

## IMPACT & IMPLEMENTATION REPORT (WA) – SUMMARY SECTION

(For AEMO to complete and administer)

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| <b>Procedure Change Number</b>                         | IN002/18W  |  |                   |
| Impacted jurisdiction(s)                               | Western Australia  |  |                   |
| Proponent  | Nandu Datar  | Company  | AEMO              |
| Chapter 9 Consultation process (Ordinary or Expedited) | Expedited  |  |                   |
| Industry consultative forum(s) used                    | Procedure Change Committee (“PCC”)   | Date concluded by Procedure Change Committee (“PCC”) | 21 September 2018 |
| Short description of change(s)                         | Remove the sub clauses from 323A of the Retail Market Procedures (RMP) related to the requirement for the Compliance Panel (CP) to meet annually.  |  |                   |
| Procedure(s) or documentation impacted                 | Retail Market Procedures (WA) ver 4.0  |  |                   |
| Summary of the change(s)                               | <p>Modify sub clause 323A (1) to indicate that the CP must meet when requested by AEMO or a Scheme participant.</p> <p>Remove sub clauses 323A (1) (a) and 323A (1) (b).</p> <p>Attachment A contains the revised clause 323A of the RMP</p> <p>This IIR has been prepared in accordance with clause 382 of the RMP and is raised for consideration by gas retail market participants. As per clause 384 (1) (b) AEMO considers that an expedited process is applicable and seeks submissions on the proposed changes which can be e-mailed to <a href="mailto:pccwa@aemo.com.au">pccwa@aemo.com.au</a>.</p> |  |                   |
| I&IR prepared by                                       | Nandu Datar  | Approved by  | Michelle Norris   |
| Date IIR published                                     | 5 October 2018   | Date consultation under clause 383 or 384 concludes  | 26 October 2018   |
| Contact address for written responses                  | GPO Box 2008, Melbourne VIC 3001   |  |                   |
| Email address for responses                            | <a href="mailto:pccwa@aemo.com.au">pccwa@aemo.com.au</a>   |  |                   |
| Other key contact information                          |  |  |                   |

**IMPACT & IMPLEMENTATION REPORT (WA) – DETAILED REPORT SECTION**

**CRITICAL EXAMINATION OF PROPOSAL**

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| <p>1. Description of change(s) and reasons for change(s)</p>  | <p><b>Reasons why the proposed changes are needed:</b></p> <p>Clause 323A of the Retail Market Procedures (RMP) currently places an obligation on the CP to meet annually. At a recent CP meeting in January 2018, CP members agreed that an annual meeting was unnecessary. Should circumstances warrant it, either the panel or AEMO could request that a meeting be held at any time.</p> <p>The CP members agreed that an amendment to the RMP should be sought to remove this requirement. AEMO supported this proposal.</p> <p><b>Description of the proposed changes:</b></p> <p>The proposed change involves deleting the sub clause in clause 323A of the RMP that requires the CP to meet annually. Please refer to Attachment A for the marked-up version of clause 323A.</p> <p><b>Confirmation of acceptance by the CP members:</b></p> <p>While analysing this proposed change, AEMO identified that the ‘Delegation to AEMO’ recommended at the last CP meeting was subject to review of the Delegation at the next CP annual meeting. This delegation to AEMO was made under clause 343(3) of the RMP and delegates power to AEMO to assess and determine whether a breach is material under clause 329 (Delegation).</p> <p>As the Delegation was recommended ‘subject to review at the next annual CP meeting’, it was unclear if the removal of annual CP meetings would affect the Delegation.</p> <p>In the interest of certainty, AEMO requested each CP member to confirm that the Delegation would continue notwithstanding the removal of annual CP meetings and that the Delegation may be reviewed at the next CP meeting when convened.</p> <p>All CP members have provided their confirmation.</p> |
| <p>2. Reference documentation</p> <ul style="list-style-type: none"> <li>▪ Retail Market Procedure (the “Procedures”);</li> <li>▪ AEMO Business/Information Specification Pack Reference; and/or</li> <li>▪ Other Reference.</li> </ul> | <p>Retail Market Procedures (WA) version 4.0</p>  |

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| <p>3. The high-level details of the change(s) to the existing Procedure<br/>This includes:</p> <ul style="list-style-type: none"> <li>▪ a comparison of the existing operation of the Procedure to the proposed change to the operation of the Procedure; and</li> <li>▪ a marked up version of the proposed Procedure changes (see Attachment A)</li> </ul> | <p>Modify sub clause 323A (1) to indicate that the CP must meet when requested by AEMO or a Scheme participant.<br/>Remove sub clauses 323A (1) (a) and 323A (1) (b).</p> |
| <p>4. Explanation regarding the order of magnitude of the change<br/>(e.g. material, non-material or non-substantial)</p>  | <p>This initiative will require minor RMP changes.<br/>AEMO considers the order of magnitude of this change is 'non-material'.</p>  |

