service Provider* for that year - see paragraph (b)(4);
- (5) the revenue increments or decrements (if any) for that year arising from the application of any *efficiency benefit sharing scheme, capital expenditure sharing scheme, service target performance incentive scheme, small-scale incentive scheme* or *demand management innovation allowance mechanism* - see paragraph (b)(5);
- (5A) the revenue decrements (if any) arising from the use of assets that provide *prescribed transmission services* to provide certain other services – see paragraph (b)(5A);
- (5B) the revenue increments (if any) to account for any designated ISP planning costs incurred by the Transmission Network Service Provider in the previous regulatory control period;
- (6) the forecast operating expenditure accepted or substituted by the *AER* for that year – see paragraph (b)(6); and
- (7) compensation for other risks - see paragraph (b)(7).

(b) Details about the building blocks

For the purposes of paragraph (a):

- (1) for indexation of the regulatory asset base:
 - (i) the regulatory asset base is calculated in accordance with clause 6A.6.1 and schedule 6A.2; and
 - (ii) the building block comprises a negative adjustment equal to the amount referred to in clause S6A.2.4(c)(4) for that year;
 - (2) the return on capital is calculated in accordance with clause 6A.6.2;
 - (3) the depreciation is calculated in accordance with clause 6A.6.3;
 - (4) the estimated cost of corporate income tax is determined in accordance with clause 6A.6.4;
 - (5) the revenue increment or decrements referred to in subparagraph (a)(5) are those that arise as a result of the operation of any applicable *efficiency benefit sharing scheme, capital expenditure sharing scheme, service target performance incentive scheme, small-scale incentive scheme* or *demand management innovation allowance mechanism*, as referred to in clauses 6A.6.5, 6A.6.5A, 6A.7.4, 6A.7.5 or 6A.7.6.
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- (5A) the revenue decrements (if any) referred to in paragraph (a)(5A) are those that are determined by the *AER* under clause 6A.5.5 as a result of assets that provide *prescribed transmission services* being used to provide:
- (i) *non-regulated transmission services*; or
 - (ii) services that are not *transmission services*.
- (5B) the revenue increments (if any) referred to in paragraph (a)(5B) are those that are accepted or substituted by the *AER* under clause 6A.6.9A to account for any designated *ISP planning costs* incurred by the *Transmission Network Service Provider* in the previous regulatory control period;
- (6) the forecast operating expenditure is accepted or substituted by the *AER* in accordance with clause 6A.6.6(c), clause 6A.6.6(c1) or clause 6A.13.2(b)(3) and (5) (as the case may be); and
- (7) the compensation for other risks is such amounts as the *AER* determines are necessary for that year to compensate a *Transmission Network Service Provider* for risks that are not otherwise compensated for in the return on capital, including the risk referred to in clause S6A.2.3(b) of schedule 6A.2.

[...]

Insert after 6A.6.9:

6A.6.9A Designated ISP planning costs

- (a) A Revenue Proposal may include proposed revenue increments to account for any designated *ISP planning costs* incurred, or expected to be incurred, by the *Transmission Network Service Provider* in the previous regulatory control period.
- (b) The *AER* must accept the revenue increments included in a *Revenue Proposal* under paragraph (a) if the *AER* is satisfied that the *designated ISP planning costs* that the *Transmission Network Service Provider* proposes to recover through the proposed revenue increments:
- (1) reflect the *designated ISP planning costs* that a prudent operator would have incurred over the previous *regulatory control period*; and
 - (2) were not otherwise allowed for as part of the *total revenue cap* for the provider for the previous *regulatory control period*.
- (c) If the *AER*'s final decision is to refuse to approve the revenue increments included in a *Revenue Proposal* under paragraph (a) for the reason that it is not satisfied that *designated ISP planning costs* that the *Transmission Network Service Provider* proposes to recover were, or are expected to be, prudently incurred over the previous *regulatory control period*, or were otherwise allowed for as part of the *total revenue cap* for the provider for the previous *regulatory control period*, the *AER* must include in its final decision:
- (1) the amount that the *AER* is satisfied reasonably reflects the *designated ISP planning costs* that a prudent operator would have incurred over the previous *regulatory control period* and that were not otherwise allowed for as part of the *total revenue cap* for the provider for the previous *regulatory control period*; and
 - (2) the revenue increments required to recover that amount,

[...]

