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

Dear Mr Johnston

National Access Regime Inquiry

We have received a copy of NECA's letter to you dated 27 February 2001 about the accuracy of TransGrid's submission to the Productivity Commission (the "Commission") relating to the National Access Regime Inquiry which the Commission is conducting. While TransGrid does not wish to divert the Commission's attention from the issues before it, TransGrid wishes to respond to the allegations made in NECA's letter.

It appears from NECA's letter to the Commission that NECA misunderstood when TransGrid's submission was made. NECA's letter states:

"TransGrid alleges a failure by NECA to reorganise (sic) 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 dispute resolution panel, while leaving the commercial and service level accountabilities with transmission service providers."

In fact, TransGrid's submission to the Commission referred to the changes to the National Electricity Code (the "Code") proposed by the Code Change Panel on 9 October 2000. The changes to the Code, which NECA refers to in the paragraph above, were those forwarded to the ACCC by NECA on 20 December 2000. That is, after TransGrid had made its submissions to the Productivity Commission.

In particular, the key features of the proposal that NECA mentioned in its letter that:

- neither NEMMCO nor the Inter-Regional Planning Committee had to approve the new investment; and
- the streamlined approval process for proposed new small network assets and funded augmentations

were not the central features of the proposed changes to the Code which were the subject of TransGrid's submissions to the Commission, but were a significant part of the final network planning regime NECA forwarded to the ACCC on 20 December 2000. TransGrid had no knowledge that NECA would amend the proposed changes at the time TransGrid made its submission to the Commission. As a result, the assertion in NECA's letter that TransGrid's

submission so misunderstood and/or misrepresented NECA's position as to risk misleading the Commission is incorrect. TransGrid has requested NECA to confirm this in writing to the Commission.

TransGrid notes that, despite the changes to the network planning regime mentioned by NECA in its letter, TransGrid remains concerned that the proposed network planning regime transfers the decision-making power on suitable investments to remove emerging network congestion to third parties that are not accountable for the service outcomes as TransGrid is under the Code.

TransGrid remains of the view that it is not acceptable to hold Transmission Network Service Providers accountable for providing a prescribed level of service of network performance while removing their ability to make the necessary decisions about network augmentation to ensure this performance.

We look forward to the release of the Commission's position paper and participating further in the inquiry process.

Yours sincerely

Philip Gall 22/3/2001

Philip Gall
Manager/Regulatory Affairs