

IMPACT & IMPLEMENTATION REPORT – SUMMARY SECTION
(For AEMO to complete and administer)

Issue Number	IN003/18		
Impacted Jurisdiction (s)	Victoria and Queensland		
Proponent	Danny McGowan	Company	AEMO
Affected Gas Markets(s) <ul style="list-style-type: none"> ▪ Retail ▪ Wholesale ▪ Bulletin Board ▪ STTM 	Retail Gas	Consultation process (Ordinary or Expedited)	Expedited
Industry Consultative forum(s) used	GRCF	Date Industry Consultative forum(s)consultation concluded	
Short Description of change(s)	Amend the definition of FRC Hub Operational Terms and Conditions and the FRC Hub clause to correctly reflect the category of the participant that is required to use the FRC Hub.		
Procedure(s) or Documentation impacted	Refer to documents listed in section 2 of this Impact and Implementation Report (IIR).		
Summary of the change(s)	The scope of these changes is documentation only. It involves amending the definition of FRC Hub Operational Terms and Conditions in Section 1.1.1 'Definitions' and the section related to 'FRC Hub' from the Retail Market Procedures (RMP) so that the term "Retailer" is used instead of other terms such as User or Market Participant which is incorrect because they include Self Contracting Users (SCU) or Market Participant - other.		
I&IR Prepared By	Danny McGowan	Approved By	Michelle Norris
Date I&IR published	20 July 2018	Date Consultation under 135EE or 135EF concludes	17 August 2018
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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>The changes proposed in this IIR involve aligning the documentation with existing operational processes. The changes involve minor rewording of some sections of the Victorian and Queensland Retail Market Procedures. None of these changes alter any of the existing obligations placed on participants or AEMO.</p> <p>An explanation of each change and the precise amendments are described in Attachment A of this IIR.</p>
<p>2. Reference documentation</p> <ul style="list-style-type: none"> ▪ Procedure Reference ▪ GIP/Specification Pack Reference ▪ Other Reference 	<p>Retail Market Procedures (Vic) – V13</p> <p>Retail Market Procedures (Qld) – V14</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 Attachment A) 	<p>As noted in Section 1 of this IIR, the proposed changes focus on ensuring the documentation accurately reflects operational practices. The draft versions of the RMP for each jurisdiction illustrating tracked changes between the current version and the proposed changes are included in Attachment A.</p> <p>The changes in Attachment A are documentation changes only and have no IT system or material business process impacts.</p>
<p>4. Explanation regarding the order of magnitude of the change</p> <p>(eg: material, non-material or non-substantial)</p>	<p>AEMO considers that the proposed changes in this proposal are non-material as they are documentation changes only.</p>

ASSESSMENT OF LIKELY EFFECT OF PROPOSAL

<p>5. Overall Industry Cost / benefit (tangible /</p>	<p>AEMO has concluded that there are no participant costs to implement the proposed changes.</p>
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<p>intangible / risk) analysis and/or cost estimates</p>	<p>For AEMO, this is a documentation change only and therefore there are no costs to implement.</p> <p>In terms of benefits, there are no tangible benefits however an intangible benefit likely to be realised is that the documentation accurately reflects operational practices</p>
<p>6. The likely implementation effect of the change(s) on stakeholders</p> <p>(e.g. Industry or end-users)</p>	<p>This is a documentation change only. As such, AEMO or any of the participants will not be required to make any material modifications to their existing systems or business processes.</p>
<p>7. Testing requirements</p>	<p>None 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 change is consistent with the NGL and NGR. The proposed change promotes consistency across four jurisdictions.</p> <p><u>National gas objective</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 this change removes any costs associated with unnecessary differences in process and procedures, and is in the long-term interests of consumers as it promotes clarity and consistency.</p> <p><u>Applicable access arrangements</u></p> <p>AEMO's view is that the proposed change 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 expediated process set out in the NGR has been used for this proposed procedure change. AEMO considers the amendments are unlikely to have a significant financial or operational impact on Registered Participants therefore no prior consultation has occurred.</p>

RECOMMENDATION(S)	
10. Should the proposed Procedures be made, (with or without amendments)?	AEMO recommends that the changes be made as proposed in Attachment A.
11. If applicable, a proposed effective date for the proposed change(s) to take effect and justification for that timeline.	<p>Subject to all necessary approval's AEMO is targeting to implement this initiative on 28 September 2018.</p> <p>To achieve this AEMO proposes the following timeline</p> <ul style="list-style-type: none"> • Issue IIR on 20 July 2018; • Submission on IIR close 17 August 2018; • AEMO decision on 29 August 2018; and • Effective date 28 September 2018.