6A.6.7 Forecast capital expenditure

Forecast capital expenditure and contingent projects

- (g) Paragraphs (h) - (k) apply where:
- ~~(1) in a regulatory control period (the **first regulatory control period**) the AER determines under clause 6A.8.2(e)(1)(iii) that the likely completion date for a contingent project is a date which occurs in the immediately following regulatory control period (the **second regulatory control period**); and~~
 - ~~(2) there is an unspent amount of capital expenditure for that contingent project under paragraph (h).~~
- (h) A Transmission Network Service Provider's Revenue Proposal for the second regulatory control period, must include in the forecast of required capital expenditure referred to in paragraph (a) the total capital expenditure which the AER has determined is reasonably required for the purpose of undertaking the contingent project in the second regulatory control period under clause 6A.8.2(e)(1)(v), an amount of any unspent capital expenditure for each contingent project as described in paragraph (g)(2), that equals the difference (if any) between:
- ~~(1) the total capital expenditure for that contingent project, as determined by the AER in the first regulatory control period under clause 6A.8.2(e)(1)(ii); and~~
 - ~~(2) the total of the capital expenditure actually incurred (or estimated capital expenditure for any part of the first regulatory control period for which actual capital expenditure is not available) in the first regulatory control period for that contingent project.~~
- (i) The AER must include in any forecast capital expenditure for the *second regulatory control period* which is accepted in accordance with paragraph (c), estimated in accordance with clause 6A.14.1(2)(ii) or substituted in accordance with clause 6A.13.2(b)(4) and (5) (as the case may be), the amount proposed by the Transmission Network Service Provider amount of any unspent capital expenditure calculated in accordance with paragraph (h).

[...]

Insert after clause 6A.7.2:

6A.7.2A NTP cost pass through

- (a) This clause applies where a NTP cost event occurs with respect to a regulatory year (the **previous regulatory year**).
 - (b) If a NTP cost event occurs, a Transmission Network Service Provider must seek a determination by the AER to pass through to Transmission Network Users a NTP cost pass through amount.
 - (c) Where a Transmission Network Service Provider seeks a determination as referred to in paragraph (b), the provider must, within 60 business days of the end of the previous regulatory year, submit to the AER a written statement which specifies:
 - (1) the details of the NTP cost event including whether the event was a negative
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NTP cost event or a positive NTP cost event;

(2) the amount that the provider proposes should be passed through to Transmission Network Users in the regulatory year following the previous regulatory year as a result of the NTP cost event; and

(3) evidence of the increase or decrease in NTP function fees for the regulatory year, as the case may be.

(d) If the AER determines that a NTP cost event has occurred in respect of a statement under paragraph (c), the AER must determine the NTP cost pass through amount.

(e) If the AER does not make the determination referred to in paragraph (d) within 60 business days from the date it receives the Transmission Network Service Provider's statement and accompanying evidence under paragraph (c), then, on the expiry of that period, the AER is taken to have determined that the amount as proposed in the Transmission Network Service Provider's statement under paragraph (c) is the NTP cost pass through amount.

[...]

6A.8 Contingent Projects

6A.8.1A Eligibility for consideration as a contingent project

A contingent project in relation to a revenue determination means:

(a) a proposed contingent project that is determined by the AER, in accordance with clause 6A.8.1(b), to be a contingent project for the purposes of that revenue determination; or

(b) an actionable ISP project for which the trigger event under clause 5.16A.5(a) or (d) ~~(b)~~ has occurred.

6A.8.1 Acceptance of a Contingent Project in a revenue determination

(a) A Revenue Proposal may include proposed contingent capital expenditure, which the Transmission Network Service Provider considers is reasonably required for the purpose of undertaking a proposed contingent project.

(b) The AER must determine that a proposed contingent project is a contingent project if the AER is satisfied that:

(1) the proposed contingent project is reasonably required to be undertaken in order to achieve any of the capital expenditure objectives;

(2) the proposed contingent capital expenditure:

(i) is not otherwise provided for (either in part or in whole) in the total of the forecast capital expenditure for the relevant regulatory control period which is accepted in accordance with clause 6A.6.7(c) or substituted in accordance with clauses 6A.13.2(b)(4) and (5) (as the case may be);

(ii) reasonably reflects the capital expenditure criteria, taking into account the capital expenditure factors, in the context of the proposed contingent project as described in the Revenue Proposal; and

