

## APPENDIX 5

Jurisdictional regulatory arrangements for this review

## JURISDICTIONAL REGULATORY ARRANGEMENTS FOR THIS REVIEW

Transend is licensed by the Regulator in Tasmania to operate the electricity transmission system in Tasmania.

Tasmania became a participating jurisdiction in the NEM in May 2005. From that date, Transend has been subject to the wide range of obligations in the National Electricity Law, related regulations, the National Electricity Rules and guidelines issued by the AER and NEMMCO.

In the NEM, the Regulator in Tasmania remains as licensing regulator with continued responsibilities under the Electricity Supply Industry Act 1995 (ESI Act).

### Tasmanian regulatory instruments

The ESI Act sets out arrangements for the Tasmanian electricity supply industry, including responsibilities of the Regulator; definitions of the transmission system; and required minimum licence conditions.

In addition to the ESI Act, Transend is subject to industry specific Tasmanian legislation and regulatory instruments including:

- Electricity Industry Safety and Administration Act 1997;
- Electricity Companies Act 1997;
- Electricity Supply Industry Restructuring (Savings & Transitional Provisions) Act 1996;
- Electricity Wayleaves and Easements Act 2000;
- Energy Ombudsman Act 1998;
- Tasmanian Electricity Code (TEC);
- Transmission Licence; and
- Guidelines issued by the Regulator.

The TEC required the Regulator to establish the Reliability and Network Planning Panel (RNPP). The role of the RNPP is detailed in clauses 12.6.1 and 12.6.2 of the TEC, and includes monitoring performance of the industry in terms of reliability of the power system; determining Tasmanian frequency operating standards; and developing jurisdictional transmission planning criteria.

In June 2006 the RNPP submitted its report to the Regulator making recommendations for transmission network security and planning criteria to apply in Tasmania. The jurisdiction implemented regulations through the ESI Act that are based on the recommendations of the RNPP. Transend's capital and operating expenditure plans take proper account of the obligations under its transmission licence, including the jurisdictional network performance requirements detailed in Appendix 6.

## Transmission licensing requirements

Transend is licensed by the Regulator to undertake the transmission of electricity and operate its transmission system. Transend's licence includes the following requirements:

- complying with the ESI Act, Rules and the TEC;
- paying fees and charges and providing information to the Regulator;
- developing and submitting to the Regulator management plans, including: asset management (including reliability and performance of the transmission system); vegetation management and emergency management;
- developing and submitting to the Regulator a compliance plan;
- developing, maintaining and implementing an emergency management plan in accordance with any guideline issued by the Jurisdictional System Security Coordinator;
- providing information and assistance to the RNPP;
- preparing reports and participating in independent appraisals;
- procuring all network augmentations or other works or services that are shown to satisfy the regulatory test;
- planning, proposing and procuring augmentations required to meet Transend's service obligations, including obligations imposed by jurisdictional transmission planning criteria;
- retaining residual power system security management capability; and
- publish an Annual Planning Statement that provides such information and analysis as may be specified by the Regulator in any Guideline.

