

Making of National Electricity Amendment (Integrated System Planning) Rule 2020

National Electricity Law – Section 90F

I, Daniel Cornelis van Holst Pellekaan, Minister for Energy and Mining for the Crown in right of the State of South Australia, as the Minister administering the *National Electricity (South Australia) Act 1996* of South Australia, hereby make the National Electricity Amendment (Integrated System Planning) Rule 2020 under section 90F of the *National Electricity (South Australia) Law* on the recommendation of the Council of Australian Governments’ Energy Council sitting as the Ministerial Council on Energy for the purposes of that section.

This Rule has been signed by me for the purposes of identification of the National Electricity Amendment (Integrated System Planning) Rule 2020 and commences operation on 1 July 2020.

Hon, Dan van Holst Pellekaan MO
Minister for Energy and Mining

/ /2020

National Electricity Amendment (Integrated System Planning) Rule 2020

1 Title of Rule

This Rule is the *National Electricity Amendment (Integrated System Planning) Rule 2020*.

2 Commencement

Schedules 1, 2 and 3 of this Rule commence operation on 1 July 2020.

3 Amendment of the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 1.

4 Amendment of the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 2.

5 Amendment of the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 3

6 Savings and Transitional Amendments to the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 4.

Schedule 1 Amendment to the National Electricity Rules

(Clause 3)

[1] Clause 2.11.1 Development of Participant fee structure

Omit clause 2.11.1(c)(5A), and substitute:

- (5A) *NTP function fees to recover AEMO's budgeted revenue requirement as described in clause 2.11.3(b)(4A), such fees to be allocated to Transmission Network Service Providers;*

[2] Clause 3.11.3 Acquisition of Network Support and Control Ancillary Service

In clause 3.11.3(a), omit “an *NTNDP*” and substitute “a *NSCAS report*”.

[3] Clause 3.11.4 Guidelines and objectives for acquisition of network support and control ancillary services

Omit the entire clause, including the heading and substitute:

“3.11.4 [Not used]”.

[4] Rule 3.7C Energy Adequacy Assessment Projection

In clause 3.7C(b)(6)(B), omit “*NTNDP*” and substitute “*Integrated System Plan*”.

[5] Clause 3.14.5A Payment of compensation due to market suspension pricing schedule periods

In paragraphs (e), (h) and (j) of clause 3.14.5A, omit all references to “*NTNDP inputs*” and substitute “inputs published in the *ISP database*”.

[6] Clause 3.14.5A Payment of compensation due to market suspension pricing schedule periods

In clause 3.15.5A(k), omit “*NTNDP*” and substitute “Inputs, Assumptions and Scenario Report (as defined in clause 5.10.2).”

[7] Clause 4A.B.5 AER Forecasting Best Practice Guidelines

In clause 4A.B.5, insert following note at the end of the clause:

Note:

The Forecasting Best Practice Guidelines must also take into account and provide guidance for those matters referred to under clause 5.22.5(i) of the *Rules*.

[8] Clause 5.1A.1 Purpose and application

In clause 5.1A.1(f)(4), omit “clause 5.16.5” and substitute “rule 5.16B”.

[9] Clause 5.1A.1 Purpose and application

After clause 5.1A.1 (f)(3), insert:

(3A) clause 5.16A.4;

[10] Clause 5.1A.1 Purpose and application

After clause 5.1A.1(f1)(2), insert:

(2A) clause 5.16A.4; and

[11] Clause 5.1A.1 Purpose and application

In clause 5.1A.1(f1)(3), omit “clause 5.16.5” and substitute “rule 5.16B”.

[12] Clause 5.10.1 Content of Part D

In clause 5.10.1(d), omit “Clause” and substitute “Rule”.

[13] Clause 5.10.1 Content of Part D

In clause 5.10.1(e), omit “Clause” and substitute “Rule”.

[14] Clause 5.10.1 Content of Part D

In clause 5.10.1(e1), omit “Clause” and substitute “Rule”.

[15] Clause 5.10.1 Content of Part D

In clause 5.10.1(f), omit “Clause” and substitute “Rule”.

[16] Clause 5.10.1 Content of Part D

In clause 5.10.1(g), omit “Clause” and substitute “Rule”.

[17] Clause 5.10.1 Content of Part D

After clause 5.10.1(g), insert:

(g1) Rule 5.15A relates to the *regulatory investment test for transmission*.

[18] Clause 5.10.1 Content of Part D

Omit clause 5.10.1(h), and substitute:

- (h) Rule 5.16 relates to the application of the *regulatory investment test for transmission* to RIT-T projects that are not *actionable ISP projects*.

[19] Clause 5.10.1 Content of Part D

After clause 5.10.1(h), insert:

- (h1) Rule 5.16A relates to the application of the *regulatory investment test for transmission* to *actionable ISP projects*.
- (h2) Rule 5.16B relates to disputes about the application of the *regulatory investment test for transmission*.

[20] Clause 5.10.1 Content of Part D

In clause 5.10.1(i), omit “Clause” and substitute “Rule”.

[21] Clause 5.10.1 Content of Part D

In clause 5.10.1(j), omit “Clause” and substitute “Rule”.

[22] Clause 5.10.1 Content of Part D

In clause 5.10.1(k), omit “Clause” and substitute “Rule”.

[23] Clause 5.10.1 Content of Part D

Omit clause 5.10.1(l), and substitute:

- (l) Rule 5.20 relates to the *NSCAS Report, Inertia Report* and *System Strength Report* and associated methodologies.

[24] Clause 5.10.1 Content of Part D

In clause 5.10.1(m), omit “Clause” and substitute “Rule”.

[25] Clause 5.10.1 Content of Part D

In clause 5.10.1(m1), omit “Clause” and substitute “Rule”.

[26] Clause 5.10.1 Content of Part D

In clause 5.10.1(m2), omit “Clause” and substitute “Rule”.

[27] Clause 5.10.1 Content of Part D

In clause 5.10.1(n), omit “Clause” and substitute “Rule”.

[28] Clause 5.10.1 Content of Part D

Omit clause 5.10.1(o), and substitute:

- (o) Rule 5.22 relates to the *Integrated System Plan*.

[29] Clause 5.10.1 Content of Part D

After 5.10.1(o), insert:

- (p) Rule 5.23 sets out dispute resolution procedures relating to the *Integrated System Plan*.

[30] Clause 5.10.2 New definitions

In clause 5.10.2, insert the following new definitions in alphabetical order:

consumer panel report has the meaning given in clause 5.22.7(a).

Cost Benefit Analysis Guidelines means the guidelines made by the *AER* under clause 5.22.5.

development path means a set of projects in an *Integrated System Plan* that together address power system needs.

Forecasting Best Practice Guidelines means the guidelines made by the *AER* under clause 4A.B.5.

future ISP project means a project:

- (a) that relates to a transmission asset or *non-network option* the purpose of which is to address an *identified need* specified in an *Integrated System Plan* and which forms part of an *optimal development path*; and
- (b) that is forecast in the *Integrated System Plan* that identifies the project, to be an *actionable ISP project* in the future.

IASR review report has the meaning given in clause 5.22.9(a).

Inputs, Assumptions and Scenario Report means the report published by *AEMO* under clause 5.22.8(a).

ISP candidate option means a credible option specified in an *Integrated System Plan* that the RIT-T proponent must consider as part of a *regulatory investment test for transmission* for an *actionable ISP project*.

ISP consumer panel has the meaning given in clause 5.22.7(a).

ISP development opportunity means a development identified in an *Integrated System Plan* that does not relate to a transmission asset or *non-network option* and may include distribution assets, *generation*, storage projects or demand side

developments that are consistent with the efficient development of the *power system*.

ISP methodology means the methodology published by *AEMO* under clause 5.22.8(d).

ISP parameters means, for an ISP project:

- (a) the inputs, assumptions and scenarios set out in the most recent Inputs, Assumptions and Scenarios Report;
- (b) the other ISP projects associated with the *optimal development path*; and
- (c) any weightings specified as relevant to that project.

ISP project means an *actionable ISP project*, a future ISP project or an ISP development opportunity.

ISP review report has the meaning given in clause 5.22.13(a).

ISP timetable means the timetable published by *AEMO* under clause 5.22.4(a).

power system needs has the meaning given in clause 5.22.3(a).

preparatory activities means activities required to design and to investigate the costs and benefits of *actionable ISP projects* and if applicable, future ISP projects including:

- (a) detailed engineering design;
- (b) route selection and easement assessment work;
- (c) cost estimation based on engineering design and route selection;
- (d) preliminary assessment of environmental and planning approvals; and
- (e) council and stakeholder engagement.

[31] Clause 5.10.2 Amended definitions

In clause 5.10.2, amend the following definitions as follows:

dispute notice

Omit “5.16.5(c)(1)” and substitute “5.16B.5(c)(1)”.

disputing party

Omit “5.16.5(c)” and substitute “5.16B.5(c)”.

potential transmission project

In paragraph (c), omit “in respect of *national transmission flow paths*”.

preferred option

Omit “5.16.1(b)” and substitute “5.15A.1(c)”.

project assessment conclusions report

After “5.16.4(t)” omit “ or (u)” and substitute “, 5.16.4(u) or 5.16A.4(i) (as applicable)”.

project assessment draft report

After “5.16.4(j)”, insert “or 5.16A.4(c) (as applicable)”.

RIT-T project

At the end of paragraph (b)(2), omit “.”, insert “; or”, and insert new paragraph (c):

(c) an *actionable ISP project*.

[32] Clause 5.12.1 Transmission annual planning review

In clause 5.12.1(b)(3), omit “*NTNDP*” and substitute “*Integrated System Plan, NSCAS Report, Inertia Report, System Strength Report*, information from joint planning under rule 5.14”.

[33] Clause 5.12.2 Transmission Annual Planning Report

In clause 5.12.2(a), omit “30 June” and substitute “31 October”.

[34] Clause 5.12.2 Transmission Annual Planning Report

In clause 5.12.2(c)(6), omit “*NTNDP* and the development strategies for current or potential *national transmission flow paths* that are specified in that *NTNDP*” and substitute “*Integrated System Plan*”.

[35] Clause 5.12.2 Transmission Annual Planning Report

In clause 5.12.2(c)(8)(i), omit “clause 5.16.3(c)” and substitute “clauses 5.16.3(c) and 5.16A.3”.

[36] New Clause 5.14.4 Joint planning by Transmission Network Service Providers and AEMO

After clause 5.14.3, insert:

5.14.4 Joint planning by Transmission Network Service Providers and AEMO

(a) *Transmission Network Service Providers* and *AEMO* (the joint planning parties) must take reasonable steps to cooperate and consult with each other

to enable preparation of a draft or final *Integrated System Plan* or an *ISP update*, including each joint planning party (as applicable):

- (1) providing, and consulting on, a *Transmission Annual Planning Report* prior to its publication;
 - (2) providing, in accordance with the ISP timetable, the latest available information in relation to the development of a *Transmission Annual Planning Report* required for the purpose of preparing a draft or final *Integrated System Plan* or *ISP update*;
 - (3) providing information in relation to *non-network options* for the purpose of preparing a draft or final *Integrated System Plan* or *ISP update*;
 - (4) conducting a preliminary review of *non-network options* submitted to AEMO following a draft *Integrated System Plan*;
 - (5) sharing a draft *optimal development path* to be included in the draft and final *Integrated System Plan* or an *ISP update* before its publication;
 - (6) considering whether a credible option in a draft *optimal development path* is reliability corrective action; and
 - (7) sharing information reasonably necessary to prepare a draft or final *Integrated System Plan* or an *ISP update*.
- (b) As soon as practicable after a *Transmission Network Service Provider* becomes aware of a material change to information provided under paragraph (a), that information must be updated.
- (c) AEMO must provide *Transmission Network Service Providers* with draft regional demand forecasts for the next summer period informed by the previous summer period as soon as practicable, and by no later than 30 June each year.

