Consolidated Response for GMI IN001/18W (Matters Referred to AEMO Clause 325) V3

Question	Participant	Participant Response	AEMO Response (AEMO only)
1. The proposal requires quarterly self reporting of EIC breaches to AEMO to support the change in frequency of EIC Audits to every 5 years (see IN001/20W initiative). Do you support this proposal?	Alinta	Yes, Alinta Energy supports the proposal to self-report EIC breaches on a quarterly basis, which will facilitate a change in the frequency of EIC audits from the current annual auditing requirement.	1.1 - AEMO notes Alinta's support for the proposal.
	Agora Retail	Agora Retail supports the change in EIC audit for established retailers to 5 years but considers the quarterly reporting period to be too short and that annual reporting to be sufficient.	1.2 - AEMO notes Agora Retails support for the EIC audit every 5 years. AEMO's view is a quarterly reporting period for EIC breaches, noting participants only need to report if a breach has occurred, is the right balance between risk and a potential systemic issue emerging if the number of breeches were high and/or frequent. This quarterly reporting will enable AEMO monitor potential EIC breaches and mitigate systematic issue. Also see AEMO response in 3.6, paragraph 4 and 5.
	Origin Energy	Origin supports the proposal for quarterly self reporting of EIC breaches. However, Origin is concerned that the requirement to report within 5 business days after the end of each quarter would be extremely difficult, particularly if a breach were to occur towards the end of the quarter. We request that AEMO align your compliance reporting framework deadlines with the Australian Energy Regulator, by allowing participants at least one month to collate and endorse quarterly breach reports before submitting. This would mean that all quarterly breaches would be reported as per AER's Compliance Procedures and Guidelines), section 3.9. Yes. Quarterly reporting allows for sufficient time to identify and correct EIC breaches.	1.3 – AEMO notes Origin's support of the proposal. AEMO considers that when a breach occurs, a participant will investigate the breach promptly and take steps necessary to mitigate its recurrence. This information should be ready to collate and report at the end of each quarter. This type of approach is desirable and therefore it is AEMO view that the 5 business days is a prudent timing provision and is unlikely to be problematic. As noted in AEMO response 3.6 (see paragraph 5), having robust EIC controls leads to less breachs therefore concerns about reporting timing provision clearly become less of a concern.
	Kleenheat	Yes	1.4 – AEMO notes Kleenheat's support for the proposal.

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	AGL	Yes, we support the quarterly self-reporting of EIC breaches to AEMO to support the change in frequency of EIC Audits to every 5 years by existing retailers in the market. We note that if no breaches are required to be reported in a quarter the retailer will submit a 'noted but nil' notice.	1.5 – AEMO notes AGL's support for the proposal.
	Synergy	As outlined in previous submissions Synergy prefers a 5-year audit period with annual reporting of EIC breaches. However, if this option is not available Synergy will support a 5-year audit period with quarterly self-reporting of EIC breaches.	1.6 – AEMO notes Synergy's preference for annual reporting of EIC breaches. AEMO also notes Synergy is not totally opposed to quarterly reporting of EIC breaches.
2 Are there any other benefits that you have not already identified to your 2rganization and the industry that will strengthen this proposal.	Alinta	Whilst the proposal to self-report EIC breaches on a quarterly basis may appear more onerous than currently required, there will be significant savings in auditing costs.	2.1 – AEMO notes Alinta's comment.
	Agora Retail	Agora Retail has not identified any further benefits than is already the case.	2.2 – AEMO notes Agora Retail's comment.
	Origin Energy	No additional benefits, please refer response to the last GMI.	2.3 – AEMO notes Origin Energy's comment.
	Kleenheat	No	2.4 – AEMO notes Kleenheat's comment.
	AGL	No further benefits identified other than those previously set out in version 2 of our response to this GMI IN001/18W.	2.5 – AEMO notes AGL's comment.
	Synergy	Synergy has no further comments.	2.6 – AEMO notes Synergy's no comment position,
3 Do you support the proposed changes in IN001/20W – EIC Process Review?	Alinta	Yes, although some of the clause 350 references do not appear to match with the clause 350 numbering in GMI IN001/20W ver 2 drafting e.g., there are no subclauses (4) or (5) in the revised drafting. We also note that some of the amendments suggested previously by Alinta Energy in its ver 2 Response Template and agreed to by AEMO as noted in the ver 3 GMI, have not been incorporated.	3.1– AEMO notes Alinta's support for the proposal. AEMO notes that the renumbering was done to ensure the numbering standard is followed. E.g. not reusing the number of previously deleted clause or reusing the number of an existing clause to specify different purpose. AEMO also notes that some of the changes in new sub clauses (5) and (7) were missed and will be incorporated in the formal consultation documents.
	Agora Retail	Agora Retail supports the proposal.	3.2 – AEMO notes Agora Retail's support for the proposal.