(iii) in the case of a contingent project referred to in clause 6A.8.1A(a), exceeds either \$30 million or 5% of the value of the maximum allowed revenue for the relevant Transmission Network Service Provider for

the first year of the relevant *regulatory control period* whichever is the larger amount;

- (3) the *proposed contingent project* and the *proposed contingent capital expenditure*, as described or set out in the *Revenue Proposal*, and the information provided in relation to these matters, complies with the requirements of any relevant *regulatory information instrument*; and
 - (4) the *trigger events* in relation to the *proposed contingent project* which are proposed by the *Transmission Network Service Provider* in its *Revenue Proposal* are appropriate.
- (c) In determining whether a *trigger event* in relation to a *proposed contingent project* is appropriate for the purposes of subparagraph (b)(4), the *AER* must have regard to the need for a *trigger event*:
- (1) to be reasonably specific and capable of objective verification;
 - (2) to be a condition or event, which, if it occurs, makes the undertaking of the *proposed contingent project* reasonably necessary in order to achieve any of the *capital expenditure objectives*;
 - (3) to be a condition or event that generates increased costs or categories of costs that relate to a specific location rather than a condition or event that affects the *transmission network* as a whole;
 - (4) to be described in such terms that the occurrence of that event or condition is all that is required for the *revenue determination* to be amended under clause 6A.8.2; and
 - (5) to be an event or condition, the occurrence of which is probable during the *regulatory control period*, but the inclusion of capital expenditure in relation to it under clause 6A.6.7 is not appropriate because:
 - (i) it is not sufficiently certain that the event or condition will occur during the *regulatory control period* or if it may occur after that *regulatory control period* or not at all; or
 - (ii) subject to the requirement to satisfy clause 6A.8.1(b)(2)(iii), the costs associated with the event or condition are not sufficiently certain.

6A.8.2 Amendment of revenue determination for contingent project

- (a) ~~Subject to paragraph (a1), a~~^A *Transmission Network Service Provider* may, during a *regulatory control period*, apply to the *AER* to amend a *revenue determination* that applies to that *Transmission Network Service Provider* where:
- (1) for a *contingent project in a revenue determination*, a *trigger event* for a *contingent project* in relation to that *revenue determination* has occurred; or
 - (2) for an *actionable ISP project*, the *trigger event* under clause 5.16A.5 has occurred.
- (a1) An application referred to in paragraph (a) must be made as soon as practicable after the occurrence of the *trigger event*. ~~but cannot be made:~~
- (1) ~~within 90 business days prior to the end of the penultimate regulatory year of the regulatory control period; and~~
 - (2) ~~at any time in the final regulatory year of the regulatory control period.~~
- (b) An application made under paragraph (a) must contain the following information (as applicable):
- (1) an explanation that substantiates the occurrence of the *trigger event*;
-

- (2) a forecast of the total capital expenditure for the *contingent project*;
 - (3) a forecast of the capital and incremental operating expenditure, for each remaining *regulatory year* which the *Transmission Network Service Provider* considers is reasonably required for the purpose of undertaking the *contingent project*;
 - (4) in the case of a *contingent project* referred to in clause 6A.8.1A(a), how the forecast of the total capital expenditure for the *contingent project* meets the threshold as referred to in clause 6A.8.1(b)(2)(iii);
 - (5) the intended date for commencing the *contingent project* (which must be during the *regulatory control period*);
 - (6) the anticipated date for completing the *contingent project* (which may be after the end of the *regulatory control period*); and
 - (7) an estimate of the incremental revenue which the *Transmission Network Service Provider* considers is likely to be required to be earned in each remaining *regulatory year* of the *regulatory control period* as a result of the *contingent project* being undertaken as described in subparagraph (3), which must be calculated:
 - (i) in accordance with the requirements of the *post-tax revenue model* referred to in clause 6A.5.2;
 - (ii) in accordance with the requirements of the *roll forward model* referred to in clause 6A.6.1(b);
 - (iii) using the *allowed rate of return* for that *Transmission Network Service Provider* for the *regulatory control period* as determined in accordance with clause 6A.6.2;
 - (iv) in accordance with the requirements for depreciation referred to in clause 6A.6.3; ~~and~~
 - (v) on the basis of the capital expenditure and incremental operating expenditure referred to in subparagraph (b)(3); ~~and~~
 - (8) if paragraph (n) applies, a forecast of the total capital expenditure and the total incremental operating expenditure for the *contingent project* for the subsequent *regulatory control period*.
- (c) As soon as practicable after its receipt of an application made in accordance with paragraphs (a), (a1) and (b), the *AER* must *publish* the application, together with an invitation for written submissions on the application.
 - (d) The *AER* must consider any written submissions made under paragraph (c) and must make its decision on the application within 40 *business days* from the later of the date the *AER* receives the application and the date the *AER* receives any information required by the *AER* under paragraph (h1). In doing so the *AER* may also take into account such other information as it considers appropriate, including any analysis (such as benchmarking) that is undertaken by it for that purpose.
 - (e) If the *AER* is satisfied that the *trigger event* has occurred, and that the forecast of the total capital expenditure for the *contingent project* meets the threshold as referred to in clause 6A.8.1(b)(2)(iii), it must:
 - (1) determine (as applicable):
 - (i) the amount of capital and incremental operating expenditure, for each remaining *regulatory year* which the *AER* considers is reasonably required for the purpose of undertaking the *contingent project*;
-