[37] Clause 5.15.1 Interested parties

In clause 5.15.1, insert “5.16A.4” after “5.16.4” and omit “5.16.5” and substitute “5.16B”

[38] Clause 5.15.2 Identification of a credible option

In clause 5.15.2(b), at the beginning, omit “In” and substitute “Subject to paragraph (b1), in”.

[39] Clause 5.15.2 Identification of a credible option

In clause 5.15.2(b), insert “or 5.16A.3(a)” after “clauses 5.16.3(a)(1)-(8)”.

[40] Clause 5.15.2 Identification of a credible option

After clause 5.15.2(b), insert:

- (b1) Paragraph (b) only applies to the application of the *regulatory investment test for transmission* to a RIT-T project that is an *actionable ISP project* where a RIT-T proponent is considering new credible options under clause 5.15A.3(b)(7)(iii)(C).

[41] Clause 5.15.3 Review of costs thresholds

In clause 5.15.3(b)(5), insert “and clause 5.16A.4(m)(1)” at the end of the clause.

[42] Clause 5.15.4 Cost determinations

Omit 5.15.4(a), and substitute:

- (a) Where the *AER* engages a consultant to assist in making a determination under rule 5.16B or clause 5.17.5, the *AER* may make a costs determination.

[43] Rule 5.16 Regulatory investment test for transmission

Omit the heading of only rule 5.16 and substitute:

5.15A Regulatory investment test for transmission

[44] Rule 5.16 Regulatory investment test for transmission

Omit the subheading only of clause 5.16.1 and substitute:

5.15A.1 General principles and application

[45] Clause 5.16.1 Principles

Renumber clause 5.16.1 as clause 5.15A.1.

[46] Renumbered clause 5.15A.1 Principles

In clause 5.15A.1(a), omit “5.16.1” and substitute “5.15A”.

[47] Renumbered clause 5.15A.1 Principles

After clause 5.15A.1(a), insert:

- (b) The *regulatory investment test for transmission* will apply to RIT-T projects which are not *actionable ISP projects* (in accordance with rule 5.16) and to RIT-T projects which are *actionable ISP projects* (in accordance with rule 5.16A) but will differ in its application to each of those types of projects.

[48] Renumbered clause 5.15A.1 Principles

Renumber clause 5.15A.1(b) as 5.15A.1(c).

[49] Renumbered clause 5.15A.1 Principles

In clause 5.15A.1(c), after *regulatory investment test for transmission*, insert “in respect of its application to both types of projects”.

[50] Renumbered clause 5.15A.1 Principles

In clause 5.15.A.1(c), omit “where” and substitute “to the extent”.

[51] Renumbered clause 5.15A.1 Principles

After clause 5.15A.1(c), insert:

- (d) The regulatory investment test for transmission application guidelines under clause 5.16.2 apply to RIT-T projects which are not *actionable ISP projects*.
- (e) The Cost Benefit Analysis Guidelines under clause 5.22.5 apply to RIT-T projects which are *actionable ISP projects*.

[52] New clause 5.15A.2 Principles for RIT-T projects which are not actionable ISP projects

After clause 5.15A.1 insert:

5.15A.2 Principles for RIT-T projects which are not actionable ISP projects

- (a) This clause 5.15A.2 only applies in respect of the application of the *regulatory investment test for transmission* to RIT-T projects that are not *actionable ISP projects*.

[53] Renumbered clause 5.15A.2

Renumber clause 5.15A.1(c) to 5.15A.2(b).

[55] New clause 5.15A.3 Principles for actionable ISP projects

After clause 5.15A.2(b) insert:

5.15A.3 Principles for actionable ISP projects

- (a) This clause 5.15A.3 only applies in respect of the application of the *regulatory investment test for transmission* to RIT-T projects that are *actionable ISP projects*.
- (b) The *regulatory investment test for transmission* must:
 - (1) assess the costs and benefits of future supply and demand if each

- credible option were implemented compared to the case where that option is not implemented;
- (2) not require a level of analysis that is disproportionate to the scale and likely impact of each of the credible options being considered;
 - (3) be capable of being applied in a predictable, transparent and consistent manner;
 - (4) require a RIT-T proponent to include a quantification of all classes of market benefits identified in the relevant *Integrated System Plan*, and may include consideration of other classes of market benefits, in accordance with the Cost Benefit Analysis Guidelines;
 - (5) with respect to the classes of market benefits set out in subparagraph (4), ensure that, if the credible option is for reliability corrective action, the quantification assessment required by subparagraph (4) will only apply insofar as the market benefit delivered by the credible option exceeds the minimum standard required for reliability corrective action;
 - (6) require the RIT-T proponent to quantify the following classes of costs:
 - (i) costs incurred in constructing or providing each credible option;
 - (ii) operating and maintenance costs in respect of each credible option;
 - (iii) the cost of complying with laws, regulations and applicable administrative requirements in relation to the construction and operation of each credible option; and
 - (iv) any other class of costs that are:
 - (A) determined to be relevant by the RIT-T proponent and agreed to by the *AER* in writing before the date the relevant project assessment draft report is made available to other parties under clause 5.16A.4; or
 - (B) specified as a class of cost in the *regulatory investment test for transmission*;
 - (7) specify that the RIT-T proponent must:
 - (i) comply with the Cost Benefit Assessment Guidelines;
 - (ii) adopt the *identified need* set out in the *Integrated System Plan* relevant to the *actionable ISP project*;
 - (iii) consider the following credible options:
 - (A) the ISP candidate option or ISP candidate options, which may include refinements of an ISP candidate option;

- (B) *non-network options* identified in the *Integrated System Plan* as being reasonably likely to meet the relevant *identified need*, in accordance with rule 5.22.12(e)(1); and
 - (C) any new credible options that were not previously considered in the *Integrated System Plan* that meet the *identified need* (including any *non-network options* submitted to *AEMO* in accordance with clause 5.22.14(c)(1));
- (iv) adopt the most recent ISP parameters, or if the RIT-T proponent decides to vary or omit an ISP parameter, or add a new parameter, then the RIT-T proponent must specify the ISP parameter which is new, omitted or has been varied and provide demonstrable reasons why the addition or variation is necessary;
 - (v) assess the market benefits with and without each credible option; and
 - (vi) in so far as practicable, adopt the market modelling from the *Integrated System Plan*;
- (8) specify that the RIT-T proponent is not required to:
- (i) consider any credible option that was previously considered in the *Integrated System Plan*, but does not form part of the *optimal development path*;
 - (ii) consider any *non-network options* identified in the *Integrated System Plan* as not meeting the relevant *identified need*, in accordance with clause 5.22.12(e)(2); or
 - (iii) request submissions for *non-network options*, or otherwise seek to identify *non-network options* in addition to those assessed in the *Integrated System Plan* under clause 5.22.12(d) or submitted to *AEMO* in accordance with clause 5.22.14(c)(1); and
- (9) specify the RIT-T proponent may, but is not required to, consider credible options already considered and not included in the *optimal development path* in the *Integrated System Plan*.

[54] New rule 5.16 Application of RIT-T to RIT-T projects which are not actionable ISP projects

After new rule 5.15A insert:

5.16 Application of RIT-T to RIT-T projects which are not actionable ISP projects

5.16.1 Application

This rule 5.16 applies to the application of the *regulatory investment test for transmission* to RIT-T-projects that are not *actionable ISP projects*.

[55] Clause 5.16.2 Regulatory investment test for transmission application guidelines

In clause 5.16.2(b)(1), omit “5.16.5” and substitute “rule 5.16B; and”.

[56] Clause 5.16.4 Regulatory investment test for transmission procedures

In clause 5.16.4(b)(4), omit “*NTNDP*” and substitute “*Integrated System Plan*”.

[57] Clause 5.16.5 Disputes in relation to application of regulatory investment test for transmission

Omit clause 5.16.5, including the heading and substitute “[Deleted]”

[58] Clause 5.16.6 Determination that preferred option satisfies the regulatory investment test for transmission

Omit clause 5.16.6, including the heading, and substitute “[Deleted]”

[59] New Rule 5.16A Application of the RIT-T to actionable ISP Projects

After clause 5.16.4, insert:

5.16A Application of the RIT-T to actionable ISP Projects

5.16A.1 Application

This rule 5.16A applies to the application of the *regulatory investment test for transmission* to RIT-T-projects that are *actionable ISP projects*.

5.16A.2 Cost Benefit Analysis Guidelines

(a) The Cost Benefit Analysis Guidelines developed and *published* by the *AER*

in accordance with clause 5.22.5 must include guidelines for the operation and application of the *regulatory investment test for transmission to actionable ISP projects* in accordance with rule 5.15A and this rule 5.16A.

- (b) The Cost Benefit Analysis Guidelines must in relation to the application of the *regulatory investment test for transmission* by a RIT-T proponent to an *actionable ISP project*:
 - (1) give effect to and be consistent with clauses 5.15A, 5.16A.3, 5.16A.4 and 5.16A.5; and
 - (2) specify requirements for *actionable ISP projects* on:
 - (i) the operation and application of the *regulatory investment test for transmission*;
 - (ii) the process to be followed in applying the *regulatory investment test for transmission*; and
 - (iii) how disputes raised in relation to the *regulatory investment test for transmission* and its application will be addressed and resolved.
- (c) The Cost Benefit Analysis Guidelines must provide guidance as to:
 - (1) what constitutes a credible option for the purposes of clause 5.15A.3(b)(7)(iii)(C);
 - (2) acceptable methodologies for valuing the costs of a credible option; and
 - (3) how the RIT-T proponent must apply the ISP parameters.

5.16A.3 Actionable ISP projects subject to the RIT-T

- (a) A RIT-T proponent must apply the *regulatory investment test for transmission* to an *identified need* related to an *actionable ISP project* except if the circumstances set out in clause 5.16.3(a) apply to that *actionable ISP project*.
- (b) In addition to the circumstances under clause 5.16.3(a)(1), an *actionable ISP project* will also be taken to be required to address an urgent and unforeseen *network* issue that would otherwise put at risk the *reliability* of the *transmission network* where it is identified as such a project in the *Integrated System Plan*.
- (c) If a proposed relevant *network* investment is determined to be required to address an urgent and unforeseen *network* issue as described in paragraph (b), then the relevant *Transmission Network Service Provider* must provide the following information in its next *Transmission Annual Planning Report* following the identification of the need for the relevant *network* investment:

- (1) the date when the proposed relevant *network* investment became or will become operational;
 - (2) the purpose of the proposed relevant *network* investment; and
 - (3) the total cost of the proposed relevant *network* investment.
- (d) With the exception of *funded augmentations*, for each *actionable ISP project* to which the *regulatory investment test for transmission* does not apply in accordance with paragraph (a), the *Network Service Providers* affected by the *actionable ISP project* must ensure, acting reasonably, that the investment required to address the *identified need* is planned and developed at least cost over the life of the investment.

5.16A.4 Regulatory investment test for transmission procedures

- (a) If a *Transmission Network Service Provider* is identified as a RIT-T proponent in an *Integrated System Plan* for an *actionable ISP project*, then that *Transmission Network Service Provider* is the RIT-T proponent for that RIT-T project and must apply the *regulatory investment test for transmission* to, and consult all *Registered Participants*, *AEMO* and *interested parties* on, that RIT-T project in accordance with this clause 5.16A.4.
- (b) A *Transmission Network Service Provider's* obligations under paragraphs (a) and (c) cease if *AEMO* publishes an *Integrated System Plan* or an *ISP update* that shows that the *actionable ISP project* no longer forms part of the *optimal development path*.