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	Origin Energy	Yes	3.3 – AEMO notes Origin Energy's support for the proposal.
	Kleenheat	Yes	3.4 – AEMO notes Kleenheat's support for the proposal.
	AGL	Yes, we support the proposed changes set out in IN001/20W.	3.5 – AEMO notes AGL's support for the proposal.
	Synergy	In relation to IN001/20W(V2), as mentioned above, Synergy supports a 5-year audit period with quarterly self-reporting of EIC breaches (if annual reporting of EIC breached is not accepted). In relation to IN001/18W (V3), Synergy supports self reporting but does not support self-reporting of all breaches within 30 business days with no materiality threshold. Synergy also considers the proposal is inconsistent with the requirement of clause 7A of the Retail Market Procedures. As outlined in our previous submission, Synergy considers the proposed conditions will create a material cost for all participants to monitor and report on every individual obligation under the retail market procedures. In addition, AEMO in its feedback to Synergy's previous submission on IN001/18W explained the phrase, 'ought to have become aware', is in the current Procedures and is "…equally applicable to self-reporting breaches as they place an obligation on participants to take reasonable steps to identify and report breaches…". Given this position and expectation, Synergy notes there are approximately 350 primary obligations with associated sub-obligations in the retail market procedures. Therefore, Synergy considers it would be an extremely costly and onerous task to create controls and a compliance monitoring and reporting framework for participants to monitor and report on every sub-clause within the retail market procedures.	3.6 – In relation to the first paragraph, see AEMOs response in 1.6 above. The broad scope of this initiative from the get-go has been adding all self reported breaches (excluding those corrected by an error correction notice (ECN) conditional that all parties agree) to the pre-existing provision in part 6.3 of the RMP which already includes provision whereby a participant report a suspected breach of another participant contraventions of the procedures whatever the circumstance may be within. AEMO notes Synergy's comment (paragraph 2) about not supporting a period of 30 busines days. AEMO notes that this is based on existing subclause 325(2) which requires reporting of breaches within 30 business days. AEMO notes Synergy's comment (paragraph 3) about the proposal will create a material cost for all participants to monitor and report on every individual obligation under the retail market procedures. In its response to this comment AEMO assumes that Synergy and all participants have processes, procedures, and systems for compliance in place for the obligations that are assigned to fulfil as set out in the procedure. This is one of the requirements that a participant must satisfy in order to join the WA Gas Retail Market[1]. This requirement does not point out any particular obligations therefore AEMO strongly believes it applies to all obligations. Noting the above it is

[1] See Specification Pack document titled Readiness Criteria section 2.2 which is published on the AEMO website

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		Therefore, Synergy considers AEMO should outline what it considers the "reasonable steps" are that a retailer should take in relation to meeting the conditions of IN001/18W. This substantiation and clarification has not been provided by AEMO in the GMI. Synergy notes the ERA under its (extensive) electricity and gas licensing regimes in Western Australia only requires annual self-reporting of breaches, which are subject to a materiality threshold. The ERA considers this to be an effective, efficient and reasonable framework that is expected to be implemented by a reasonable and prudent person. Consequently, Synergy seeks to understand why the AEMO is proposing a reporting framework that places a significantly higher burden on participants than the ERA's reporting framework and how the AEMO considers IN001/18W meets the requirements of clause 7A. The substantiation against clause 7A has not previously been provided by AEMO.	AEMO's view that this initiative is not creating any additional material cost. AEMO notes that if participants have robust compliance controls in place, then the reporting period frequency is inconsequential as the control processes would be trigged when non-compliance events occur. AEMO also notes that none of the other responses have raised the issue of material cost. AEMO notes Synergy's comment (paragraph 5) about '350 primary obligations…' and refers to the scope of the current consultation, AEMO response for this is the same response mentioned for paragraph 3. AEMO notes Synergy's comment (paragraph 6) about 'reasonable steps' and again refers to the scope of this consultation mentioned above and considers that all participants will take steps that are required in meeting the requirements of the proposed scope. All participants have processes, procedures, and systems for compliance in place for the obligations is one of the existing requirements that a participant must satisfy in order to join the WA Gas Retail Market underpins the reasonable steps obligation. Noting all the above, AEMO does not consider the reporting framework places significantly higher burden on participants. The figures from the summary below further substantiate AEMO's view that this initiative isn't adding a material costs to participants. The following breaches reported over a period of 2 years ending Dec 2020. Assuming the participants were correctly reporting all breaches, a total of 16 breaches over 2 years should not place significantly higher burden. • EIC – 8 breaches • Swing Service – 7 breaches • Transfer – 1 breach • Timing – 10 breaches (these are AEMO breaches)

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			AEMO notes Synergy's comment (paragraph 7) and notes that the quarterly reporting of EIC breaches is required to support the proposal IN001/20W. AEMO notes Synergy's reference to clause 7A[2] of the RMP (paragraph 2 and 8) and seeks further clarification from Synergy to explain how AEMO does not meet the requirements of clause 7A, as well as further explanation on the magnitude of the materiality (paragraph 3) they envisaged would be incurred. AEMO also offered Synergy to present further information at the GRCF meeting on the 17 June.
4 Any other comments on this proposal?	Alinta	Alinta Energy supports this proposal.	4.1 AEMO notes Alinta's support for the proposal.
	Agora Retail	Agora Retail has no further comments.	4.2 AEMO notes Agora Retail's no comment position.
	Origin Energy		
	Kleenheat	No	4.3 AEMO notes Kleenheat's comment.
	AGL	We note and support the changes to clauses 325(5) and 325(7) set out in Alinta's response to version 2 of this GMI IN001/18W were omitted from this version 3.0 but will be included. As a comment, we recommend that if and when this change is instigated, the need for quarterly reporting is reviewed in due course to consider its benefits and need, and whether in time the frequency of reporting can be changed to an annual cycle.	4.4 AEMO agrees with AGL's suggested changes related to first 3 bullet points. AEMO considers the reference to clause 331(1) may be inaccurate and requests further information.
	Synergy	Synergy has no further comments.	4.5 AEMO notes Synergy's no comment position.

[2] Clause 7A refers to the administration of the retail market scheme and this clause places an obligation on AEMO that AEMO must act in accordance with several principles to the extent practicable. Some of the principles mentioned include minimising the costs, having regard to the best interests of the gas market, achieve an appropriate balance between cost and quality of service.