

30 April 2007

Dr John Tamblyn
Chairman
Australian Energy Market Commission
PO Box H166
Australia Square NSW 1215

By email: submissions@aemc.gov.au

Dear John,

Re: Draft National Electricity Amendment (Abolition of Snowy Region) Rule 2007

Thank you for the opportunity to provide this submission to the AEMC determination process on the proposed abolition of the Snowy region.

NEMMCO wrote to the AEMC on 5 March 2007 indicating that the proposed 4 November 2007 implementation date was not feasible, and suggested an alternative feasible date of 1 July 2008. Rather than reiterate the points raised in our 5 March letter, NEMMCO asks that the AEMC refer to that letter and regard it as part of the NEMMCO submission to the AEMC on the proposed abolition of the Snowy region.

Further to our letter dated 5 March, NEMMCO would like to provide the following comments.

Final Determination Timing

The project work as defined in the timetable outlined in the letter dated 5 March 2007 has been commenced with the required generic developments but the timeline assumed the specific boundary change details would have been known by the end of June 2007. This is the time that the specific work needs to commence on converting the large number of constraint equations for the new boundary configuration. If the final decision on which boundary changes are to be implemented is delayed significantly beyond the end of June 2007, then NEMMCO will need to commence the constraint work on the assumption that the final determination will be as proposed in the draft determination.

Any delays beyond June 2007 in commencing the constraint work will put at risk, NEMMCO's ability to meet the 1 July 2008 implementation date. Commencing the constraint work prior to a final determination carries the risk that NEMMCO might carry out substantial work on constraint modifications which could subsequently prove to be unnecessary.

Boundary Location Details

In the draft determination the Commission has asked for comment on:

- the boundary location details, including which end of the relevant transmission lines the boundary should be located; and
- the allocation of connection points for Guthega Power Station and Jindabyne Pumping Station.

NEMMCO recommends that the new regional boundary align with the current boundary between Victoria and New South Wales to the extent reasonably practicable to minimise the reconfiguration required to the National Electricity Market systems.

Regarding the location of Guthega Power Station, NEMMCO notes that the normal switching arrangement is for Guthega Power Station to connect via the Murray Switching Station. In fact, NEMMCO records indicate that during 2006, Guthega Power Station was connected via Murray Switching Station for 80% of the time. NEMMCO also notes that TransGrid's operating procedure requires that the 132 kV line from Guthega Power Station to Munyang is normally open at Guthega.

NEMMCO recommends that since both Guthega Power Station and Jindabyne Pumping Station are effectively connected to Murray Switching Station, they should both be located in the new Victorian region.

The proposed new boundary will pass through the Murray to Tumut lines, which are currently within the Snowy region. NEMMCO recommends that the boundary on the Murray to Tumut lines be located at the end closer to the Victorian region (Murray end). This is to achieve consistency of approach with the boundary points on the Wodonga to Jindera and the Red Cliffs to Buronga lines, where the boundary points are both at the end closer to Victoria.

Specifically, NEMMCO recommends the following boundary for the new Victoria to New South Wales regional boundary:

- At Wodonga Terminal Station on the Wodonga to Jindera 330kV line (existing boundary point);
- At Red Cliffs Terminal Station on the Red Cliffs to Buronga 220kV line (existing boundary point);
- At Guthega on the 0979 Guthega to Munyang 132kV line (existing boundary point);
- At Murray Switching Station on the MSS to Upper Tumut 330kV line (new boundary point);
- At Murray Switching Station on the MSS to Lower Tumut 330kV line (new boundary point).

The constraint development work due to commence in June 2007 in order to achieve the 1 July 2008 implementation date will need the boundary to be defined. If the definition is not determined prior to constraint development commencement NEMMCO would have no alternative other than to assume the above. Later changes will most likely impact implementation.

Revenue Metering

NEMMCO understands that the Murray to Tumut lines have revenue quality metering at both ends, so there should be no need to rely on SCADA metering for these lines when they become part of the interconnection between the Victorian and New South Wales regions. Given that the other lines forming the new interconnection between Victoria and New South Wales already form part of the existing interconnections between Victoria – Snowy and Snowy – New South Wales, these lines also have existing revenue metering.

NEMMCO has become aware of one issue associated with revenue metering on the existing Snowy – New South Wales interconnection. Recent annual energy flow from Snowy to New South Wales has exceeded 1000 GWh which is the threshold for upgrading the revenue metering from type 2 to type 1 metering. This is a substantial project in itself, and NEMMCO is currently discussing the matter further with the relevant TNSP. This issue does not arise out of the proposal to abolish the Snowy region, but is something that will need to be managed in parallel with any changes to the regional boundaries.

Rule Changes

In consideration of the proposed Rule changes, NEMMCO offers the following comments:

The proposed clauses 3.5.6(b) and (c) specify the location names for regional reference nodes. The name of each regional reference node is not a defined term in the Rules. NEMMCO recommends that reference should merely be made to "the *regional reference node* located in the Snowy *region*" etc.

NEMMCO notes that the current definition of 'Sydney Time' needs to be retained in the Rules as this is used by NEMMCO for settlements purposes.

NEMMCO would suggest that the terms that are defined for the purposes of the transitional provisions are highlighted in such a way that they are not also defined terms under the Rules.

Savings and Transitional Amendments

NEMMCO acknowledges that the AEMC had proposed a number of savings and transitional amendments which in part, were intended to enable an accelerated implementation. If the implementation is deferred to 1 July 2008, a number of these will no longer be necessary including:

1. 11.X.8(2) – transitional regions publication;
2. 11.X.12(2) – transitional loss factor publication;

If the extended timetable is accepted, there would be less need for NEMMCO to rely on some of the savings and transitional amendments. However, NEMMCO would recommend that the savings and transition amendments are retained, subject to appropriate changes to reflect the revised transition date, to ensure that the transition to the new regional structure is able to be implemented efficiently, and to assist in achieving a smooth transition.

Snowy Restricted Bidder Clause

Once the Snowy region has been abolished, NEMMCO believes that the Snowy restricted bidder clause 3.18.2(h) needs to be either deleted, or amended to reflect the new interconnectors.

Please feel free to contact me if you require any clarification or further information.

Yours sincerely,

A handwritten signature in blue ink that reads "Brian Spalding".

Brian Spalding
Chief Operating Officer