- (ii) the total capital expenditure which the *AER* considers is reasonably required for the purpose of undertaking the *contingent project*;
 - (iii) the likely commencement and completion dates for the *contingent project*; ~~and~~
 - (iv) the incremental revenue which is likely to be required by the *Transmission Network Service Provider* in each remaining *regulatory year* as a result of the *contingent project* being undertaken as described in clause 6A.8.2(e)(1)(i) and (ii), such estimate being calculated in accordance with subparagraph (2); and
 - (v) if paragraph (n) applies, the total capital expenditure and the total incremental operating expenditure which the *AER* considers is reasonably required for the purpose of undertaking the contingent project in the subsequent regulatory control period;
- (2) calculate the estimate referred to in subparagraph (1)(iv):
- (i) on the basis of the capital expenditure referred to in subparagraph (1)(i);
 - (ii) to include the incremental operating expenditure referred to in subparagraph (1)(i); and
 - (iii) otherwise in accordance with paragraph (b); and
- (3) amend the relevant revenue determination in accordance with paragraph (h) and if applicable, paragraph (n).
- (f) In making the determinations referred to in subparagraph (e)(1), the *AER* must accept the relevant amounts and dates, contained in the *Transmission Network Service Provider's* application, as referred to in subparagraphs (b)(2) to (7), if the *AER* is satisfied that:
- (1) in the case of a contingent project referred to in clause 6A.8.1A(a), the forecast of the total capital expenditure for the *contingent project* meets the threshold as referred to in clause 6A.8.1(b)(2)(iii);
 - (2) the amounts of forecast capital expenditure and incremental operating expenditure reasonably reflect the *capital expenditure criteria* and the *operating expenditure criteria*, taking into account the *capital expenditure factors* and the *operating expenditure factors* respectively, in the context of the *contingent project*;
 - (3) the estimates of incremental revenue are reasonable; and
 - (4) the dates are reasonable.
- (g) In making the determinations referred to in subparagraph (e)(1) and paragraph (f), the *AER* must have regard to:
- (1) the information included in or accompanying the application;
 - (2) submissions received in the course of consulting on the application;
 - (3) such analysis as is undertaken by or for the *AER*;
 - (4) the expenditure that would be incurred in respect of a *contingent project* by an efficient and prudent operator in the circumstances of the *Transmission Network Service Provider*;
 - (5) the actual and expected capital expenditure of the *Transmission Network Service Provider* for *contingent projects* during any preceding *regulatory control periods*;
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- (6) the extent to which the forecast capital expenditure for the *contingent project* is referable to arrangements with a person other than the *Transmission Network Service Provider* that, in the opinion of the *AER*, do not reflect arm's length terms;
 - (7) the relative prices of operating and capital inputs in relation to the *contingent project*;
 - (8) the substitution possibilities between operating and capital expenditure in relation to the *contingent project*; and
 - (9) whether the capital and operating expenditure forecasts for the *contingent project* are consistent with any incentive scheme or schemes that apply to the *Transmission Network Service Provider* under clauses 6A.6.5, 6A.6.5A, 6A.7.4, 6A.7.5 or 6A.7.6.
- (h) Amendments to a *revenue determination* referred to in paragraph (e)(3) must only vary the determination to the extent necessary:
- (1) to adjust the forecast capital expenditure for the relevant ~~at~~ *regulatory control period* to accommodate the amount of capital expenditure determined under subparagraphs (e)(1)(i) or (e)(1)(v) (in which case the amount of that adjustment will be taken to be accepted by the *AER* under clause 6A.6.7(c));
 - (2) to adjust the forecast operating expenditure for the relevant ~~that~~ *regulatory control period* to accommodate the amount of incremental operating expenditure determined under subparagraphs (e)(1)(i) or (e)(1)(v) (in which case the amount of that adjustment will be taken to be accepted by the *AER* under clause 6A.6.6(c)); and
 - (3) to reflect the effect of any resultant increase in forecast capital and operating expenditure on:
 - (i) the *maximum allowed revenue* for each *regulatory year* in the remainder of the relevant *regulatory control period*; and
 - (ii) the X factor for each *regulatory year* in the remainder of the relevant *regulatory control period*.
- (h1) A *Transmission Network Service Provider* must provide the *AER* with such additional information as the *AER* requires for the purpose of making a decision on an application made by that *Transmission Network Service Provider* under paragraph (a) within the time specified by the *AER* in a notice provided to the *Transmission Network Service Provider* by the *AER* for that purpose.

