

IMPACT & IMPLEMENTATION REPORT – SUMMARY SECTION

Issue Number	IN033/16		
Impacted Jurisdiction (s)	NSW-ACT		
Proponent	Carol Poon	Company	AEMO
Affected Gas Markets(s) <ul style="list-style-type: none"> ▪ Retail ▪ Wholesale ▪ Bulletin Board ▪ STTM 	Retail	Consultation process (Ordinary or Expedited)	Expedited
Industry Consultative forum(s) used	GRCF	Date Industry Consultative forum(s) consultation concluded	29 November 2016
Short Description of change(s)	Removing AEMO's reporting obligation in clause 9.1(c) from the NSW-ACT Retail Market Procedures (Procedures)		
Procedure(s) or Documentation impacted	Retail Market Procedures (NSW-ACT) (see attachment A)		
Summary of the change(s)	An internal audit of AEMO's NSW-ACT systems and processes revealed AEMO is not publishing a monthly report to users in accordance with clause 9.1(c) of the Procedures on the forecasting information and its accuracy. AEMO considers that this reporting obligation is redundant given AEMO provides other report that provides similar information to the report in clause 9.1(c). AEMO proposes to delete clause 9.1(c) to remove this reporting obligation from the Procedures.		
I&IR Prepared By	Carol Poon	Approved By	Ruth Guest
Date I&IR published	06 January 2017	Date Consultation under 135EE or 135EF concludes	31 January 2017
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Responses	
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IMPACT & IMPLEMENTATION REPORT – DETAILED REPORT SECTION

CRITICAL EXAMINATION OF PROPOSAL

<p>1. Description of change(s) and reasons for change(s)</p>	<p>AEMO is required to provide each User a monthly report on the overall outcomes and the accuracy of the processes used to prepare the forecasting information¹ as per clause 9.1(c) of the Procedures. Clause 9.1 (and the entire chapter 9) has been a provision in the Procedures since the start of the NSW and ACT Gas Retail Market in 2001.</p> <p>It is AEMO's understanding that that AEMO (and its predecessors) has never published this monthly report to the Users. However, AEMO does publish the 'ERFTForecastingDataRpt'² report which contains the forecasting information and its estimated accuracy to the Users each day as per clause 8.4.1 of the Procedures.</p> <p>AEMO believes that the daily report 'ERFTForecastingDataRpt' provides Users the required information, similar to information specified in clause 9.1(c) of the Procedures. In addition it is AEMO's understanding that some participants utilise their own forecasting systems internally, instead of using the forecasting information that is published in this report by AEMO.</p> <p>Therefore, AEMO considers that the clause 9.1(c) reporting obligations is redundant and therefore should be removed from the Procedures.</p>
<p>2. Reference documentation</p> <ul style="list-style-type: none"> ▪ Procedure Reference ▪ GIP/Specification Pack Reference ▪ Other Reference 	<p>Retail Market Procedures (NSW-ACT) (see attachment A)</p>
<p>3. The high level details of the change(s) to the existing Procedures</p> <p>This includes:</p> <ul style="list-style-type: none"> ▪ A comparison of the existing operation of the Procedures to the proposed change to the operation of the Procedures ▪ A marked-up version of the Procedure change (see 	<p>It is proposed to remove clause 9.1(c), outlining AEMO's reporting obligation, from the Procedures.</p> <p>The proposed documentation change has been included in attachment A of this document.</p>

¹ The information provided by AEMO under clause 8.4.1 of the Procedures.

² Information can be found in section 6.8.1.11 of the Participant Build Pack 5.