ATTACHMENT A

Proposed changes: Retail Market Procedures (RMP)

~~Red strikeout~~ means delete and

blue underline means insert

RMP (VIC)

Clause 1.1.1 Definitions

FRC HUB Operational Terms and Conditions means the terms and conditions under which AEMO, each ~~Market Participant~~ Retailer and *Distributor* seek connection to and are obliged to operate under when connecting to and issuing or receiving transactions on the *FRC HUB*.

Clause 1.2.5 FRC HUB

1.2.5 FRC HUB

- (a) In accordance with the certification process (Gas FRC Business to Business Connectivity Testing and System Certification) maintained and *published* by AEMO, AEMO and each *Retailer* and *Distributor* must be certified by AEMO prior to using the *FRC HUB* for transactions specified in the *Gas Interface Protocol*.
- (b) AEMO must maintain and *publish FRC HUB Operational Terms and Conditions* for the *FRC HUB*.
- (c) AEMO, prior to implementing changes to the *published FRC HUB Operational Terms and Conditions* for the *FRC HUB*, must:
 - (i) provide ~~Market Participants~~Retailers and *Distributors* with the proposed change to the *FRC HUB Operational Terms and Conditions*;
 - (ii) allow a reasonable time to receive Retailer ~~Market Participant~~ and *Distributor* responses to the proposed *FRC HUB Operational Terms and Conditions*.
- (d) AEMO and each Retailer~~Market Participant~~ and *Distributor* must comply with the *FRC HUB Operational Terms and Conditions*, as amended and *published* by AEMO from time to time.
- (e) A breach, by a *Retailer* or *Distributor* of the *FRC HUB Operational Terms and Conditions*, is a taken to be a breach of these *Procedures* for the purposes of section 91MB of the Law.

RMP (QLD)

Clause 1.1.1 Definitions

FRC HUB Operational Terms and Conditions The terms and conditions under which AEMO, each ~~User~~ Retailer and *Distributor* seek connection to and are obliged to operate under when connecting to and issuing or receiving transactions on the FRC HUB.

1.3.4 FRC HUB

- (a) In accordance with the certification process (Gas FRC Business to Business connectivity Testing and System Certification) maintained and *published* by AEMO, AEMO and each ~~Retailer~~ User and *Distributor* must be certified by AEMO prior to using the FRC HUB for transactions specified in the *Gas Interface Protocol*.
- (b) AEMO must maintain and *publish*, *FRC HUB Operational Terms and Conditions* for the FRC HUB.
- (c) AEMO, prior to implementing changes to the *published FRC HUB Operational Terms and Conditions* for the FRC HUB, must:
 - (i) provide ~~Retailers~~ Users and *Distributors* with the proposed change to the *FRC HUB Operational Terms and Conditions*; and
 - (ii) allow a reasonable time to receive ~~Retailer~~ User and *Distributor* responses to the proposed change to the *FRC HUB Operational Terms and Conditions*.
- (d) AEMO and each ~~Retailer~~ User and *Distributor* must comply with the *FRC HUB Operational Terms and Conditions*, as *published* by AEMO on its website from time to time.
- (e) A breach, by a ~~Retailer~~ User or *Distributor* of the *FRC HUB Operational Terms and Conditions*, is taken to be a breach of these *Procedures* for the purposes of section 91MB of the Law.
- (f) Where a ~~Retailer~~ User or *Distributor* uses the FRC HUB in breach of the *FRC HUB Operational Terms and Conditions*, then as soon as AEMO becomes aware of such breaches AEMO:
 - (i) must notify ~~the User~~ the Retailer or *Distributor* of the breach; and
 - (ii) may take any action in relation to the breach, including issuing a direction to the ~~Retailer~~ User or *Distributor* under section 91MB(4)(b) of the Law to rectify the breach or to take specified measures to ensure future compliance (or both).
- (g) Where a ~~Retailer~~ User or *Distributor* continues to use the FRC HUB in breach of the *FRC HUB Operational Terms and Conditions* after a notice of a breach under 1.3.4(f)(i) has been provided to the ~~Retailer~~ User or *Distributor*, and continued significant breaches of the same nature are evident, then AEMO may treat the continued breach as a material breach of these *Procedures* and refer the matter to the AER in accordance with section 91MB(4)(c) of the Law.