Extension of time limit

- (i) If the *AER* is satisfied that amending a *revenue determination* under subparagraph (e)(3) and paragraph (h) or if paragraph (n) applies, determining the total capital expenditure and the total incremental operating expenditure under subparagraph (e)(1)(v), involves issues of such complexity or difficulty that the time limit fixed in paragraph (d) should be extended, the *AER* may extend that time limit by a further period of up to 60 *business days*, provided that it gives written notice to the *Transmission Network Service Provider* of that extension no later than 10 *business days* before the expiry of that time limit.
 - (j) If the *AER* extends the time limit under paragraph (i), it must make available on its website a notice of that extension as soon as is reasonably practicable.
 - (k) Subject to paragraph (k3), if the *AER* gives a written notice to the *Transmission Network Service Provider* stating that it requires information from an *Authority* in order to make a decision on an application made by the *Transmission Network*
-

Service Provider under paragraph (a) then, for the purpose of calculating elapsed time, the period between when the *AER* gives that notice to the *Transmission Network Service Provider* and when the *AER* receives that information from that *Authority* is to be disregarded.

- (k1) Subject to paragraph (k3), if the *AER* gives a written notice to the *Transmission Network Service Provider* stating that, in order to make a decision on an application made by the *Transmission Network Service Provider* under paragraph (a), it requires information from a judicial body or royal commission then, for the purpose of calculating elapsed time, the period between when the *AER* gives that notice to the *Transmission Network Service Provider* and when that information is made publicly available is to be disregarded.
- (k2) Where the *AER* gives a notice to the *Transmission Network Service Provider* under paragraph (k) or (k1), it must:
 - (1) as soon as is reasonably practicable make available on its website a notice stating when the period referred to in paragraph (k) or (k1), as the case may be, has commenced;
 - (2) as soon as is reasonably practicable make available on its website a notice stating when the period referred to in paragraph (k) or (k1), as the case may be, has ended; and
 - (3) if the information specified in that notice is required from an *Authority*, promptly request that information from the relevant *Authority*.
- (k3) Paragraphs (k) and (k1) do not apply if the *AER* gives the notice specified in those paragraphs to the *Transmission Network Service Provider* later than 10 *business days* before the expiry of the time limit fixed in paragraph (d).

Amendment of revenue determination

- (l) Except where paragraph (m) or (n) applies, if the *AER* amends a *revenue determination* under paragraph (h), that amendment must take effect from the commencement of the next *regulatory year*.
 - (m) Except where paragraph (n) applies, if a *Transmission Network Service Provider* submits an application under paragraph (a) within 90 *business days* of the end of a *regulatory year* ~~(where this is permitted in accordance with paragraph (a1))~~, an amendment to the *revenue determination* must take effect from the second *regulatory year* that commences after the application is submitted.
 - (n) If a *Transmission Network Service Provider* submits an application under paragraph (a) in the final *regulatory year* of a *regulatory control period* or during the last 90 *business days* of the penultimate *regulatory year* of the *regulatory control period* and the *AER* makes a determination under subparagraph (e)(1)(v), then the *AER* must within 6 months following the making of the *revenue determination* for the subsequent *regulatory control period*, amend that *revenue determination*:
 - (1) with effect from the second *regulatory year* of that subsequent *regulatory control period* in accordance with paragraphs (h) and (n);
 - (2) to include the incremental revenue which is likely to be required by the *Transmission Network Service Provider* in each *regulatory year* (other than the first *regulatory year*) as a result of the *contingent project*, such estimate being calculated on the basis of:
 - (A) the amounts determined under subparagraph (e)(1)(v);
-

- (B) paragraph (b)(7) applying in respect of the subsequent *regulatory control period*; and
- (C) providing the *Transmission Network Service Provider* with the time cost of money based on the *allowed rate of return* for the provider for the relevant *regulatory control period* arising from the delay in the amendment of the current and/or subsequent *revenue determination*.

