

# POC PROCEDURES WORKING GROUP (POC-PWG)

## DRAFT DETERMINATION (PACKAGE 2)

20 DECEMBER 2016

# AGENDA

1. Introduction
  2. Summary of Procedure Changes
  3. Material Issues
  4. Questions and Close
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# 1. INTRODUCTION



The purpose of this POC-PWG meeting is to:

- Inform industry on the material issues raised by participants in the first stage of consultation;
- Provide a summary of the changes made to the Procedures; and
- Assist industry participants in preparing their submissions for the second stage of consultation.

The scope for today's session is limited to the material covered under Package 2 consultation

AEMO will not be making any decisions at today's session

Participants are encouraged to raise any issues in their submissions, clearly explaining their views and any alternative drafting proposals

# 1. INTRODUCTION



## Draft Determination

- Key points
  - First stage of consultation concluded on 16 November 2016
  - AEMO received 26 submissions
  - AEMO responded to over 380 comments
  - 3 material issues were identified:
    - Abolishment versus retention of embedded network Child NMI's
    - Application fees for MP, MDP and ENM accreditations
    - Breach Classification Framework
  - Formatting, grammar, clause numbering and the removal of any redundant provisions were not considered to be material issues

## 2. PROCEDURE CHANGES

### Qualification Procedure (MP, MDP, ENM)

At a high-level, second stage changes include:

- Updated pre-reading material
- Additional information and clarification on:
  - AEMO's initial assessment
  - AEMO's process to review for completeness
  - Queuing policy
  - Deemed withdrawal of application
  - Circumstances in which re-accreditation may be required

## 2. PROCEDURE CHANGES

### Default & Deregistration procedure (MP, MDP, ENM, MC)

At a high-level, second stage changes include:

- Restructuring of section titled “Determination of Type of Breach” to clarify the “Default Process”
- Requirement for the remediation plan to include details about the communications and co-ordination with affected parties
- Additional considerations for AEMO’s review of a party in breach: self-reporting and the extent to which another Participant or other person might have contributed to the Breach
- Replacement of references to “Non-Material Breach” with “Immaterial Breach and Significant Breach”
- Additional information for the voluntary de-registration of the MP, MDP & ENM
- Restructuring of Notice of Breach

## 2. PROCEDURE CHANGES

### Exemption Procedure – Metering Installation Malfunctions

At a high-level, second stage changes include:

- Added requirement for the current MC to notify all affected participants of the grant of exemption or extension
- Added requirement for the current MC to keep AEMO and all affected participants informed of changes during the exemption period
- Added reason an exemption may end i.e. revocation of exemption by AEMO

## 2. PROCEDURE CHANGES

### Service Level Procedure (ENM)

At a high-level, second stage changes include:

- Restructuring the Embedded Network Management Services
- Clarification that the use of the B2B e-Hub is not mandatory for the ENM's unless they are proposing to become a B2B Participant
- Clarification and more details to the Market Interface Functions which the ENM must perform

## 2. PROCEDURE CHANGES

### MSATS NMI Procedure

At a high-level, second stage changes include:

- Clarification on the process for the allocation and issue of NMIs
- Clarification on when NMIs should be numeric and when they can be alphanumeric
- Creating a hierarchy of rules, to clarify the conditions that require a NMI to be made extinct and those that do not allow for an extinction of the NMI
- Amendments to the procedure to include the movement of a metering installation from a LNSP's network to an embedded network and vice versa in the list of conditions that require the extinction of a NMI

## 2. PROCEDURE CHANGES

### Glossary and Framework

At a high-level, second stage changes include:

- Clarification on the use of defined terms and abbreviations in the procedures and the glossary
- Expanding the list of Related AEMO Documents
- Relocating the MSATS Codes section to the end of section 2
- Amending the definition of “MDM Contributory Suffix” to be consistent with the suffix description contained in the MDFF Specification

# 3. MATERIAL ISSUES



## Abolishment versus retention of Embedded Network Child NMI's

- First stage consultation:
  - In the draft MSATS NMI Procedure, AEMO favoured the retention of the NMI when moving between an LNSP's network and an embedded network
  - The majority of submissions, across a range of participant roles, favoured the NMI being made extinct when moving between an LNSP's network and an embedded network