Project assessment draft report

- (c) The RIT-T proponent must prepare a report in accordance with paragraphs (d) to (h) (project assessment draft report) and publish it by the date specified in the *Integrated System Plan* for that RIT-T project or such longer time period as is agreed in writing by the *AER* and make that report available to all *Registered Participants*, *AEMO* and *interested parties*.
- (d) The project assessment draft report must:
- (1) include the matters required by the *Cost Benefit Assessment Guidelines*;
 - (2) adopt the *identified need* set out in the *Integrated System Plan* (including, in the case of proposed reliability corrective action, why the RIT-T proponent considers reliability corrective action is necessary);
 - (3) describe each credible option assessed;
 - (4) include a quantification of the costs, including a breakdown of operating and capital expenditure for each credible option;

- (5) assess market benefits with and without each credible option and provide accompanying explanatory statements regarding the results;
 - (6) if the RIT-T proponent has varied the ISP parameters, provide demonstrable reasons in accordance with 5.15A.3(b)(7)(iv);
 - (7) identify the proposed preferred option that the RIT-T proponent proposes to adopt; and
 - (8) for the proposed preferred option identified under subparagraph (7), the RIT-T proponent must provide:
 - (i) details of the technical characteristics; and
 - (ii) the estimated construction timetable and commissioning date.
- (e) The RIT-T proponent must publish on its website the project assessment draft report within 5 *business days* of the project assessment draft report being made. The RIT-T proponent must promptly provide the project assessment draft report to *AEMO* after it is made and *AEMO* must publish on its website the report within 5 *business days* of receipt.
- (f) The RIT-T proponent must seek submissions from *Registered Participants*, *AEMO* and *interested parties* on the proposed preferred option presented, and the issues addressed, in the project assessment draft report.
- (g) The period for consultation referred to in paragraph (f) must be not less than 6 weeks from the date that *AEMO* publishes the report on its website.
- (h) Within 4 weeks after the end of the consultation period required under paragraph (g), at the request of an *interested party*, a *Registered Participant* or *AEMO* (each being a relevant party for the purposes of this paragraph), the RIT- Proponent must meet with the relevant party if a meeting is requested by two or more relevant parties and may meet with a relevant party if after having considered all submissions, the RIT-T proponent, acting reasonably, considers that the meeting is necessary.

Project assessment conclusions report

- (i) As soon as practicable after the end of the consultation period on the project assessment draft report referred to in paragraph (g), the RIT-T proponent must, having regard to the submissions received, if any, under paragraph (f) and the matters discussed at any meetings held, if any, under paragraph (h), prepare and make available to all *Registered Participants*, *AEMO* and *interested parties* and *publish* a report (the project assessment conclusions report).
- (j) The project assessment conclusions report must set out:
 - (1) the matters detailed in the project assessment draft report as required under paragraph (d); and

- (2) a summary of, and the RIT-T proponent's response to, submissions received, if any, from *interested parties* sought under paragraph (f).
- (k) The RIT-T proponent must publish on its website the project conclusions report within 5 *business days* of the project assessment conclusions report being made. The RIT-T proponent must promptly provide the project assessment conclusions report to *AEMO* after it is made and *AEMO* must publish on its website the report within 5 *business days* of receipt.
- (l) A RIT-T proponent may discharge its obligation under paragraph (i) to make the project assessment conclusions report available by including the project assessment conclusions report as part of its *Transmission Annual Planning Report* provided that the report is *published* within 4 weeks from the date of publishing the project assessment conclusions report under paragraph (i).

Exemption from drafting a project assessment draft report for RIT-T projects

- (m) A RIT-T proponent is exempt from paragraphs (c) to (h) if:
 - (1) the estimated capital cost of all credible options is less than \$35 million (as varied in accordance with a cost threshold determination);
 - (2) *AEMO* has identified in the relevant draft *Integrated System Plan* that the *identified need* to be addressed relates to reliability corrective action and will have the benefit of this exemption; and
 - (3) *AEMO* confirms that no submissions were received on the draft *Integrated System Plan* which identified additional credible options that could deliver a material market benefit.

Reapplication of regulatory investment test for transmission

- (n) If:
 - (1) a RIT-T proponent has *published* on its website a project assessment conclusions report in respect of a RIT-T project; and
 - (2) there has been either:
 - (i) a material change in circumstances which, in the reasonable opinion of the RIT-T proponent means that the preferred option identified in the project assessment conclusions report is no longer the preferred option; or
 - (ii) *AEMO* has published an *Integrated System Plan* or *ISP update* that shows a change to the *identified need* in relation to the *actionable ISP project* the subject of the project assessment conclusions report,

then the RIT-T proponent must re-apply the *regulatory investment test for transmission*, unless otherwise determined by the *AER*.

- (o) For the purposes of paragraph (n), a material change in circumstances may include, but is not limited to, a change to the key inputs and assumptions (including as a result of an *ISP update*) used in identifying:
 - (1) the *identified need* described in the project assessment conclusions report; or
 - (2) the credible options assessed in the project assessment conclusions report.
- (p) When making a determination under paragraph (n) the *AER* must have regard to:
 - (1) the credible options (other than the preferred option) identified in the project assessment conclusions report;
 - (2) the change in circumstances identified by the RIT-T proponent or *AEMO*; and
 - (3) whether a failure to promptly undertake the RIT-T project is likely to materially affect the *reliability* and *secure operating state* of the *transmission network* or a significant part of that *network*.

5.16A.5 Actionable ISP project trigger event

In order to be eligible to submit a *contingent project* application in relation to an *actionable ISP project* (or a stage of an *actionable ISP project* if the *actionable ISP project* is a staged project) under clause 6A.8.2, all of the following criteria must be satisfied (“**trigger event**”):

- (a) the RIT-T proponent must issue a project assessment conclusions report that meets the requirements of 5.16A.4 and which identifies a project as the preferred option (which may be a stage of an *actionable ISP project* if the *actionable ISP project* is a staged project);
- (b) the RIT-T proponent must obtain written confirmation from *AEMO* that:
 - (1) the preferred option addresses the relevant *identified need* specified in the most recent *Integrated System Plan* and aligns with the *optimal development path* referred to in the most recent *Integrated System Plan*; and
 - (2) the cost of the preferred option does not change the status of the *actionable ISP project* as part of the *optimal development path* as updated in accordance with clause 5.22.15 where applicable;
- (c) no dispute notice has been given to the *AER* under clause 5.16B(c) or, if a dispute notice has been given, then in accordance with clause 5.16B(d), the dispute has been rejected or the project assessment conclusions report has been amended and identifies that project as the preferred option; and

- (d) the cost of the preferred option set out in the *contingent project* application must be no greater than the cost considered in *AEMO's* assessment in subparagraph (b).

[60] New Rule 5.16B Disputes in relation to application of regulatory investment test for transmission

After clause 5.16.5, insert:

5.16B Disputes in relation to application of regulatory investment test for transmission

- (a) *Registered Participants, the AEMC, Connection Applicants, Intending Participants, AEMO and interested parties* may, by notice to the *AER*, dispute conclusions made by the RIT-T proponent in the project assessment conclusions report in relation to:
 - (1) the application of the *regulatory investment test for transmission*;
 - (2) the basis on which the RIT-T proponent has classified the preferred option as being for reliability corrective action; or
 - (3) the RIT-T proponent's assessment regarding whether the preferred option will have a *material inter-network impact*, in accordance with any criteria for a *material inter-network impact* that are in force at the time of the preparation of the project assessment conclusions report.
- (b) A dispute under this rule 5.16B may not be raised in relation to any matters set out in the project assessment conclusions report which:
 - (1) are treated as externalities by the *regulatory investment test for transmission*; or
 - (2) relate to an individual's personal detriment or property rights; or
 - (3) for an *actionable ISP project*, uses or relies on matters set out in the most recent *Integrated System Plan* or Inputs Assumptions and Scenarios Report, including the *identified need*, ISP parameters, credible options or classes of market benefits relevant to that *actionable ISP project*.
- (c) Within 30 days of the date of *publication* of the project assessment conclusions report under clauses 5.16.4(t), (u), (y) or (z) or 5.16A.4(i) or (l) (as the case may be), the party disputing a conclusion made in the project assessment conclusions report (a disputing party) must:
 - (1) give notice of the dispute in writing setting out the grounds for the dispute (the dispute notice) to the *AER*; and
 - (2) at the same time, give a copy of the dispute notice to the RIT-T proponent.

- (d) Subject to paragraph (f)(3), within 40 days of receipt of the dispute notice or within an additional period of up to 60 days where the *AER* notifies *interested parties* that the additional time is required to make a determination because of the complexity or difficulty of the issues involved, the *AER* must either:
 - (1) reject any dispute by written notice to the person who initiated the dispute if the *AER* considers that the grounds for the dispute are misconceived or lacking in substance; and
 - (2) notify the RIT-T proponent that the dispute has been rejected; or
 - (3) subject to paragraph (f), make and *publish* a determination:
 - (i) directing the RIT-T proponent to amend the matters set out in the project assessment conclusions report; or
 - (ii) stating that, based on the grounds of the dispute, the RIT-T proponent will not be required to amend the project assessment conclusions report.
- (e) The RIT-T proponent must comply with an *AER* determination made under paragraph (d)(3)(i) within a timeframe specified by the *AER* in its determination-
- (f) In making a determination under paragraph (d)(3), the *AER*:
 - (1) must only take into account information and analysis that the RIT-T proponent could reasonably be expected to have considered or undertaken at the time that it performed the *regulatory investment test for transmission*;
 - (2) must *publish* its reasons for making a determination;
 - (3) may request further information regarding the dispute from the disputing party or the RIT-T proponent in which case the period of time for rejecting a dispute or making a determination under paragraph (d) is extended by the time it takes the relevant party to provide the requested further information to the *AER*;
 - (4) may disregard any matter raised by the disputing party or the RIT-T proponent that is misconceived or lacking in substance; and
 - (5) where making a determination under subparagraph (d)(3)(i), must specify a reasonable timeframe for the RIT-T proponent to comply with the *AER's* direction to amend the matters set out in the project assessment conclusions report.
- (g) The *AER* may only make a determination under subparagraph (d)(3)(i) if it determines that:
 - (1) the RIT-T proponent has not correctly applied the *regulatory investment test for transmission* in accordance with the *Rules*;

- (2) the RIT-T proponent has erroneously classified the preferred option as being for reliability corrective action;
 - (3) the RIT-T proponent, for a RIT-T project that is not an *actionable ISP project*, has not correctly assessed whether the preferred option will have a *material inter-network impact*; or
 - (4) there was a manifest error in the calculations performed by the RIT-T proponent in applying the *regulatory investment test for transmission*.
- (h) A disputing party or the RIT-T proponent (as the case may be) must as soon as reasonably practicable provide any information requested under paragraph (f)(3) to the *AER*.
- (i) The relevant period of time in which the *AER* must make a determination under paragraph (d)(3) is automatically extended by the period of time taken by the RIT-T proponent or a disputing party to provide any additional information requested by the *AER* under this rule 5.16B, provided:
- (1) the *AER* makes the request for the additional information at least 7 *business days* prior to the expiry of the relevant period; and
 - (2) the RIT-T proponent or the disputing party provides the additional information within 14 *business days* of receipt of the request.

[61] Clause 5.19.4 Content of SENE Design and Costing Study

In clause 5.19.4(c), omit “*NTNDP*” and substitute “*Integrated System Plan*”.

[62] New Rule 5.20 System security reports

Omit rule 5.20, including the heading, and substitute:

5.20 System security reports

5.20.1 Definitions

In this rule 5.20:

NSCAS description means a detailed description of each type of *network support and control ancillary service*.