Amendments to other Chapters

Clause 2.11.1 Development of Participant fee structure

In clause 2.11.1(c)(5A), omit and insert the following:

“*NTP function fees to recover AEMO’s budgeted revenue requirement as described in clause 2.11.3(b)(4A), such fees to be allocated to Transmission Network Service Providers;*”

Clause 3.11.3 Acquisition of Network Support and Control Ancillary Service

In clause 3.11.3, omit “*an NTNDP*” and substitute “*a NSCAS report*”.

Clause 3.11.4 Guidelines and objectives for acquisition of network support and control ancillary services

Omit entire clause and substitute “3.11.4 [Not used]”

[Drafting note - relocated to rule 5.20]

Rule 3.7C Energy Adequacy Assessment Projection

In clause 3.7C(b)(6)(B), omit “*NTNDP*” and substitute “*Integrated System Plan*”.

Rule 3.14A Payment of compensation due to market suspension pricing schedule periods

In clauses 3.14.5(e), (h), (j) and (k), omit “*NTNDP inputs*” and substitute “*inputs published in the ISP database*”.

Clause 4A.B.5 AER Forecasting Best Practice Guidelines

Insert following note at the end of the clause:

Note:

The Forecasting Best Practice Guidelines must also take into account and provide guidance for those matters referred to under clause 5.22.5(i) to (k) of the *Rules*.

Clause 5.1A.1 Purpose and application

In clause 5.1A.1(f)(4), omit ‘5.16.5’ and substitute ‘5.16B’

In clause 5.1A(f1)(3), omit ‘5.16.5’ and substitute ‘5.16B’

Clause 5.13.3 Review of costs thresholds

In clause 5.15.3(b)(5), add “and clause 5.16A.4(n)(3)” at the end of the clause.

Clause 5.15.1 Interested parties

In clause 5.15.1, add ‘5.16A.4’ after ‘5.16.4’ and omit ‘5.16.5’ and substitute

‘5.16B’

Clause 5.15.4 Cost determinations

In clause 5.15.4(a), omit ‘5.16.5’ and substitute ‘5.16B’ and omit 5.16.6

Clause 5.19.4 Content of SENE Design and Costing Study

In clause 5.19.4(c), omit ‘*NTNDP*’ and substitute ‘*Integrated System Plan*’.

Clause 5.20B.1 Boundaries of inertia sub-networks

In clause 5.10B.1(f), omit ‘*NTNDP*’ and substitute ‘*Inertia Report*’.

Clause 5.20B.2 Inertia requirements

In clause 5.10B.2(c), omit ‘*NTNDP*’ and substitute ‘*Inertia Report*’.

Clause 5.20C.1 System strength requirements

In clause 5.20C.1(c), omit ‘*NTNDP*’ and substitute ‘*System Strength Report*’.

Clause 6A.6.6 Forecast operating expenditure

In clause 6A.6.6(e)(11) omit ‘*NTNDP*’ and substitute ‘*Integrated System Plan*’.

Clause 6A.6.7 Forecast capital expenditure

In clause 6A.6.7(e)(11) omit ‘*NTNDP*’ and substitute ‘*ISP*’.

Clause 6A.10.1 Submission of proposal, pricing methodology and information

In clause 6A.10.1(f) omit ‘*NTNDP*’ and substitute ‘*Integrated System Plan*’.

Clause 8.2.1 Application and guiding principles

In clause 8.2.1(h)(13), omit ‘5.16.5’ and substitute ‘5.16B.’

Chapter 10 Definitions

In definition of ‘inertia requirements methodology’, omit ‘5.20.1(a)(3)’ and substitute ‘5.20.3(b)’.

In definition of ‘interested party’, paragraph (b), add ‘5.16A.4’ after ‘5.16.4’ and omit ‘5.16.5’ and substitute ‘5.16B’.

