



General Manager
Regulatory Affairs – Electricity
Australian Competition and Consumer Commission
PO Box 1199
DICKSON ACT 2602

201 Elizabeth Street (cnr Park St)
PO Box A1000 Sydney South
New South Wales 1235 Australia
Facsimile (02) 9284 3456
Telephone (02) 9284 3000
Web <http://www.transgrid.com.au>
DX1122 Sydney

Facsimile: (02) 6243 1260

Attention: Mr Alex Georgievski

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Dear Mr Georgievski

TransGrid Submission – Changes to bidding and rebidding rules: “Applications for Authorisation Nos: A90797, A90798, A90799 – Draft Determination”

Thank you for the opportunity for TransGrid to comment on the above document. Whilst the overall issue has primarily had a generator, customer and retailer focus, it would be remiss of TransGrid not to take this final opportunity to raise a number of brief points in relation to the increased role of the Reliability Panel envisaged by the Australian Competition and Consumer Commission (ACCC) in the current conditions of authorisation (in particular C4).

TransGrid is of the opinion that some of the current conditions of authorisation in C4 have the explicit scope to place additional responsibilities upon the current Reliability Panel (the Panel). TransGrid would caution the ACCC as to whether it is appropriate for the ACCC to be giving the Reliability Panel the following functions:

- Establishing “guiding principles and guidelines that determine how NEMMCO should maintain system security while keeping the cost of ancillary services to an acceptable level; and
- The ability to revise network constraints”.

The Market and System Operator Review Committee (MSORC) established by the jurisdictions recommended that the Reliability Panel be given an enhanced role, but only after the Governance and membership of the Panel has been reconstituted. The Committee decided that this was a matter to be resolved by the jurisdictions. This is appropriate, given that Government will ultimately be held accountable for reliability. In the table below, recommendations from the MSORC Reports 1 and 2 have been included for your reference.

MSORC Report 1 Recommendations	
Number	Comments
13.	The jurisdictions should re-activate the NEM Governance Review process to address the policy and governance related concerns identified in this report that have frustrated the MSORC’s efforts to develop a clear and sustainable allocation of system security and system operations responsibilities and accountabilities for the NEM. In particular, the jurisdictions should address: <ul style="list-style-type: none"> • The role, membership and governance of the Reliability Panel; • NEMMCO governance and its accountability to participants and the community; and • The role and financial accountabilities of TNSPs in the NEM.
21.	To the extent that the technical standards that are currently set by NEMMCO need to be retained, those standard-setting powers should be transferred to an independent body, presumably a reconstituted Reliability Panel.

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Number	Comments
22.	The reconstituted Reliability Panel, in conjunction with the jurisdictions and after consulting with market participants and other stakeholder groups, should determine a practical, cost-effective and measurable minimum performance standard for NEMMCO's operation of the real time spot market during times of system stress and supply emergencies that is consistent with the market and Code objectives, and NEMMCO should be required to report its actual performance against that standard immediately following each such emergency.
37.	<p>The governance of the Reliability Panel should be overhauled and its membership modified to ensure that it is:</p> <ul style="list-style-type: none"> • More a representative body of the users of electricity industry products and services and less of the industry itself; • Perceived to be at arms length from the industry and the NECA and NEMMCO Boards and more directly accountable to the participating jurisdictions; • Still required under the Code to operate in an open and transparent manner; and • Independently funded and adequately resourced to undertake its allocated functions and responsibilities, with a truly independent person who has no affiliations with any of the Code participants chairing the Panel.
MSORC Report 2 Recommendations	
6.	All the COMMDC related standards that are needed for the effective operation of the market and the power system should be set by an independent body such as a reconstituted Reliability Panel.

TransGrid is also extremely concerned about the Reliability Panel involving itself in network constraints. Accountability for transmission performance is already confused with NEMMCO, TNSPs and MNSPs all involved. The proposal to involve the Reliability Panel only makes accountability more confused.

Finally, allocating the control over the review and subsequent reporting on the way NEMMCO has used its new powers and whether the more relaxed standard of system security has led to market benefits over all, to NECA may not be appropriate at this time, given that the jurisdictions are reviewing Governance and Regulatory arrangements in the NEM.

Should you have any queries about any matters raised in this submission, please contact me on (02) 9284 3434.

Yours faithfully

Philip Gall 20/9/02

Philip Gall
Manager/Regulatory Affairs