NSCAS quantity procedure means a procedure that determines the location and quantity of each type of *network support and control ancillary service* required.

NSCAS trigger date means for any *NSCAS gap* identified in clause 5.20.3(b), the date that the *NSCAS gap* first arises.

NSCAS tender date means for any *NSCAS gap* identified in clause 5.20.3(c), the date or indicative date that *AEMO* would need to act so as to call for offers to acquire *NSCAS* to meet that *NSCAS gap* by the relevant *NSCAS* trigger date in accordance with clause 3.11.3(c)(4).

5.20.2 Publication of NSCAS methodology

- (a) *AEMO* must develop and publish the NSCAS description and NSCAS quantity procedure in accordance with the *Rules consultation procedures*.
- (b) *AEMO* may amend the NSCAS description and the NSCAS quantity procedure.
- (c) *AEMO* must comply with the *Rules consultation procedures* when making or amending the NSCAS description or the NSCAS quantity procedure.
- (d) *AEMO* may make minor and administrative amendments to the NSCAS description or the NSCAS quantity procedure without complying with the *Rules consultation procedures*.

5.20.3 Publication of NSCAS Report

AEMO must publish annually the *NSCAS Report* on its website for the following year which must include:

- (a) an assessment that identifies any *NSCAS gap*;
- (b) for any *NSCAS gap* identified in subparagraph (a) required to maintain *power system security* and reliability of *supply* of the *transmission network* in accordance with the *power system security standards* and the *reliability standard*, the relevant NSCAS trigger date;
- (c) for any *NSCAS gap* identified in subparagraph (a) required to maintain *power system security* and reliability of *supply* of the *transmission network* in accordance with the *power system security standards* and the *reliability standard*, the relevant NSCAS tender date;
- (d) a report on *NSCAS* acquired by *AEMO* under *ancillary services agreements* in the previous calendar year; and
- (e) information on any other matter that *AEMO* considers relevant.

5.20.4 Inertia requirements methodology

- (a) *AEMO* must develop and publish the *inertia requirements methodology* in accordance with the *Rules consultation procedures*.
- (b) *AEMO* may amend the *inertia requirements methodology*.
- (c) *AEMO* must comply with the *Rules consultation procedures* when making or amending the *inertia requirements methodology*.
- (d) *AEMO* may make minor and administrative amendments to the *inertia requirements methodology* without complying with the *Rules consultation procedures*.

- (e) The *inertia requirements methodology* determined by *AEMO* must provide for *AEMO* to take the following matters into account in determining the *secure operating level of inertia*:
 - (1) the capabilities and expected response times provided by *generating units* providing *market ancillary services* (other than the *regulating raise service* or *regulating lower service*) in the *inertia sub-network*;
 - (2) the maximum *load shedding* or *generation shedding* expected to occur on the occurrence of any *credible contingency event* affecting the *inertia sub-network* when the *inertia sub-network* is *islanded*;
 - (3) additional *inertia* needed to account for the possibility of a reduction in *inertia* if the *contingency event* that occurs is the loss or unavailability of a *synchronous generating unit*, *synchronous condenser* or any other *facility* or service that is material in determining *inertia requirements*;
 - (4) any *constraints* that could reasonably be applied to the *inertia sub-network* when *islanded* to achieve a *secure operating state* and any *unserved energy* that might result from the *constraints*; and
 - (5) any other matters as *AEMO* considers appropriate.

5.20.5 Publication of Inertia Report

- (a) *AEMO* must publish annually the *Inertia Report* on its website for the following year which must include:
 - (1) the boundaries of the *inertia sub-networks* and related *inertia requirements* determined by *AEMO* under rule 5.20B since the last *Inertia Report* and details of *AEMO's* assessment of any *inertia shortfall* and *AEMO's* forecast of any *inertia shortfall* arising at any time within a planning horizon of at least 5 years;
 - (2) a report on the *inertia requirements* determined for each *inertia sub-network* together with the results of *AEMO's* assessment under clause 5.20B.3; and
 - (3) information on any other matter that *AEMO* considers relevant.

5.20.6 Publication of system strength requirements methodologies

- (a) *AEMO* must develop and publish the *system strength requirements methodology* in accordance with the *Rules consultation procedures*.
- (b) *AEMO* may amend the *system strength requirements methodology*.
- (c) *AEMO* must comply with the *Rules consultation procedures* when making or amending the *system strength requirements methodology*.

- (d) *AEMO* may make minor and administrative amendments to the *system strength requirements methodology* without complying with the *Rules consultation procedures*.
- (e) The *system strength requirements methodology* determined by *AEMO* must provide for *AEMO* to take the following matters into account in determining the *fault level nodes* and the minimum *three phase fault level*:
 - (1) the combination of *three phase fault levels* at each *fault level node* in the *region* that could reasonably be considered to be sufficient for the *power system* to be in a *secure operating state*;
 - (2) the maximum *load shedding* or *generation shedding* expected to occur on the occurrence of any *credible contingency event* or *protected event* affecting the *region*;
 - (3) the stability of the *region* following any *credible contingency event* or *protected event*;
 - (4) the risk of *cascading outages* as a result of any *load shedding* or *generating system* or *market network service facility* tripping as a result of a *credible contingency event* or *protected event* in the *region*;
 - (5) additional contribution to the *three phase fault level* needed to account for the possibility of a reduction in the *three phase fault level* at a *fault level node* if the *contingency event* that occurs is the loss or unavailability of a *synchronous generating unit* or any other *facility* or service that is material in determining the *three phase fault level* at the *fault level node*;
 - (6) the stability of any equipment that is materially contributing to the *three phase fault level* or *inertia* within the *region*; and
 - (7) any other matters as *AEMO* considers appropriate.

5.20.7 Publication of System Strength Report

AEMO must publish annually the *System Strength Report* on its website for the following year which must include:

- (a) a description of the *system strength requirements* determined by *AEMO* under rule 5.20C since the last *System Strength Report* and details of *AEMO's* assessment of any *fault level shortfall* and *AEMO's* forecast of any *fault level shortfall* arising at any time within a planning of at least 5 years;
- (b) the *system strength requirements* determined for each *region* together with the results of its assessment under clause 5.20C.2; and
- (c) information on any other matter that *AEMO* considers relevant.

[63] Clause 5.20B.1 Boundaries of inertia sub-networks

In clause 5.10B.1(f), omit “*NTNDP*” and substitute “*Inertia Report*”.

[64] Clause 5.20B.2 Inertia requirements

In clause 5.10B.2(c), omit “*NTNDP*” and substitute “*Inertia Report*”.

[65] Clause 5.20C.1 System strength requirements

In clause 5.20C.1(c), omit “*NTNDP*” and substitute “*System Strength Report*”.

[66] Rule 5.21 AEMO’s obligation to publish information and guidelines and provide advice

In rule 5.21, insert:

- (a) This rule 5.21 does not apply to *actionable ISP projects*.

[67] Clause 5.21 AEMO’s obligation to publish information and guidelines and provide advice

In rule 5.21, renumber paragraph (a) as (a1).

[68] Rule 5.21 AEMO’s obligation to publish information and guidelines and provide advice

In clause 5.21(a)(3), omit “; and” and substitute “.”.

[69] Rule 5.21 AEMO’s obligation to publish information and guidelines and provide advice

Omit clause 5.21(a)(4).

[70] Rule 5.22 Last resort planning power

Omit rule 5.22, including the heading, and substitute:

5.22 Integrated System Plan

5.22.1 Duty of AEMO to make Integrated System Plan

AEMO must publish an *Integrated System Plan* every two years by 30 June in accordance with the *Rules*.

5.22.2 Purpose of the ISP

The purpose of the *Integrated System Plan* is to establish a whole of system plan for the efficient development of the *power system* that achieves power system needs for a planning horizon of at least 20 years for the long term interests of the consumers of electricity.

5.22.3 Power system needs

- (a) The power system needs are:
 - (1) the *reliability standard*;
 - (2) *power system security*;
 - (3) *system standards*; and
 - (4) standards or technical requirements in Schedule 5.1 or in an *applicable regulatory instrument*.
- (b) In determining power system needs, as it relates to a *NEM participating jurisdiction*, *AEMO* may consider a current environmental or energy policy of that *participating jurisdiction* where that policy has been sufficiently developed to enable *AEMO* to identify the impacts of it on the *power system* and at least one of the following is satisfied:
 - (1) a commitment has been made in an international agreement to implement that policy;
 - (2) that policy has been enacted in legislation;
 - (3) there is a *regulatory obligation* in relation to that policy;
 - (4) there is material funding allocated to that policy in a budget of the relevant *participating jurisdiction*; or
 - (5) the *MCE* has advised *AEMO* to incorporate the policy.

5.22.4 ISP timetable

- (a) *AEMO* must publish an ISP timetable within 3 months of the publication of the most recent *Integrated System Plan* published by *AEMO*.
- (b) This ISP timetable must set out the timing for the establishment of the ISP consumer panel and the dates of publication for the following matters:
 - (1) the Inputs, Assumptions and Scenarios Report;
 - (2) if *AEMO* is not using an existing ISP methodology, the ISP methodology;
 - (3) the draft *Integrated System Plan*; and
 - (4) the *Integrated System Plan* in accordance with clause 5.22.1.
- (c) The ISP timetable may include additional information that *AEMO* reasonably considers will assist stakeholders, including when information is

to be provided or joint planning is to occur under clause 5.14.4.

- (d) *AEMO* must keep the ISP timetable updated.
- (e) *AEMO* may, from time to time, make and publish changes to the ISP timetable in which case it must provide a brief explanation for the change.

5.22.5 Guidelines relevant to the ISP

Cost Benefit Analysis Guidelines

- (a) The *AER* must make, *publish* and may amend the Cost Benefit Analysis Guidelines in accordance with the *Rules consultation procedures*.
- (b) The Cost Benefit Analysis Guidelines are to be used:
 - (1) by *AEMO* to prepare an *Integrated System Plan*; and
 - (2) by *Transmission Network Service Providers* in applying the *regulatory investment test for transmission to actionable ISP projects*.
- (c) The *AER* may specify the relevant parts of the Cost Benefit Analysis Guidelines that are binding on *AEMO* and RIT-T proponents.

Application of Cost Benefit Analysis Guidelines to AEMO for the ISP

- (d) The Cost Benefit Analysis Guidelines must in relation to the preparation of an *Integrated System Plan* by *AEMO*:
 - (1) be consistent with the purposes of the *Integrated System Plan* referred to in clause 5.22.2;
 - (2) require *AEMO* to test the robustness of alternative development paths to future uncertainties through the use of scenarios and sensitivities;
 - (3) be capable of being applied in a predictable, transparent and consistent manner;
 - (4) describe the objective that *AEMO* should seek to achieve when:
 - (i) developing the counterfactual development path; and
 - (ii) selecting a set of development paths for assessment;
 - (5) describe the framework used to select the *optimal development path*, including the assessment of the costs and benefits of various development paths across different scenarios; and
 - (6) set out how *AEMO* describes the *identified need* relating to an

actionable ISP project.

Developing and publishing the Cost Benefit Analysis Guidelines

- (e) In developing and publishing the Cost Benefit Analysis Guidelines, the *AER* must:
 - (1) recognise the risks to consumers arising from uncertainty, including over investment, under-investment, premature or overdue investment;
 - (2) provide flexibility to *AEMO* in its approach to scenario development, modelling and selection of the *optimal development path*;
 - (3) require the *optimal development path* to have a positive net benefit in the most likely scenario;
 - (4) have regard to the need for alignment between the *Integrated System Plan* and the *regulatory investment test for transmission* as it applies to *actionable ISP projects*.
- (f) The *AER* may make minor or administrative amendments to the Cost Benefit Analysis Guidelines without complying with the *Rules consultation procedures*.
- (g) An amendment to the Cost Benefit Analysis Guidelines does not apply to a current application of the *regulatory investment test for transmission* for an *actionable ISP project* or a current process for the development of an *Integrated System Plan*.
- (h) For the purposes of paragraph (g), a “current application” means any action or process initiated under the *Rules* which relies on or is referenced to the Cost Benefit Analysis Guidelines and is not completed at the date of the relevant amendment to Cost Benefit Analysis Guidelines.