In definition of ‘system strength requirements methodology’, omit ‘5.20.1(a)(3)’ and substitute ‘5.20.5(a)’.

[1] Chapter 11 New Part ZZZ[x]

In Chapter 11, after Part ZZZ[x], insert:

Part ZZZ[x] Integrated System Plan Rules

11.xx Rules consequential on the making of the National Electricity Amendment (Integrated System Plan) Rule 2019

11.xx.1 Definitions

In this rule 11.xx:

2020 Integrated System Plan means the Integrated System Plan published by *AEMO* in 2020.

~~**actionable ISP project** has the meaning given under clause 5.10.2 of the Amending Rule.~~

Amending Rule means the National Electricity Amendment (Integrated System Plan) Rule 2019.

Annual Reports means the *NSCAS Report*, *Inertia Report* and the *System Strength Report*.

commencement date means 30 June 2020.

existing project means a project for which a project specification consultation report has been prepared and has been made available to relevant persons under clause 5.16.4 before the commencement date.

existing actionable ISP project means each of the following projects:

- (a) Queensland – New South Wales Interconnector (QNI) as described in the TransGrid and Powerlink project specification consultation report dated November 2018;
- (b) Victoria – New South Wales Interconnector (VNI Upgrade) as described in the *AEMO* and TransGrid project specification consultation report dated November 2018;
- (c) New South Wales Southern Shared Network (HumeLink) as described in the TransGrid project specification consultation report dated June 2019;
- (d) Tasmania – Victoria Interconnector (Marinus Link) as described in the TasNetworks project specification consultation report dated July 2018; and
- (e) Victoria – New South Wales Interconnector (VNI West) as described in the *AEMO* and TransGrid project specification consultation report dated []

(f) South Australia – New South Wales (Project Energy Connect) as described in the Electranet project assessment conclusions report dated 13 February 2019

existing contingent project trigger means a *trigger event* for a *contingent project* in a *revenue determination* made before the commencement date.

existing RIT-T proponent means the RIT-T proponent for an existing actionable ISP project or existing project.

former clause 3.11.4 means clause 3.11.4 as in force immediately prior to the commencement date.

former clause 5.16.6 means clause 5.16.6 as in force immediately prior to the commencement date.

new clause 5.16A.5 means clause 5.16A.5 of the Amending Rule in operation on and from the commencement date.

NSCAS, inertia and system strength methodologies means the NSCAS description and NSCAS quantity procedure published under former clause 3.11.4, the *inertia requirements methodology* and the *system strength requirements methodology*.

project assessment conclusions report means the report that a RIT-T proponent must prepare, make available to all *Registered Participants*, *AEMO* and *interested parties* and *publish* under clause 5.16.4(t).

project assessment draft report means the report that the RIT-T proponent must prepare and make available to all *Registered Participants*, *AEMO* and *interested parties* under clause 5.16.4(j).

project specification consultation report means the report that the RIT-T proponent must prepare under clause 5.16.4(b) and make available to all *Registered Participants*, *AEMO* and other *interested parties* under clause 5.16.4(c).

11.xx.2 2020 Integrated System Plan and existing ISP projects

- (a) The 2020 Integrated System Plan is deemed to have been prepared, consulted on and published in accordance with the *Rules* as amended by the Amending Rule.
- (b) An existing actionable ISP project is deemed to be an *actionable ISP project* under the 2020 Integrated System Plan in accordance with the *Rules* as amended by the Amending Rule.

11.xx.3 Existing actionable ISP projects

- (a) If, at the commencement date, an existing RIT-T proponent for an existing actionable ISP project or an existing project:
 - (1) has *published* a project assessment conclusions report in

accordance with clause 5.16.4(t); and

- (2) requested that the *AER* make a determination under former clause 5.16.6 and the *AER* has not yet made a determination,

then, former clause 5.16.6 continues to apply to that request for that project.

- (b) If, at the commencement date, an existing RIT-T proponent for an existing actionable ISP project:

- (1) has *published* the project assessment conclusions report in accordance with clause 5.16.4(t) (including where the existing RIT-T proponent has reapplied the RIT T in accordance with clause 5.16.4(z3)); and
- (2) has not yet requested the *AER* to make a determination under former clause 5.16.6,

then:

- (3) rule 5.16 applies (as amended by the Amending Rule) (but not former clause 5.16.6) to that existing actionable ISP project; and
- (4) the existing RIT-T proponent may (but is not required to) obtain written confirmation or advice from AEMO under clause 5.16A.5(b) in respect of the existing actionable ISP project.

new clause 5.16A.5 applies to that existing actionable ISP project and, to avoid doubt, former clause 5.16.6 does not apply.

