



**NATIONAL ELECTRICITY CODE  
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27 February 2001

Mr A Johnston  
The National Access Regime Inquiry  
Productivity Commission  
PO Box 80  
BELCONNEN ACT 2616

*Dear Alan,*

### **THE NATIONAL ACCESS REGIME**

I met John Cosgrove, Stuart Wilson and David Lowe to discuss the Commission's national access regime inquiry last November and subsequently wrote to David on 6 December enclosing copies of NECA's 1999-2000 annual report and 2000-01 Statement of Corporate Intent. I have since seen a copy of TransGrid's submission to the inquiry that the Commission has placed on its website. There is one point in that submission which so misunderstands, or misrepresents, NECA's position that it risks misleading the Commission if it goes uncorrected.

TransGrid alleges a failure by NECA to reorganise the need to match accountability for outcomes with responsibility for decision-making. It refers to proposed changes to the National Electricity Code that we put to the ACCC last December and which TransGrid claims place much of the ultimate decision-making power in relation to transmission investments with an inter-regional planning committee and a dispute resolution panel, while leaving the commercial and service level accountabilities with transmission service providers.

The reality is almost exactly the opposite. Our proposals are designed to put TransGrid and other network service providers in the driving seat by giving them primary responsibility for the decision-making process on proposed new regulated network investments. New investments will no longer require the approval of either NEMMCO or the Inter-Regional Planning Committee (IRPC), although the IRPC will retain a rôle in assessing the technical inter-network implications of proposals. The package establishes a streamlined approval process for new investments necessary to ensure the reliability of power supply and a truncated process for small projects below a pre-determined threshold. This will help to restore the balance and allow new regulated network investment projects to move as quickly as possible through their planning and approval stages.

It is important, however, and I'm sure the Commission will wish to ensure that new regulated projects are demonstrably justified on economic and public benefit grounds. It is also essential that the alternatives, including local generation and demand-side alternatives, are properly considered and assessed. The package therefore includes obligations on network service providers to publish full details of, and the economic justification for, a proposed project. It also incorporates rights to consultation and, if issues remain unresolved, access to



dispute resolution for legitimately interested parties. Those rights are, however, subject to a clear and robust timetable designed to ensure worthwhile projects are not delayed. As a final safeguard to both network service providers and customers, the package also includes provision for ACCC approval in advance of the largest and most contentious projects.

A detailed explanation of the package is available on our website ([www.neca.com.au](http://www.neca.com.au)). I should be happy to provide further information or to discuss the issues if that would be helpful.

I am sending a copy of this letter to Phil Gall at TransGrid.

*Yours,*

A handwritten signature in black ink that reads "Stephen Kelly". The signature is written in a cursive style and is underlined with a single horizontal line.

**Stephen Kelly**  
**Managing Director**