## Planning Responsibilities in Tasmania

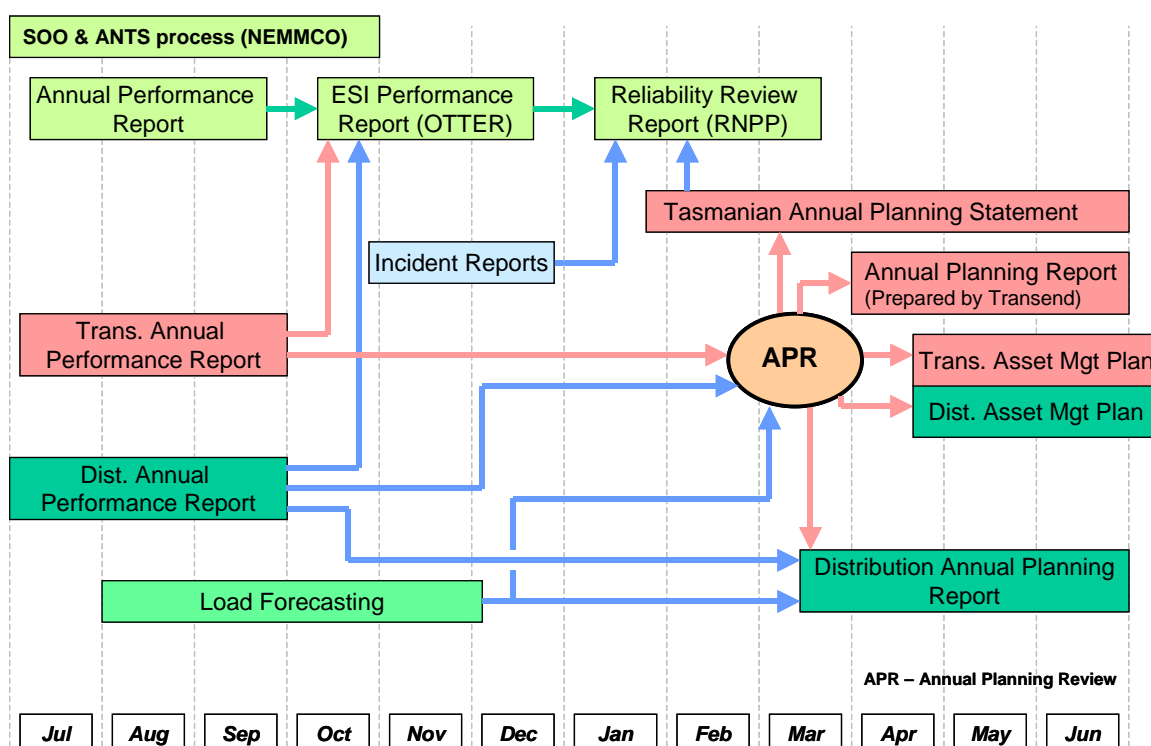
Transend has responsibility for network planning in Tasmania in accordance with chapter 5 of the Rules and is responsible for preparing and publishing the Annual Planning Report (APR) for transmission networks in Tasmania. Under its licence Transend is also required to prepare the Tasmanian Annual Planning Statement (TAPS), which among other things describes constraints within Tasmania, and forecasts the ability of the transmission system and available generation to meet the forecast power transfer and forecast load over a 10-year period. The TAPS and APR requirements are met in a single document.

Transend is the nominated Jurisdictional Planning Body and Tasmania's representative on the Inter-Regional Planning Committee (IRPC) established under the Rules.

Close cooperation between Transend and Aurora is a feature of the planning process in Tasmania as part of the Annual Planning Review process. The integrated planning approach ensures transmission issues and distribution issues are incorporated into the annual planning review process with the aim of maintaining and/or improving services to customers. In addition, regulatory review of the

transmission and distribution businesses’ capital programs is conducted by the relevant Regulator. In the case of Transend this involves satisfying the regulatory test promulgated by the AER through either the market benefit limb or the reliability limb (which encompasses the jurisdictional network performance requirements). The key elements in the annual planning review process are outlined in the diagram below.<sup>1</sup>

### Key Elements of Integrated Planning



### Additional responsibilities

As described above, under Transend’s licence conditions, Transend is to provide information and assistance to the RNPP. The present functions of the RNPP include a responsibility to:

- monitor, review and report on the performance of the Tasmanian ESI in terms of the reliability of the power system;
- monitor, review, amend, substitute or replace Tasmanian power system security and reliability standards;
- develop jurisdictional transmission planning criteria;

<sup>1</sup> Diagram sourced from the RNPP, *Transmission Network Security and Planning Criteria – Final Report*, July 2006.

- review economic cost effectiveness analysis of proposed distribution network augmentation and other capital expenditure projects, if requested by the Regulator; and
- make recommendations on any other matters referred to the RNPP by the Regulator or the Jurisdictional System Security Coordinator.

In April 2008 the RNPP released the 2007 Reliability Review - Final Report<sup>2</sup>. For information, the RNPP also released the Transmission Network Security and Planning Criteria - Final Report in July 2006.

Transend provides the Chair of the Electricity Technical Advisory Committee, which is established under the *Energy Co-ordination and Planning Act 1995* to provide a coordinated approach to the resolution of technical issues affecting the ESI. The committee includes representatives from generation, distribution and retail electricity entities as well as the Department of Infrastructure Energy and Resources and the Regulator.

Transend is also involved in the Energy Coordination and Advisory Committee. This committee is established under the ESI Act to monitor and advise the Minister for Energy on matters related to energy security and emergency management. The committee is chaired by the Director of Energy Planning, and includes representatives from the Department of Infrastructure Energy and Resources, Transend (including the Responsible Officer), Department of Treasury and Finance, the State Emergency Service, OTTER, generation, distribution and retail entities and representatives from the Minister for Energy's and the Treasurer's offices.

---

<sup>2</sup> RNPP, *The 2007 Reliability Review Report*, April 2008.