
Regulatory issues

Electricity

Changes to the National Electricity Code

On 22 October 1999 the Commission issued its final determination for authorisation of changes to the National Electricity Code.

The code changes deal with the three separate issues of:

- market operations for the Y2K period;
- the regulatory test for new network investments; and
- deferring compensation payments for system security directions.

No requests for a pre-decision conference were received from interested parties on the draft determination and the code changes were authorised relatively unchanged.

The Y2K code changes will set a ceiling price of \$300/MWh and a floor price of \$0/MWh for the electricity spot market. The prices were required to be in place for three days, beginning on 31 December 1999, but the National Electricity Code Administrator (NECA) could extend the period for a further seven days.

The Commission responded to concerns of electricity market participants in imposing an authorisation condition requiring NECA to publish the criteria it would use to decide whether to extend the price cap and floor beyond the three day period. The code changes amend the criteria used for assessing the merits of investments in the regulated electricity networks. The code changes replace the existing customer benefits test with a regulatory test to be determined by the Commission.

The Commission's revised draft regulatory test for new interconnectors and network augmentations was released with the initial

draft determination. A number of submissions were received regarding the regulatory test. It is expected that the test will be promulgated once the code changes have been implemented.

The final determination and the draft regulatory test are available from the Commission's website.

Telecommunications

Final decisions reject Telstra's terms and conditions for mobile services

On 23 August the Commission issued final decisions to reject Telstra's proposed terms and conditions for other carriers to interconnect with its analogue and digital mobile networks. This follows a recent final decision by it to reject Telstra's proposed terms and conditions for interconnection with its fixed telephony network.

Mobile interconnection allows Cable & Wireless Optus and Vodafone's mobile phone customers to call users on Telstra's mobile networks. Telstra submitted undertakings to the Commission proposing the terms and conditions for other carriers to interconnect with its analogue and digital mobile networks. Under the Trade Practices Act the Commission cannot accept an undertaking unless the terms and conditions are reasonable. The Commission has made final decisions that the terms and conditions in the undertakings are not reasonable.

The final decisions are based on an assessment of the non-price terms and conditions in the undertakings. These are identical to those in Telstra's undertaking for its fixed telephony network. The rejection of the undertakings means that all Telstra's undertakings submitted to the Commission have been rejected.

A report detailing the reasons for the Commission's final decision will be available on its website.