# 3. MATERIAL ISSUES



## Abolishment versus retention of Embedded Network Child NMI's (cont.)

- Second stage consultation:
  - AEMO has agreed to amend the procedure to include the movement of a metering installation from an LNSP's network to an embedded network and vice versa in the list of conditions that require the extinction of a NMI
  - AEMO recognises that the potential risks and costs associated with the NMI abolishment option are most likely to reside with participants whose submissions unanimously supported NMI abolishment
  - AEMO has identified no material risk to the management of AEMO obligations in the NER, as a result of choosing the NMI abolishment option
  - In response to points raised in submissions on the structure of the NMI rules section of the MSATS NMI procedure, AEMO has amended the draft procedure to create a hierarchy of rules, to clarify the conditions that require a NMI to be made extinct and those that do not allow for an extinction of the NMI

# 3. MATERIAL ISSUES

## Abolishment versus retention of Embedded Network Child NMI's (cont.)

As a result of the NMI abolishment when moving between LNSP network and embedded network, consequential changes to other procedures will need to be considered and might be accommodated in the Package 3 documents release. This is likely to include:

- **MSATS CATS and WIGS procedures:**
  - Potential removal of CRs related to 'Make the NMI a child NMI'; and
  - Review the NMI status code or other identifier to be applied by the LNSP and ENM when making a NMI extinct as a result of a move to or from an embedded network (such as applying a NMI Status Code of "T" for transfer to an embedded network)
  
- **Meter Data Provision Procedures (MDPPs):**
  - As the MDPPs were predicated on the current requirements to retain a NMI upon change of LNSPs, AEMO will need to consider whether changes to the MDPPs are required to ensure that the proposed extinction of the NMI for embedded networks in the draft procedure does not materially disadvantage customers who wish to obtain their metering data for a period of time which includes their transition to or from an embedded network

# 3. MATERIAL ISSUES

## Application fees for MP, MDP and ENM accreditations

First stage consultation:

- In the Default and Deregistration Procedure, AEMO proposed to introduce an application fee for MP, MDP and ENM applications for accreditation & re-accreditation
- Participants were generally supportive of the proposal
- Some participants expressed concerns relating to:
  - Difficulties in aligning participant's internal business processes
    - e.g. raising a purchase order
  - Lack of a fixed cost arrangement
    - e.g. a median cost was proposed
  - Potential barrier to entry
    - e.g. fees may be too high for an ENM

# 3. MATERIAL ISSUES



## Application fees for MP, MDP and ENM accreditations (cont.)

Second stage consultation:

- AEMO has clarified that the initial deposit is non-fundable and proposes the structure of the application fee be as initially drafted
  
- AEMO considers that:
  - the proposed deposit is modest and the fees are reflective of the work involved
  - the costs of processing an application for accreditation cannot be determined on the basis of whether potential applicants can easily recover the costs of the application
  - application fees are charged for the performance of a statutory function on an 'as-incurred' basis, not a commercial transaction
  - the mechanism of charging on an hourly basis for actual time spent is transparent, whereas a fixed fee would be not transparent
  - a fixed charge based on the median time spent on applications is not appropriate as it benefits those who take up most of AEMO's time, which is inherently unfair

# 3. MATERIAL ISSUES



## Breach Classification Framework

First stage consultation:

- In the Default & De-registration procedure, AEMO proposed a qualitative approach to defining the types of Breach
- All types of Breach share a common characteristic in that they are founded on whether there is any material adverse effect on either of the following two items:
  - AEMO's ability to perform its functions or comply with its obligations; and
  - Participants' ability to perform their services, conduct their business operations, or fulfil their regulatory obligations
- A number of submissions were made on the need for industry to understand how AEMO will determine the materiality of a Breach
- Participants proposed some type of matrix, similar to a risk matrix, which could provide industry with a degree of certainty

# 3. MATERIAL ISSUES

## Breach Classification Framework (cont.)

Second stage consultation:

- The framework initially proposed provides sufficient flexibility for AEMO to address Breaches on a case-by-case basis and by taking into account prior Breaches, regardless of whether they arise under similar circumstances
- AEMO considers that:
  - It would be impractical to include a matrix or the type of metrics proposed in the submissions
  - Predictability from having a matrix would provide an opportunity to game the process and minimise the circumstances in which a Breach could be considered to be one type, as opposed to another
  - The impact on AEMO or other participants has to be material and adverse for it to be considered relevant and its presence or absence determinative of the type of Breach
  - AEMO will be working with its auditors to ensure that the requirements of this procedure are factored into their reviews

## 4. QUESTIONS & CLOSE



Questions?

Next steps:

- Second stage submissions close on 16 January 2017
- Final determination to be published by AEMO on 28 February 2017

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