Attachment A)	
<p>4. Explanation regarding the order of magnitude of the change</p> <p>(e.g.: material, non-material or non-substantial)</p>	<p>The proposed change to documentation is minor in nature.</p> <p>AEMO envisages no change to AEMO and Users IT systems as a result of this change.</p> <p>Taking into account the above, the order of magnitude for this change is non-material.</p>

ASSESSMENT OF LIKELY EFFECT OF PROPOSAL

<p>5. Overall Industry Cost / benefit (tangible / intangible / risk) analysis and/or cost estimates</p>	<p>The proposal of removing the reporting obligation in clause 9.1(c) of the Procedures does not result in AEMO or participants incurring any cost and provides more efficient market operations by removing a reporting requirement which does not provide a material benefit to users.</p>
<p>6. The likely implementation effect of the change(s) on stakeholders (e.g. Industry or end-users)</p>	<p>This proposed change has no impact on Participants because of the following:</p> <ul style="list-style-type: none"> • AEMO publishes a daily report 'ERFTForecastingDataRpt' which provides Users with forecasting information, similar to information specified in clause 9.1(c) of the Procedures. • Some participants utilise their own forecasting systems internally instead of using the forecasting information that is published in the report by AEMO.
<p>7. Testing requirements</p>	<p>No testing is required.</p>
<p>8. AEMO's preliminary assessment of the proposal's compliance with section 135EB:</p> <ul style="list-style-type: none"> - consistency with NGL and NGR, - regard to national gas objective - regard to any applicable access arrangements 	<p><u>Consistency with NGL and NGR:</u></p> <p>AEMO's view is that the proposed Procedures change is consistent with the NGL and is not inconsistent with matters that the Procedures may deal with under Section 135EA(1) of the NGR.</p> <p><u>National Gas Objective (NGO)</u></p> <p><i>"Promote efficient investment in, and efficient operation and use of, natural gas services for the long term interests of consumers of natural gas with respect to price, quality, safety, reliability and security of supply of natural gas."</i></p> <p>It is AEMO's view that the proposed change for IN033/16 will remove a reporting requirement which does not provide material benefit to users and will therefore make market operations more efficient.</p> <p><u>Applicable Access Arrangements</u></p> <p>AEMO's view is that the proposed change for IN033/16 is not in conflict with existing Access Arrangements.</p>

<p>9. Consultation Forum Outcomes</p> <p>(e.g. the conclusions made on the change(s) whether there was unanimous approval, any dissenting views)</p>	<p>The GRCF is a standing forum for providing effective and efficient consultation with stakeholders on development of the VIC, QLD, SA and NSW-ACT Gas Retail Markets.</p> <p>The proposal to remove clause 9.1 (c) was first discussed at the GRCF meeting held on 08 November 2016. Subsequent to that meeting, AEMO reissued the paper on 15 November 2016.</p> <p>The GRCF was invited to provide feedback by 29 November 2016. AEMO received feedback from Jemena, Energy Australia, AGL and Origin Energy supporting the proposal.</p>
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RECOMMENDATION(S)	
<p>10. Should the proposed Procedures be made, (with or without amendments)?</p>	<p>AEMO recommends that the change be made as proposed in attachment A.</p>
<p>11. If applicable, a proposed effective date for the proposed change(s) to take effect and justification for that timeline.</p>	<p>AEMO proposes that the change takes effect on 05 April 2017 with publication of document referenced in attachment A.</p> <p>The consultation dates are:</p> <ul style="list-style-type: none"> • 06 January 2017 – IIR issued for consultation • 31 January 2017 – Consultation closes for IIR • 27 February 2017 – AEMO publishes Notice of Decision • 27 February 2017 – Effective date notification • 05 April 2017 – Effective date for the documentation change <p>Feedback on the proposed change to the documentation as described in attachment A is to be emailed to AEMO (GRCF@aemo.com.au) before COB 31 January 2017. Please use the response template provided.</p>

ATTACHMENT A

Proposed changes: NSW-ACT RETAIL MARKET PROCEDURES

~~Red~~ ~~strikeout~~ means delete and

blue underline means insert

9.1 Forecasting Development and Reporting

(a) *AEMO* must initiate and manage the development and enhancement of the forecasting algorithm over time.

(b) A *User* must co-operate with *AEMO* to facilitate the effective development and implementation by *AEMO* of the forecasting algorithm and related matters as required from time to time.

~~(c) *AEMO* must provide to each *User* a report each month on the overall outcomes (including accuracy) of the processes used to prepare and provide forecasting information.~~