Forecasting Best Practice Guidelines

- (i) The *AER* must include in the Forecasting Best Practice Guidelines made under clause 4A.B.5 guidance for *AEMO*'s forecasting practices and processes as they relate to an *Integrated System Plan* and the process (including consultation requirements) to be used for an *ISP update*.
- (j) The *AER* may specify parts of the Forecasting Best Practice Guidelines relevant to the *Integrated System Plan* that are binding on *AEMO*.

5.22.6 Content of Integrated System Plan

Contents of an Integrated System Plan

- (a) An *Integrated System Plan* must:
- (1) identify a range of development paths;
 - (2) for each development path, identify the group of projects that form part of the development path;
 - (3) describe how each development path performs under any sensitivities *AEMO* considers reasonable;
 - (4) identify the *optimal development path* which must be based on a quantitative assessment of the costs and benefits of various options across a range of scenarios, in accordance with Cost Benefit Analysis Guidelines;
 - (5) for the *optimal development path*, identify the *actionable ISP projects*, future ISP projects and ISP development opportunities;
 - (6) for each *actionable ISP project* specify:
 - (i) the date by which the project assessment draft report must be published and made available to relevant persons, which date must be:
 - (A) at least 6 months after, and within 24 months of, the date of publication of the *Integrated System Plan*; and
 - (B) based on the anticipated commencement date of the *actionable ISP project*;
 - (ii) the relevant *Transmission Network Services Providers* who will be the RIT-T proponent for the *actionable ISP project*;
 - (iii) the ISP candidate option or ISP candidate options;
 - (iv) the *non-network options* that were considered by *AEMO* as part of the *Integrated System Plan* process in relation to that *actionable ISP project* (where relevant);
 - (v) the *identified need* related to that *actionable ISP project* and whether it is reliability corrective action;
 - (vi) whether the *actionable ISP project* is a staged project;
 - (7) include the results of a net present value analysis for each development path for each scenario, together with an explanatory statement regarding the results.
- (b) An *Integrated System Plan* may:

- (1) include relevant information about ISP development opportunities;
- (2) identify and provide information on the optimal location and features of areas located in the *NEM participating jurisdictions* where large scale clusters of renewable energy and/or storage can be efficiently developed from a whole of *power system* perspective; and
- (3) include sensitivities showing the impacts of energy or environmental policies of a *participating jurisdiction* where *AEMO* has been requested to do so by that *participating jurisdiction*. These sensitivities are in addition to those sensitivities considered in clause 5.22.6(a)(3) and do not form part of any development path.

Preparatory activities

- (c) An *Integrated System Plan* may specify whether preparatory activities must be carried out by *Transmission Network Service Providers* for future ISP projects and the timeframes for carrying out preparatory activities.
- (d) A *Transmission Network Service Provider* must commence preparatory activities:
 - (1) in the case of an *actionable ISP project*, as soon as practicable; and
 - (2) in the case of a future ISP project, if the *Integrated System Plan* provides that preparatory activities must be undertaken for that project, in accordance with the timeframes specified in the *Integrated System Plan* for that project.

5.22.7 ISP consumer panel

- (a) In respect of the preparation of an *Integrated System Plan*, *AEMO* has the function of establishing and supporting a panel ("**ISP consumer panel**") to provide written reports to *AEMO* on:
 - (1) the Inputs, Assumptions and Scenarios Report that will be used to prepare a draft *Integrated System Plan*; and
 - (2) the draft *Integrated System Plan*,(each a "**consumer panel report**").
- (b) The ISP consumer panel must consist of at least 3 members appointed by *AEMO*, who have qualifications or experience in a field *AEMO* considers relevant to the assessment of the *Integrated System Plan* and who have experience representing consumer interests.
- (c) Prior to appointing members to the ISP consumer panel, *AEMO* must publish an expression of interest for persons to apply to become a member. The

expression of interest must include:

- (1) the terms of reference for the ISP consumer panel; and
 - (2) information about the requisite qualifications and experience required to become a member.
- (d) The ISP consumer panel:
- (1) must, in accordance with the terms of reference, give a consumer panel report to *AEMO* within two months of *AEMO* publishing the Inputs, Assumptions and Scenarios Report and draft *Integrated System Plan* respectively;
 - (2) must, in preparing the consumer panel report have regard to the long term interests of consumers; and
 - (3) may carry out its activities, including the giving of a consumer panel report, in the way it considers appropriate but must seek to give the report by consensus.
- (e) A consumer panel must:
- (1) include the ISP consumer panel's assessment of the evidence and reasons supporting the Inputs, Assumptions and Scenarios Report or draft *Integrated System Plan* respectively; and
 - (2) state whether the report is given by consensus.
- (f) *AEMO* must publish a consumer panel report on its website.
- (g) *AEMO* must have regard to a consumer panel report but is not obliged to give effect to any recommendations in a consumer panel report.

5.22.8 Preliminary consultations

- (a) *AEMO*, must in accordance with the ISP timetable and the Forecasting Best Practice Guidelines develop, consult and publish a report on the inputs, assumptions and scenarios to be used for the *Integrated System Plan* (“**Inputs, Assumptions and Scenarios Report**”).
- (b) In developing the Inputs, Assumptions and Scenarios Report and ISP methodology, *AEMO* must:
 - (1) make an invitation to make submissions as set out in a published notice within a specified timeframe of not less than 30 days from the date of the invitation;
 - (2) must take into consideration the submissions received within the specified timeframe; and

- (3) publish an issues summary on material issues and *AEMO*'s response to each issue.
- (c) The Input Assumptions and Scenarios Report may:
- (1) be included in a document that also provides for the assumptions and inputs to be used in preparing other *AEMO* publications, including a *reliability forecast*;
 - (2) be consulted on as part of the same consultation process with relevant stakeholders in preparing other *AEMO* publications, including a *reliability forecast*; and
 - (3) be updated for an *Integrated System Plan* process separately to the consultation process used in preparing a *reliability forecast*, in accordance with paragraph (b).
- (d) *AEMO* must, in accordance with the Forecasting Best Practice Guidelines, develop, consult and publish a cost benefits analysis and modelling methodology to be used for *Integrated System Plan* ("**ISP methodology**") which is consistent with the Cost Benefit Analysis Guidelines.

5.22.9 AER transparency review on Inputs, Assumptions and Scenarios Report

- (a) The *AER*, must within one month of the publication of the Inputs, Assumptions and Scenarios Report that will be used to prepare the draft *Integrated System Plan*, publish a report ("**IASR review report**") of its review as to the transparency of the Inputs, Assumptions and Scenarios Report, including whether:
- (1) *AEMO* has adequately explained how it has derived key inputs and assumptions and how key inputs and assumptions have changed since the previous *Integrated System Plan*; and
 - (2) key inputs and assumptions have been based on verifiable sources, or that *AEMO* has provided stakeholders with adequate opportunity to propose alternative inputs and assumptions where verifiable sources are not readily available.
- (b) The *AER* is not required to consult on an IASR review report.
- (c) If the IASR review report identifies issues with the Inputs, Assumptions and Scenarios Report, *AEMO* must:
- (1) as soon as practicable, provide further explanatory information in an addendum to the Inputs, Assumptions and Scenarios Report; and
 - (2) consult on the issues in the draft *Integrated System Plan*.

5.22.10 Preparation of ISP

ISP requirements

- (a) In preparing an *Integrated System Plan*, *AEMO* must:
- (1) comply with any requirements set out in the Cost Benefit Analysis Guidelines under clause 5.22.5(c);
 - (2) comply with any requirements set out in the Forecasting Best Practice Guidelines under clause 5.22.5(j);
 - (3) adopt the inputs and assumptions, material issues and scenarios identified in the Inputs, Assumptions and Scenarios Report, or provide reasons where *AEMO* has used updated information;
 - (4) seek to deliver power system needs;
 - (5) consider the following matters:
 - (i) the efficient integration of ISP development opportunities;
 - (ii) the risks to consumers arising from uncertainty, including over investment, under-investment, premature or overdue investment;
 - (iii) fuel security;
 - (iv) credible options (including *non-network options*);
 - (v) outcomes of joint planning with *Transmission Network Service Providers* under clause 5.14.4;
 - (vi) relevant intra jurisdictional developments and any incremental works that may be needed to coordinate the *Integrated System Plan* with intra jurisdictional planning;
 - (vii) the forecast quantity of electricity that is expected to flow, and the periods in which electricity is expected to flow, and the magnitude and significance of future *network losses* on *interconnectors*, as projected in the *Integrated System Plan* over the *Integrated System Plan* planning horizon;
 - (viii) the projected capability of the *national transmission grid*, and the technical requirements of the *power system* (such as *frequency, voltage, inertia* and system strength) required to support the secure and reliable operation of the *national transmission grid*;

- (ix) *good electricity industry practice*; and
- (x) such other matters as *AEMO* considers relevant.

Relevant documents

- (b) In preparing an *Integrated System Plan*, *AEMO* must have regard to the following documents:
 - (1) the ISP methodology;
 - (2) the Cost Benefit Analysis Guidelines;
 - (3) the Forecasting Best Practice Guidelines;
 - (4) the most recent *Transmission Annual Planning Reports*;
 - (5) the most recent *statement of opportunities*;
 - (6) the most recent gas statement of opportunities under the National Gas Law;
 - (7) the most recent *NSCAS Report*, *System Security Report* and *Inertia Report*;
 - (8) ISP consumer panel reports; and
 - (9) any other documents that *AEMO* considers relevant.

Market benefits

- (c) In preparing an *Integrated System Plan*, *AEMO* must:
 - (1) consider the following classes of market benefits that could be delivered by the development path:
 - (i) changes in fuel consumption arising through different patterns of *generation dispatch*;
 - (ii) changes in voluntary *load curtailment*;
 - (iii) changes in involuntary *load shedding*, with the market benefit to be considered using a reasonable forecast of the value of electricity to consumers;
 - (iv) changes in costs for parties due to:
 - (A) differences in the timing of new plant;

- (B) differences in capital costs; and
 - (C) differences in the operating and maintenance costs;
 - (v) differences in the timing of expenditure;
 - (vi) changes in *network losses*;
 - (vii) changes in *ancillary services* costs;
 - (viii) competition benefits;
 - (ix) any additional option value (where this value has not already been included in the other classes of market benefits) gained or foregone from implementing that development path with respect to the likely future investment needs of the *market*; and
 - (x) other classes of market benefits that are:
 - (A) determined to be relevant by *AEMO* and agreed to by the *AER* in writing before the publication of the draft *Integrated System Plan*; or
 - (B) specified as a class of market benefit in the Cost Benefit Analysis Guidelines;
- (2) include a quantification of all classes of market benefits which are determined to be material to the optimal development path in *AEMO's* reasonable opinion; and
 - (3) consider all classes of market benefits as material unless it can provide reasons why:
 - (i) a particular class of market benefit is likely not to materially affect the outcome of the assessment of the development path; or
 - (ii) the estimated cost of undertaking the analysis to quantify the market benefit is likely to be disproportionate given the level of uncertainty regarding future outcomes.