- (c) If, at the commencement date, an existing RIT-T proponent for an existing actionable ISP project has prepared and made available to relevant persons the project assessment draft report in accordance with clause 5.16.4(j), then:

- (1) rule 5.16 applies (as amended by the Amending Rule) (but not former clause 5.16.6) to that existing actionable ISP project; and
- (2) the existing RIT-T proponent may (but is not required to) obtain written confirmation or advice from *AEMO* under clause 5.16A.5(ba) in respect of the existing actionable ISP project.

- (d) If, at the commencement date:

- (1) an existing RIT-T proponent for an existing actionable ISP project has prepared and made available the project specification consultation report to relevant persons in accordance with clause 5.16.4(c) and has not yet been prepared and made available a project assessment draft report in accordance with clause 5.16.4(j); and
- (2) the *identified need* specified in the project specification

consultation report is also an *identified need* specified in the 2020 Integrated System Plan,

then the existing RIT-T proponent may elect that rule 5.16 applies (as amended by the Amending Rule) (but not former clause 5.16.6) to that existing actionable ISP project. If the existing RIT-T proponent does not make an election under this paragraph (d), then, subject to paragraph (e), new rule 5.16A applies to that existing actionable ISP project.

- (e) If paragraph (d) applies and the existing RIT-T proponent does not make an election under that paragraph, then the existing RIT-proponent must in the project assessment draft report published under clause 5.16A.4(d) (in addition to requirements under clause 5.16A.4(e)) address all submissions made by *Registered Participants*, *AEMO* and *interested parties* on issues raised in submissions to the project specification consultation report.
- (f) If an existing RIT-T proponent for an existing actionable ISP project is required to reapply the RIT-T in accordance with clause 5.16.4(z3), then the existing RIT-T proponent may elect that rule 5.16 applies (as amended by the Amending Rule) (but not former clause 5.16.6) to the re-application of the RIT-T to that existing actionable ISP project. If the existing RIT-T proponent does not make an election under this paragraph (f), then new rule 5.16A applies to the re-application of the RIT-T to that existing actionable ISP project.

11.xx.3A Existing contingent project triggers

If an existing contingent project trigger requires a determination under former clause 5.16.6, that requirement does not need to be satisfied in order for the existing contingent project trigger to have occurred.

11.xx.4 Cost Benefit Analysis Guidelines

- (a) By the commencement date, the *AER* must develop and publish on its website the first Cost Benefit Analysis Guidelines required under clause 5.22.5(a) and in doing so must comply with the *Rules consultation procedures*.
- (b) If, prior to the commencement date, and for the purposes of developing the Cost Benefit Analysis Guidelines in anticipation of the Amending Rule, the *AER* undertook consultation or steps equivalent to that as required in the *Rules consultation procedures*, then that consultation or steps undertaken is taken to satisfy the equivalent consultation or steps under the *Rules consultation procedures*.

11.xx.5 Forecasting Best Practice Guidelines

- (a) By the commencement date, the *AER* must amend the Forecasting Best Practice Guidelines in accordance with clause 5.22.5(i) to (k) and in doing so must comply with the *Rules consultation procedures*.

- (b) If prior to the commencement date and for the purposes of amending the Forecasting Best Practice Guidelines in anticipation of the Amending Rule, the *AER* undertook consultation or steps equivalent to that as required in the *Rules consultation procedures*, then that consultation or steps undertaken is taken to satisfy the equivalent consultation or steps under the *Rules consultation procedures*.

11.xx.6 Methodologies and reports

- (a) The NSCAS, inertia and system strength methodologies are each deemed to have been prepared, consulted on and published in accordance with the *Rules* as amended by the Amending Rule.
- (b) If, prior to the commencement date and for the purposes of preparing and publishing the Annual Reports in anticipation of the Amending Rule, *AEMO* undertook consultation or steps, then the consultation or steps undertaken is taken to satisfy the equivalent consultation or steps for the purposes of preparing and publishing the Annual Reports in accordance with the *Rules* as amended by the Amending Rule.