



ElectraNet Pty Limited

ABN 41 094 482 416

ACN 094 482 416

PO Box 7096

Hutt Street Post Office

Adelaide 5000 South Australia

T (08) 8404 7966

F (08) 8404 7956

W www.electranet.com.au

M m.electranet.com.au

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Dr Paul Kerin
Chief Executive Officer
Essential Services Commission of SA
GPO Box 2605
Adelaide SA 5001

Dear Paul

re: Review of the Electricity Transmission Code – Draft Decision

ElectraNet welcomes the opportunity to comment on the matters raised in the Draft Decision of the Review of the Electricity Transmission Code.

ElectraNet is generally supportive of the proposed positions adopted in the Draft Decision and has a number of specific areas of concern which are highlighted below.

Issue 5 - Timeframe to remedy exit point reliability breaches

ElectraNet acknowledges that the proposed changes to clause 6.3.1 and the introduction of the new clause 2.11 will provide additional clarity as to the Commission's expectations for the time to remedy forecast or actual breaches. As noted in the Draft Decision this will generally provide a clearer trigger for funding to be received via the periodic revenue determinations issued by the AER.

However, ElectraNet is concerned that the requirement to satisfy the reliability standard for significant new drop-in loads within three years may not be achievable where the construction of significant transmission lines is required given the lead times involved in investments of this magnitude; such as would be required to satisfy major new loads on the Eyre Peninsula.

The Code should therefore recognise that there will still be circumstances which challenge the achievement of these timeframes, particularly where large scale augmentations involving long project lead times are required to meet step load increases.

Issue 7 - Planning

Proposed clause 6.4.1 would make ElectraNet solely responsible for the delivery of both transmission and distribution components of any augmentation required to achieve the standards in the Code. This reflects the position the Commission has previously articulated.

ElectraNet remains strongly of the view that where the application of the applicable regulatory test identifies a distribution solution as the most cost effective that solution must be progressed by the DNSP.

In the absence of any specific obligation on the DNSP to comply with the timing requirements of the Code, there is no clear ability on the part of the TNSP to enforce the implementation of the distribution works, nor for the TNSP to recover these charges through network support pass through under the Rules (the scope of which is limited to non-network solutions).

The joint planning provision must recognise that where the most economically feasible option is a combination of transmission and distribution components then that option must be funded and delivered by the respective parties on a regulated basis, consistent with the intent of the joint planning arrangements under the Rules. This will ensure that least cost solutions are delivered, and that consumers are not faced with the prospect of additional costs if distribution solutions are delivered on a non-regulated basis.

ElectraNet would welcome further discussion with Commission on the manner in which these arrangements are implemented to ensure that the Commission's intent is satisfied while ensuring that all costs associated with the provision of the appropriate network solution are efficient and able to be recovered on a regulated basis by the TNSP and/or DNSP as appropriate.

Issue 8 - Limitation on supply from non-network support

ElectraNet supports the lifting of the current limit on the level of network support that can be recruited to meet reliability standards, to enable economic assessment of all viable solutions to network limitations.

It is clear from the drafting of clause 2.12.1 that the equivalent capacity must have 95% availability where the level of contracted demand is up to 120% of the installed transformer or line capacity, and that an incremental increase in demand beyond 120% would require the entire equivalent capacity to be provided at the equivalent availability to the relevant line and/or transformer. This could clearly result in a substantial increase in the volume and cost of network support required to meet the higher reliability requirement for the entire load, once the 120% threshold is crossed. ElectraNet will proceed to evaluate options on this basis.

Issue 12 - New connection points

The current wording of clause 2.12.1 suggests that ElectraNet must make a recommendation to the Commission on the appropriate categorisation of all new connection points including entry points, yet clauses 2.3 and 2.4 clearly only apply to exit points.

ElectraNet remains concerned with the current wording of this clause and recommends that the Commission adopts the amendment to clause 2.12.1 proposed by AEMO to provide clarity.

ElectraNet would welcome the opportunity to discuss these issues with the Commission.
Please direct any enquiries in the first instance to Bill Jackson on (08) 8404 7969.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Rainer Korte".

Rainer Korte
Executive Manager Network Strategy and Regulatory Affairs