Costs

- (d) In preparing an *Integrated System Plan*, *AEMO* must quantify the following classes of costs:
 - (1) costs incurred in constructing or providing the projects in the development path;
 - (2) operating and maintenance costs in respect of the projects in the development path;

- (3) the cost of complying with laws, regulations and applicable administrative requirements in relation to the construction and operation of the projects in the development path; and
- (4) any other class of costs that are:
 - (i) determined to be relevant by *AEMO* and agreed to by the *AER* in writing before the publication of the draft *Integrated System Plan*; or
 - (ii) specified as a class of cost in the Cost Benefit Analysis Guidelines.

5.22.11 Draft Integrated System Plan

- (a) *AEMO* must publish the draft *Integrated System Plan* in accordance with the ISP timetable and include:
 - (1) all relevant matters referred to in clause 5.22.6;
 - (2) if applicable, an explanation of how *AEMO* has had regard to the consumer panel report on the Inputs, Assumptions and Scenarios Report;
 - (3) an invitation for written submissions on the draft *Integrated System Plan*, which must:
 - (i) specify the deadline for when written submissions must be submitted which date must not be earlier than 30 *business days* after the publication of the draft *Integrated System Plan*; and
 - (ii) list the matters in respect of which submissions are invited; and
 - (4) an invitation to participate in public forums on the draft *Integrated System Plan*.
- (b) *AEMO* must hold a public forum on the draft *Integrated System Plan* prior to the deadline for written submissions.
- (c) Any person may make a written submission to *AEMO* on the matters, documents and information referred to in paragraph (a) and which forms part of the draft *Integrated System Plan*, by the date specified in the ISP timetable.
- (d) Nothing in this clause 5.22.11 is to be construed as precluding *AEMO* from publishing any issues, consultation and discussion papers, or holding any conferences and information sessions that *AEMO* considers appropriate.
- (e) *AEMO* must publish submissions on its website subject to its confidentiality obligations under section 54 of the *National Electricity Law*.

5.22.12 Non-network options

- (a) Where a draft *Integrated System Plan* identifies an *actionable ISP project*, *AEMO* must publish a notice at the same time as it publishes the draft *Integrated System Plan*, that:
 - (1) requests submissions for *non-network options*;
 - (2) provides sufficient detail on the technical characteristics that the *non-network options* must meet; and
 - (3) describes the relevant technical characteristics of the *identified need* that the *actionable ISP project* (including any *non-network option*) is addressing, such as:
 - (i) the size of the load reduction or additional supply;
 - (ii) location; and
 - (iii) operating profile.
- (b) Proponents of *non-network options* requested under paragraph (a) must submit their *non-network option* proposal to *AEMO* within 12 weeks of the publication of the draft *Integrated System Plan*.
- (c) *AEMO* and the relevant *Transmission Network Service Provider* will conduct a preliminary review of the *non-network option* proposal submitted by a proponent under paragraph (b), as part of the joint planning process under clause 5.14.4.
- (d) *AEMO* must provide its assessment in the *Integrated System Plan* on whether the *non-network option* proposals submitted under paragraph (b) meet, or are reasonably likely to meet, the relevant *identified need*, as outlined in the draft *Integrated System Plan*.
- (e) If the assessment of *non-network options* proposals in the *Integrated System Plan* concludes:
 - (1) that the *non-network option* proposal is reasonably likely to meet the relevant *identified need*, the relevant *Transmission Network Service Provider* must assess that *non-network option* proposal in their project assessment draft report; or
 - (2) that the *non-network option* proposal will not meet the relevant *identified need*, the relevant *Transmission Network Service Provider* does not have to assess that *non-network option* proposal in their project assessment draft report.

5.22.13 AER transparency review of draft Integrated System Plan

- (a) The *AER*, must within one month of the publication of the draft *Integrated*

System Plan, publish a report (“**ISP review report**”) of its review as to whether *AEMO* has adequately explained how it has derived key inputs and assumptions and how key inputs and assumptions have contributed to the outcomes in the draft *Integrated System Plan*.

- (b) The *AER* is not required to consult on an ISP review report.
- (c) If the ISP review report identifies issues with the draft *Integrated System Plan*, *AEMO* must:
 - (1) as soon as practicable, provide further explanatory material in an addendum to the draft *Integrated System Plan*; and
 - (2) consult on the issues.

5.22.14 Final Integrated System Plan

- (a) *AEMO* must publish the *Integrated System Plan* in accordance with the *Rules* and the ISP timetable.
- (b) The *Integrated System Plan* must include:
 - (1) all relevant matters for an *Integrated System Plan* referred to in clauses 5.22.6 and 5.22.12;
 - (2) an explanation of how *AEMO* has had regard to the consumer panel report on the draft *Integrated System Plan*;
 - (3) the reasons for decisions made in relation to the *Integrated System Plan*; and
 - (4) *AEMO*'s responses to each of the stakeholders' submissions made in response to the addendum to the draft *Integrated System Plan* to *AEMO* under clause 5.22.13(c).
- (c) *AEMO* must publish on its website:
 - (1) if the *Integrated System Plan* identifies an *actionable ISP project* not included in the draft *Integrated System Plan*, a notice requesting submissions for *non-network options*, which notice must include the information specified in clause 5.22.12(a) and the period in which proponents of *non-network options* must submit their *non-network options* to *AEMO*;
 - (2) summaries of each issue, that *AEMO* reasonably considers to be material, contained in valid written submissions received under clauses 5.22.9(c)(2), 5.22.11, and 5.22.13(c)(2);
 - (3) *AEMO*'s response to each such issue; and

- (4) subject to its confidentiality obligations under section 54 of the *National Electricity Law*, copies of those written submissions.

5.22.15 ISP updates

- (a) *AEMO* must issue an *ISP update* if:
 - (1) a RIT-T proponent's preferred option for an *actionable ISP project* fails to satisfy the trigger event set out in clause 5.16A.5(b);
 - (2) there is no credible option for an *actionable ISP project* that satisfies the *regulatory investment test for transmission* under rule 5.16A; or
 - (3) in the course of assessing a preferred option in respect of an *actionable ISP project* for the purposes of clauses 5.16A.5(b), *AEMO* considers that there is a material change to the need for, or characteristics of another *actionable ISP project*.
- (b) If, after the publication of the most recent *Integrated System Plan*:
 - (1) new information becomes available to *AEMO* relating to the matters set out in clause 5.22.6 and, in *AEMO*'s reasonable opinion, that new information, may materially change the outcome of the *regulatory investment for transmission* for an *actionable ISP project* that has either commenced or is due to commence prior the publication of the next *Integrated System Plan*; or
 - (2) a RIT-T proponent requests *AEMO* to assess an *actionable ISP project* or stage of an *actionable ISP project* under clause 5.16A.5(b),then *AEMO* must as soon as practicable, assess the impact of the new information on the *optimal development path* under that *Integrated System Plan*.
- (c) If *AEMO* is required to publish an *ISP update* under paragraph (a), or *AEMO*'s assessment under paragraph (b) determines that there is a material change to the need for, or the characteristics of a current *actionable ISP project*, *AEMO* must consult on the new information and the impact on the *optimal development path* under the *Integrated System Plan*, in accordance with the consultation requirements set out in the Forecasting Best Practice Guidelines for an *ISP update*.
- (d) An *ISP update* must include:
 - (1) a description of the new information requiring the update in a descriptive form that is consistent with the *Integrated System Plan*; and
 - (2) the impact of that new information on the *optimal development path* under the *Integrated System Plan*.

- (e) If *AEMO* has consulted under paragraph (c), *AEMO* must publish on its website:
 - (1) summaries of each issue, that *AEMO* reasonably considers to be material, contained in valid written submissions received under paragraph (d);
 - (2) *AEMO*'s response to each such issues; and
 - (3) subject to its confidentiality obligations under section 54 of the *National Electricity Law*, copies of those written submissions.

5.22.16 ISP database

- (a) *AEMO* must establish, maintain and make available to the public, a database ("**ISP database**") of information that includes:
 - (1) inputs used by it in preparing the most recent *Integrated System Plan* or *ISP update*;
 - (2) the most recent Inputs, Assumptions and Scenarios Report;
 - (3) supporting information in relation to each of the draft and final *Integrated System Plan* (at the same time as they are published) which will assist in the understanding of the draft and final *Integrated System Plan* having regard to:
 - (i) the Forecasting Best Practice Guidelines;
 - (iii) *AEMO*'s confidentiality obligations under section 54 of the *National Electricity Law*; and
 - (iv) the best form of the information for this purpose; and
 - (4) *NSCAS Reports*, *System Strength Reports* and *Inertia Reports*.
- (b) Subject to paragraph (c) and its confidentiality obligations under section 54 of the *National Electricity Law*, *AEMO* must publish the following on *AEMO*'s website:
 - (1) any forecasts prepared under clause 5.22.18(b)(1); and
 - (2) sufficient information used to develop the forecasts referred to in subparagraph (1) to enable an understanding of how such forecasts were developed.
- (c) The information referred to in subparagraph (b)(2) must be published at the same time as, or as soon as reasonably practical after, the forecasts referred to in (b)(1).

5.22.17 Jurisdictional planning bodies and jurisdictional planning representatives

- (a) A *jurisdictional planning body* must provide assistance *AEMO* reasonably requests in connection with the performance of its *NTP functions*.
- (b) If there is no *jurisdictional planning body* or no *jurisdictional planning representative* for a *participating jurisdiction*, *AEMO* may assume the functions of such a body or representative under the *Rules*.

5.22.18 NTP Functions

- (a) Paragraph (b) has effect for the purposes of section 49(2)(e) of the *National Electricity Law*.
- (b) The *NTP functions* also include the following:
 - (1) developing any forecasts of electricity demand at a *regional* or *connection point* level; and
 - (2) *AEMO's* functions relating to an *Integrated System Plan* under clauses 5.14.4, 5.16A, 5.22 and 5.23.
- (c) *AEMO's* preparation and publication of *Integrated System Plans* is undertaken pursuant to, and in satisfaction of, *AEMO's NTP functions* under sections 49(2)(a) to (d) of the *National Electricity Law*.

[71] New Rule 5.23 Disputes in relation to an ISP

After rule 5.22, insert:

5.23 Disputes in relation to an ISP

5.23.1 Disputing party

- (a) A person (a “**disputing party**”) may, by notice to the *AER*, raise a dispute on the grounds that one or more of the following procedures required by the *Rules* to be observed by *AEMO* in connection with the making of an *Integrated System Plan* were not observed:
 - (1) the processes for the Inputs, Assumptions and Scenarios Report and ISP methodology required in accordance with clause 5.22.8(b);
 - (2) the consultation for a draft *Integrated System Plan* required in accordance with clauses 5.22.11(a)(2) and (3), (b), (c) and (e); and
 - (3) the obligations in respect of an *Integrated System Plan* required under clause 5.22.14(c),

(each, a “**prescribed ISP process**”).

- (b) It is for a disputing party to establish:
 - (1) that the person made a submission in the prescribed ISP process;
 - (2) that *AEMO* has not observed a prescribed ISP process;
 - (3) the reasons why the *AER* should accept a dispute notice; and
 - (4) if the person did not make a submission to the prescribed ISP process, the reasons for which they did not make a submission and should be entitled to raise a dispute.
- (c) Within 30 days of the date of publication of an *Integrated System Plan*, a disputing party must:
 - (1) give notice of the dispute in writing setting out the matters in paragraph (b) (the dispute notice) to the *AER*; and
 - (2) at the same time, give a copy of the dispute notice to *AEMO*.

