

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

Dear Dr Tamblyn

[e-mail - submissions@aemc.gov.au](mailto:submissions@aemc.gov.au)

**TransGrid Submission to AEMC on National Electricity Amendment
(Region Boundaries) Rule 2006**

TransGrid would like to thank you for the opportunity to comment on this important consultation. This non-confidential submission outlines TransGrid's current position.

In responding to this particular consultation, TransGrid notes the number of concurrent inter-related Rule change proposals on transmission congestion management (eg Snowy Hydro and Macquarie Generation), and the commencement of the AEMC *Congestion Management Review Issues Paper* (AEMC Paper) consultation released on 3 March 2006. In this context it would appear reasonable for the AEMC to determine that, in the 'public interest', these concurrent consultations could be partly or fully 'rolled into' a single review. In this regard the deadline of September 2006 for a Final Report on the MCE directed Congestion Management Review would appear to be a reasonable time frame for a consolidated outcome.

In relation to this particular consultation, TransGrid generally supports the view of the MCE that the regional structure of the wholesale market should be:

- stable, with robust economic criteria to support incremental changes *where warranted*;
- consistent with the criteria applicable for NEM transmission investment assessments (eg Regulatory Test, Annual National Transmission Statements, and the envisaged Last Resort Planning Power); and
- unchanged, unless these changes are demonstrably in alignment with the overriding NEM Objective.

Given the desire to promote investment certainty and clarity in the NEM, TransGrid supports any proposal that gives clear and unequivocal advanced notice of any boundary changes as it would allow participants to adjust their commercial positions accordingly. This would also allow NEMMCO sufficient time to address potential transmission loss factor and constraint equation reconfigurations, among other operational matters.

TransGrid also agrees with the stated MCE position that, "... *regional boundary changes should only occur where material congestion is enduring and investment solutions have not been forthcoming*" (Attachment A, page 2), and that the AEMC explore all possible boundary change options available. Such a position is likely to prevent the adoption of any substantive changes, staged or otherwise, to existing arrangements, without a full and proper economic assessment.

I trust these comments are of assistance to you. Should you wish to discuss any of these matters further, please feel free to contact me on (02) 9284-3434 or via email: phil.gall@transgrid.com.au

Yours sincerely

Phil Gall 10/3/2006

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