5.23.2 Initial AER review

Within 20 *business days* of receipt of the dispute notice, the *AER* must review the dispute notice and may, at its discretion, either:

- (a) reject any dispute by written notice to the person who initiated the dispute if the *AER* considers that:
 - (1) based on the dispute notice, the disputing party has not established a prima facie case in respect of the matters under clause 5.23.1(b)(1), (2), or (3);
 - (2) if clause 5.23.1(b)(4) applies, the reasons given are not sufficient to justify an entitlement to raise a dispute;
 - (3) the matter was already considered in an IASR review report or ISP review report;
 - (4) that the grounds for the dispute and the reasons described are misconceived or lacking in substance; or
 - (5) the dispute is vexatious,and notify *AEMO* that the dispute has been rejected; or
- (b) accept the dispute notice and notify the disputing party and *AEMO* that it has been accepted.

5.23.3 Provision of further information

- (a) The *AER* may request further information regarding the dispute from the disputing party or *AEMO*.
- (b) A disputing party or *AEMO* (as the case may be) must as soon as reasonably practicable provide any information requested under paragraph (a) to the *AER*.
- (c) The relevant period of time in which the *AER* must make a determination under clause 5.23.4 is automatically extended by the period of time taken by *AEMO* or a disputing party to provide any additional information requested by the *AER* under this clause 5.23, provided:
 - (1) the *AER* makes the request for the additional information at least 7 *business days* prior to the expiry of the relevant period; and
 - (2) *AEMO* or the disputing party provides the additional information within 14 *business days* of receipt of the request.

5.23.4 AER determination

- (a) Where the *AER* accepts a dispute notice under clause 5.23.2(b), then subject to clause 5.23.3(c), within 40 *business days* of receipt of a dispute notice, the *AER* must either:
 - (1) reject any dispute by written notice to the person who initiated the dispute if the *AER* considers that the grounds of the dispute are not established and notify *AEMO* that the dispute has been rejected; or
 - (2) subject to paragraph (c), make and *publish* a determination:
 - (i) directing *AEMO* to remedy the non-observance with the prescribed ISP process, which direction may include requiring *AEMO* to consider whether an *ISP update* is required; or
 - (ii) stating that, based on the grounds of the dispute, *AEMO* will not be required to take any remedial action in respect of the *Integrated System Plan*.
- (b) *AEMO* must comply with an *AER* determination under subparagraph (a)(2)(i) within the timeframe specified in that determination. If, having regard to the determination, *AEMO* considers that an *ISP update* is required, then it must publish an *ISP update* in accordance with clause 5.22.15.
- (c) In making a determination under paragraph (a), the *AER*:
 - (1) must *publish* its reasons for making a determination;
 - (2) may disregard any matter raised by the disputing party or *AEMO* that the *AER* considers is misconceived or lacking in substance;
 - (3) must only consider compliance with the prescribed ISP process and

must not consider the merits of the conclusions of the *Integrated System Plan* or direct the amendment of the *Integrated System Plan* or require *AEMO* to undertake an *ISP update*; and

- (4) must specify a reasonable timeframe for *AEMO* to comply with the *AER*'s determination (if applicable).
- (d) The raising of a dispute under clause 5.23.1, or the making of a determination under subparagraph (a)(2)(i), does not affect the validity, or stay the operation, of the *Integrated System Plan*.

Note:

The *Integrated System Plan* will remain in effect until such time as replaced in whole or in part by an *ISP update*.

Schedule 2 Amendment to the National Electricity Rules

[1] Clause 6A.6.6 Forecast operating expenditure

In clause 6A.6.6(e)(11) omit “*NTNDP*” and substitute “*Integrated System Plan*”.

[2] Clause 6A.6.6 Forecast operating expenditure

In clause 6A.6.6(e)(13), omit “5.16.4” and substitute “clauses 5.16.4 or 5.16A.4”.

[3] Clause 6A.6.7 Forecast capital expenditure

In clause 6A.6.7(e)(11) omit “*NTNDP*” and substitute “*Integrated System Plan*”.

[4] Clause 6A.6.7 Forecast capital expenditure

In clause 6A.6.7(e)(13) omit “clause 5.16.4” and substitute “clauses 5.16.4 or 5.16A.4”.

[5] Rule 6A.8 Contingent Projects

In rule 6A.8, before clause 6A.8.1, insert:

6A.8.A1 Eligibility for consideration as a contingent project

A contingent project in relation to a *revenue determination* means:

- (a) a *proposed contingent project* that is determined by the *AER*, in accordance with clause 6A.8.1(b), to be a *contingent project* for the purposes of that *revenue determination*; or
- (b) an *actionable ISP project* for which the *trigger event* under clause 5.16A.5 has occurred.

[6] Clause 6A.8.2 Amendment of revenue determination for contingent project

Omit clause 6A.8.2(a), and substitute:

- (a) A *Transmission Network Service Provider* may, during a *regulatory control period*, apply to the *AER* to amend a *revenue determination* that applies to that *Transmission Network Service Provider* where:
 - (1) for a *contingent project* in a *revenue determination*, a *trigger event* for a *contingent project* in relation to that *revenue determination* has occurred; or
 - (2) for an *actionable ISP project*, the *trigger event* under clause 5.16A.5 has occurred.

[7] Clause 6A.8.2 Amendment of revenue determination for contingent project

Omit clause 6A.8.2(a1), and substitute:

- (a1) An application referred to in paragraph (a) must be made as soon as practicable after the occurrence of the *trigger event*.

[8] Clause 6A.8.2 Amendment of revenue determination for contingent project

In clause 6A.8.2(b), after “information”, insert “(as applicable)”.

[9] Clause 6A.8.2 Amendment of revenue determination for contingent project

In clause 6A.8.2(b)(6), omit “and”.

[10] Clause 6A.8.2 Amendment of revenue determination for contingent project

In clause 6A.8.2(b)(7)(iv), omit “and”.

[11] Clause 6A.8.2 Amendment of revenue determination for contingent project

In clause 6A.8.2(b)(7)(v), omit “.” and substitute “; and”, and after clause 6A.8.2(b)(7), insert:

- (8) if paragraph (n) applies, a forecast of the total capital expenditure and the total incremental operating expenditure for the *contingent project* for the subsequent *regulatory control period*.

[12] Clause 6A.8.2 Amendment of revenue determination for contingent project

In clause 6A.8.2(e)(1), after “determine”, insert “(as applicable)”.

[13] Clause 6A.8.2 Amendment of revenue determination for contingent project

In clause 6A.8.2(e)(1)(iii), omit “and”.

[14] Clause 6A.8.2 Amendment of revenue determination for contingent project

After clause 6A.8.2(e)(1)(iv), insert:

- (v) if paragraph (n) applies, the total capital expenditure and the total incremental operating expenditure which the *AER* considers is

reasonably required for the purpose of undertaking the *contingent project* in the subsequent *regulatory control period*;

[15] Clause 6A.8.2 Amendment of revenue determination for contingent project

Omit clause 6A.8.2(e)(3), and substitute:

- (3) amend the relevant *revenue determination* in accordance with paragraph (h) and if applicable paragraph (n).

[16] Clause 6A.8.2 Amendment of revenue determination for contingent project

In clause 6A.8.2(f), omit “subparagraphs (b)(2) to (7)” and substitute “subparagraphs (b)(2) to (8)”.

[17] Clause 6A.8.2 Amendment of revenue determination for contingent project

Omit clause 6A.8.2(h), and substitute:

- (h) Amendments to a *revenue determination* referred to in paragraph (e)(3) must only vary the determination to the extent necessary:
 - (1) to adjust the forecast capital expenditure for the relevant *regulatory control period* to accommodate the amount of capital expenditure determined under subparagraphs (e)(1)(i) or (e)(1)(v) (in which case the amount of that adjustment will be taken to be accepted by the *AER* under clause 6A.6.7(c));
 - (2) to adjust the forecast operating expenditure for the relevant *regulatory control period* to accommodate the amount of incremental operating expenditure determined under subparagraphs (e)(1)(i) or (e)(1)(v) (in which case the amount of that adjustment will be taken to be accepted by the *AER* under clause 6A.6.6(c)); and
 - (3) to reflect the effect of any resultant increase in forecast capital and operating expenditure on:
 - (i) the *maximum allowed revenue* for each *regulatory year* in the remainder of the relevant *regulatory control period*; and
 - (ii) the X factor for each *regulatory year* in the remainder of the relevant *regulatory control period*.

[18] Clause 6A.8.2 Amendment of revenue determination for contingent project

In clause 6A.8.2(i), after the words “paragraph (h)”, insert “ or if paragraph (n) applies, determining the total capital expenditure and the total incremental operating expenditure under subparagraph (e)(1)(v),”.

[19] Clause 6A.8.2 Amendment of revenue determination for contingent project

In clause 6A.8.2(l), after “paragraph (m)”, insert “or (n)”.

[20] Clause 6A.8.2 Amendment of revenue determination for contingent project

In clause 6A.8.2(m), omit “If” and substitute “Except where paragraph (n) applies, if”

[21] Clause 6A.8.2 Amendment of revenue determination for contingent project

In clause 6A.8.2(m), omit “(where this is permitted in accordance with paragraph (a1))”.

[22] Clause 6A.8.2 Amendment of revenue determination for contingent project

After clause 6A.8.2(m), insert:

- (n) If a *Transmission Network Service Provider* submits an application under paragraph (a) in the final *regulatory year* of a *regulatory control period* or during the last 90 *business days* of the penultimate *regulatory year* of the *regulatory control period* and the *AER* makes a determination under subparagraph (e)(1)(v), then the *AER* must within 6 months following the making of the *revenue determination* for the subsequent *regulatory control period*, amend that *revenue determination*:
 - (1) with effect from the second *regulatory year* of that subsequent *regulatory control period* in accordance with paragraphs (h) and (n);
 - (2) to include the incremental revenue which is likely to be required by the *Transmission Network Service Provider* in each *regulatory year* (other than the first *regulatory year*) as a result of the *contingent project*, such estimate being calculated on the basis of:
 - (A) the amounts determined under subparagraph (e)(1)(v);
 - (B) paragraph (b)(7) applying in respect of the subsequent *regulatory control period*; and

- (C) providing the *Transmission Network Service Provider* with the time cost of money based on the *allowed rate of return* for the provider for the relevant *regulatory control period* arising from the delay in the amendment of the current and/or subsequent *revenue determination*.

[23] Clause 6A.10.1 Submission of proposal, pricing methodology and information

In clause 6A.10.1(f) omit “*NTNDP*” and substitute “*Integrated System Plan*”.

[24] Clause 6A.23.3 Principles for the allocation of the annual service revenue requirement to connection points

Omit clause 6A.23.3(e) and substitute:

- (e) The *pre-adjusted non-locational component* is to be adjusted by:
 - (1) subtracting the absolute value of the amount (if any) referred to in paragraph (d);
 - (2) adding or subtracting any amount for *settlements residue* (not being any *auction* amount referred to in subparagraph (b)(1), but including any amount of *settlements residue* due to *intra-regional loss factors*) estimated to be receivable by or payable to the *Transmission Network Service Provider* in accordance with clause 3.6.5(a)(3);
 - (3) adding or subtracting any adjustment arising as a result of the application of clauses 6A.23.4(c) and (d);
 - (4) adding or subtracting any amount arising as a result of the application of prudent discounts (if any) under clauses 6A.26.1(d) to (g),
 - (5) adding or subtracting any *over-recovery amount* or *under-recovery amount*, with that amount including an adjustment calculated in accordance with paragraph (f); and
 - (6) adding the amount of *NTP functions* fees advised to the *Co-ordinating Network Service Provider* in accordance with clause 2.11.1,

(the *adjusted non-locational component*).

[25] Clause 8.2.1 Application and guiding principles

In clause 8.2.1(h)(13), omit “clause 5.16.5” and substitute “clause 5.16B.”

Schedule 3 Amendment to the National Electricity Rules

(Clause 4)

[1] Chapter 10 New definitions

Insert the following new definitions in alphabetical order:

actionable ISP project

A project:

- (a) that relates to a transmission asset or *non-network option* the purpose of which is to address an *identified need* specified in an *Integrated System Plan* and which forms part of an *optimal development path*; and
- (b) for which a project assessment draft report is required to be published in the *Integrated System Plan* that identifies that project.

Inertia Report

A report published by *AEMO* under clause 5.20.5.

Integrated System Plan

A plan developed and published by *AEMO* under rule 5.22 as amended by an *ISP update* from time to time.

ISP database

The database that *AEMO* is required to establish and maintain under clause 5.22.16.

ISP update

An update to an *Integrated System Plan* published by *AEMO* under clause 5.22.15.

NSCAS Report

A report published by *AEMO* under clause 5.20.3.

optimal development path

A development path identified by *AEMO* as the optimal development path in the most recent *Integrated System Plan* in accordance with rule 5.22.

System Strength Report

A report published by *AEMO* under clause 5.20.7.

[2] Chapter 10 Amended definitions

In the definition of “*inertia requirements methodology*” omit “5.20.1(a)(3)” and substitute “5.20.4(a)”.

[3] Chapter 10 Amended definitions

In the definition of “*interested party*” omit paragraph (b) and substitute:

- (b) Despite the definition in (a) above, in clauses 5.16.4, 5.16A.4, 5.16B, 5.17.4 and 5.17.5, the meaning give to it in clause 5.15.1.

[4] Chapter 10 Amended definitions

In the definition of “*system strength requirements methodology*” omit “5.20.1(a)(3)” and substitute “5.20.6(a)”

[5] Chapter 10 Substituted definitions

Substitute the following definitions in alphabetical order:

ancillary services agreement

An agreement under which an *NMAS provider* agrees to provide one or more services described in paragraph (b) of *non-market ancillary services* to *AEMO*.

contingent project

In relation to a distribution determination, a *proposed contingent project* that is determined by the *AER*, in accordance with clause 6.6A.1(b), to be a *contingent project* for the purposes of that distribution determination.

In relation to a *revenue determination*, has the meaning given in clause 6A.8.1A.

identified need

The objective a *Network Service Provider* or a group of *Network Service Providers* seeks to achieve by investing in the *network* in accordance with the *Rules* or an *Integrated System Plan*.

Non-market ancillary service or NMAS

Any of the following services:

- (a) *network support and control ancillary services* and other services acquired by *Transmission Network Service Providers* under *connection agreements* or *network support agreements* to meet the service standards linked to the technical requirements of schedule 5.1 or in *applicable regulatory instruments* (but to avoid doubt, excluding *inertia network services* and *system strength services*); and
- (b) *system restart ancillary services* acquired by *AEMO* under clause 3.11.9 and *network support and control ancillary services* acquired by *AEMO* in the circumstances described in clause 3.11.3(c).

NSCAS gap

Any *NSCAS need* that *AEMO* forecasts will arise at any time within a planning horizon of at least 5 years from the beginning of the year in which the most recent *NSCAS Report* applies.

regulatory test for transmission

The test developed and published by the *AER* in accordance with clauses 5.15A.1 and 5.16.2 as in force from time to time, and includes amendments made in accordance with clause 5.16.2.

trigger event

For a *Distribution Network Service Provider*, in relation to a *proposed contingent project* or a *contingent project*, a specific condition or event described in clause 6.6A.1(c), the

occurrence of which, during the relevant *regulatory control period*, may result in the amendment of a distribution determination under clause 6.6A.2.

For a *Transmission Network Service Provider*, in relation to:

- (a) a *proposed contingent project* or a *contingent project* in a *revenue determination*, a specific condition or event described in clause 6A.8.1(c), the occurrence of which, during the relevant *regulatory control period*, may result in the amendment of a *revenue determination* under clause 6A.8.2; and
- (b) an *actionable ISP project*, the event specified in clause 5.16A.5, the occurrence of which, during the relevant *regulatory control period*, may result in the amendment of a *revenue determination* under clause 6A.8.2.

[6] Chapter 10 Omitted definitions

In Chapter 10, omit the definitions of “*national transmission flow path*”, “*NTNDP*”, “*NTNDP database*” and “*NTNDP inputs*”.

Schedule 4 Savings and Transitional Amendments to the National Electricity Rules

[1] Chapter 11 New Part ZZZ[x]

In Chapter 11, after Part ZZZ[x], insert:

Part ZZZ[x] Integrated System Plan Rules

11.xx Rules consequential on the making of the National Electricity Amendment (Integrated System Plan) Rule 2020

11.xx.1 Definitions

In this rule 11.xx:

2020 Integrated System Plan means the Integrated System Plan published by AEMO in 2020.

Amending Rule means the National Electricity Amendment (Integrated System Plan) Rule 2020.

Annual Reports means the *NSCAS Report, Inertia Report and the System Strength Report*.

commencement date means 1 July 2020.

existing actionable ISP project means an *actionable ISP project* specified as such in the 2020 Integrated System Plan.

existing RIT-T proponent means the RIT-T proponent for an existing actionable ISP project.

former clause 3.11.4 means clause 3.11.4 as in force immediately prior to the commencement date.

former rule 5.16 means rule 5.16 as in force immediately prior to the commencement date.

former clause 5.16.6 means clause 5.16.6 as in force immediately prior to the commencement date.

new rule 5.16A means rule 5.16A of the Amending Rule in operation on and from the commencement date.

NSCAS, inertia and system strength methodologies means the NSCAS description and NSCAS quantity procedure published under former clause 3.11.4, the *inertia requirements methodology* and the *system strength requirements methodology*.

project assessment conclusions report has the meaning given in clause 5.10.2.

project assessment draft report has the meaning given in clause 5.10.2.

project specification consultation report has the meaning given in clause 5.10.2.

11.xx.2 2020 Integrated System Plan

- (a) The 2020 Integrated System Plan is taken to be valid for all purposes under the *Rules* as amended by the Amending Rule and has effect from the commencement date.
- (b) Without limiting paragraph (a), the 2020 Integrated System Plan is taken to have been prepared, consulted on and published in accordance with the *Rules* as amended by the Amending Rule.

11.xx.3 Existing actionable ISP projects

An existing actionable ISP project is deemed to be an *actionable ISP project* for all purposes under the *Rules* as amended by the Amending Rule.

11.xx.4 Existing actionable ISP projects at the clause 5.16.6 stage

- (a) This clause 11.xx.4 applies if, at the commencement date, for an existing actionable ISP project:
 - (1) the existing RIT-T proponent has requested the *AER* to make a determination under former clause 5.16.6; or
 - (2) the *AER* has made a determination under former clause 5.16.6.
- (b) For that existing actionable ISP project, the existing RIT-T proponent may either:
 - (1) apply, or continue to apply former rule 5.16 to that existing actionable ISP project (and, to avoid doubt, not new clause 5.16A); or
 - (2) apply new rule 5.16A to that existing actionable ISP project, in which case:
 - (i) clauses 5.16A.4(a) to (m) do not apply to that existing actionable ISP project; and
 - (ii) if the circumstances in clause 5.16A.4(n)(2) occur in respect of that existing actionable ISP project, clauses 5.16A.4(n), (o) and (p) will apply to that existing actionable ISP project; and
 - (iii) if the circumstances in clause 5.16A.4(n)(2) do not occur in respect of that existing actionable ISP project, the existing RIT-T proponent may apply clause 5.16A.5 (notwithstanding a determination may have been made under clause 5.16.6), in which case the project assessment conclusions report made available by the existing RIT-T proponent before the

commencement date for that existing actionable ISP project, is deemed to satisfy the condition set out in clause 5.16A.5(a).

- (c) To avoid doubt, this clause 11.xx.4 does not prevent any new application of the *regulatory investment test for transmission* under new rule 5.16A to an *actionable ISP project* equivalent, or substantially similar, to the existing actionable ISP project commencing after the commencement date.

11.xx.5 Existing actionable ISP projects prior to the clause 5.16.6 stage

- (a) This clause 11.xx.5 applies if, at the commencement date, for an existing actionable ISP project:
 - (1) the RIT-T proponent has not commenced the *regulatory investment test for transmission* under former rule 5.16; or
 - (2) the RIT-T proponent has commenced the *regulatory investment test for transmission* under former rule 5.16 but clause 11.xx.4 does not apply.
- (b) An existing RIT-T proponent may either:
 - (1) subject to paragraph (c), apply, or continue to apply, former rule 5.16 to that existing actionable ISP Project; or
 - (2) apply new rule 5.16A to that existing actionable ISP project.
- (c) An existing RIT-T proponent may only apply, or continue to apply, former rule 5.16 to an existing actionable ISP Project if the existing actionable ISP project is a *proposed contingent project* in the existing RIT-T proponent's *revenue determination* at the commencement date.

11.xx.6 Existing RIT-T proponent has published a PSCR but not a PADR

- (a) This clause 11.xx.6 applies, if at the commencement date:
 - (1) an existing RIT-T proponent has prepared and made available the project specification consultation report to relevant persons in accordance with clause 5.16.4(c) and has not yet prepared and made available a project assessment draft report in accordance with clause 5.16.4(j); and
 - (2) the existing RIT-T proponent applies new rule 5.16A in accordance with clause 11.xx.5(b)(2).
- (b) The existing RIT-T proponent must in the project assessment draft report published under clause 5.16A.4(c) (in addition to requirements under clause 5.16A.4(d)) address all submissions made by *Registered Participants*, *AEMO* and *interested parties* on issues raised in submissions to the project specification consultation report.

11.xx.7 Cost Benefit Analysis Guidelines

- (a) Within 30 days of the commencement date, the *AER* must develop and publish on its website the first Cost Benefit Analysis Guidelines required under clause 5.22.5(a) and in doing so must comply with the *Rules consultation procedures*.
- (b) If, prior to the commencement date, and for the purposes of developing the Cost Benefit Analysis Guidelines in anticipation of the Amending Rule, the *AER* undertook consultation or steps equivalent to that as required in the *Rules consultation procedures*, then that consultation or steps undertaken is taken to satisfy the equivalent consultation or steps under the *Rules consultation procedures*.

11.xx.8 Forecasting Best Practice Guidelines

- (a) Within 30 days of the commencement date, the *AER* must amend the Forecasting Best Practice Guidelines in accordance with clause 5.22.5(i) and (j) and in doing so must comply with the *Rules consultation procedures*.
- (b) If, prior to the commencement date, and for the purposes of amending the Forecasting Best Practice Guidelines in anticipation of the Amending Rule, the *AER* undertook consultation or steps equivalent to that as required in the *Rules consultation procedures*, then that consultation or steps undertaken is taken to satisfy the equivalent consultation or steps under the *Rules consultation procedures*.

11.xx.9 Methodologies and reports

- (a) The NSCAS, inertia and system strength methodologies are each deemed to have been prepared, consulted on and published in accordance with the *Rules* as amended by the Amending Rule.
- (b) If, prior to the commencement date, and for the purposes of preparing and publishing the Annual Reports in anticipation of the Amending Rule, *AEMO* undertook consultation or steps, then the consultation or steps undertaken is taken to satisfy the equivalent consultation or steps for the purposes of preparing and publishing the Annual Reports in accordance with the *Rules* as amended by the Amending Rule.

11.xx.10 AEMC review of ISP framework

- (a) The *AEMC* must complete a review of the *Integrated System Plan* framework as set out in rules 5.16A, 5.22 and 5.23 by 1 July 2025.
- (b) In conducting its review under paragraph (a), the *AEMC* must:
 - (1) *publish* the terms of reference of its review; and
 - (2) follow the *Rules consultation procedures*.

Note

This clause does not preclude the *AEMC* from conducting a review in accordance with section 45 of the *National Electricity Law*.