**ASSESSMENT OF LIKELY EFFECT OF PROPOSAL**

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| <p>5. Overall Industry cost/benefit analysis (tangible / intangible / risk) and/or cost estimates</p> | <p>This initiative requires minor RMP changes.<br/>The proposed change will contribute to avoiding unnecessary costs and ultimately keeping AEMO fees down.</p> |
| <p>6. The likely effect of the change(s) on stakeholders<br/>(e.g. industry or end-users)</p>         | <p>Only AEMO processes are impacted. Not having to convene such a meeting is an opportunity for AEMO to spend time on other WA retail market initiatives.</p>   |
| <p>7. Testing requirements</p>  | <p>Not applicable</p>   |

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| <p>8. AEMO's preliminary assessment of the proposal's compliance with clause 378 of the RMP</p>  | <p><u>Ensure that the retail gas market operates and is governed in a manner that is, (i) open and competitive; (ii) efficient; and (iii) fair to participants and their customers.</u></p> <p>AEMO's view is that the proposed change will continue to promote competition, is not unreasonably costly to implement and doesn't disadvantage participants and their customers.</p> <p><u>Ensure compliance with all applicable laws.</u></p> <p>AEMO's view is that the proposed changes are consistent with the applicable laws.</p> <p><u>Ensure effective consultation occurs and gives stakeholder's opportunities to provide feedback on the proposed changes.</u></p> <p>AEMO's view is that the stakeholders have already provided feedback to the PCR and are invited to provide feedback as part of this round of consultation.</p>  |
| <p>9. Consultation forum outcomes (e.g. the conclusions made on the change(s), whether there was unanimous approval, any dissenting views)</p> | <p>On 20 August 2018 AEMO published on its website a PCR that recommended minor documentation changes as described in <b>Attachment A</b>. Registered participants and interested stakeholders were invited to make submissions which closed on 21 September 2018.</p> <p>AEMO did not receive any submissions from participants.</p>  |
| <p>10. Authorisation review:</p> <ul style="list-style-type: none"> <li>▪ does this Procedure change impact the ACCC authorisation?</li> </ul> | <p>The Australian Competition and Consumer Commission (ACCC) granted Authorisations to REMCo to operate Chapter 5 (Allocation, Reconciliation and Swing) and Chapter 6 (Compliance and Interpretation) of the RMPs and associated ancillary deeds. The ACCC approved variations to the Authorisations to enable REMCo to transfer administration to AEMO.</p> <p>Authorisation is a process where the ACCC may grant protection from legal action for anti-competitive conduct that might otherwise breach the Competition and Consumer Act 2010 (the CCA) where there is an offsetting public benefit from the conduct.</p> <p>Changes to the RMP Chapters and ancillary deeds covered by the Authorisations must be assessed to determine whether the change impacts the Authorisation.</p> <p>Because clauses 378 to 387 inclusive are provisions that are not part of Chapters 5 or 6 of the RMPs or ancillary deeds covered by the Authorisations, a review of the ACCC Authorisations is not required.</p> |

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| <p>11. Should the proposed Procedure change be made, (with or without amendments)?</p>   | <p>AEMO recommends that the proposed procedure changes as described in this IIR should be made without further amendments</p>                          |
| <p>12. If applicable, a proposed effective date for the proposed Procedure change(s) to take effect and justification for that timeline.</p> | <p>The proposed procedure changes are to be published in a new version 5.0 of the RMP that is targeted for an effective date of late January 2018.</p> |

**ATTACHMENT A – DOCUMENTATION CHANGES (SEE SECTION 3)**

All amendments to the Procedure are change marked, where underlining (blue) represents an addition, and ~~strike (red)~~ through represents a deletion.

**Part 6.2 – Functions and powers of compliance panel**

**322. Independence of compliance panel**

- (1) Except as provided in clause 322(2), the *compliance panel* is independent of direction or control by AEMO or any *participant, pipeline operator or prescribed person* in the performance of its functions.
- (2) AEMO may give written directions to the *compliance panel* chairperson to the extent allowed by clause 322(3), and the *compliance panel* chairperson must give effect to any such direction.
- (3) Directions under clause 322(2) —
  - (a) may relate only to general policies to be followed by the *compliance panel* in matters of administration, including financial administration; and
  - (b) cannot constrain the *compliance panel* with respect to the performance of any function referred to in clause 323.
- (4) If a direction is given under clause 322(2), then AEMO must give a copy of the direction to each *participant, pipeline operator or prescribed person*, and to any other *interested person* who requests a copy.

**323. Functions of the compliance panel**

The functions of the *compliance panel* are to hear and make determinations on matters referred to it by AEMO or a *participant* regarding:

- (a) alleged breaches of the *procedures*; or
- (b) the interpretation of the *procedures*; or
- (c) any other matter that can be referred to the *compliance panel* under these *procedures*.

**323A. ~~Annual Meetings~~**

- (1) The *compliance panel* must meet if AEMO or a *Scheme participant* informs the Chair of the *compliance panel* in writing that they wish to bring a matter before the *compliance panel* for discussion.
  - ~~(a) at least once in each calendar year; and~~
  - ~~(b) more frequently if AEMO or a *Scheme participant* informs the Chair of the *compliance panel* in writing that they wish to bring a matter before the *compliance panel* for discussion.~~
- (2) The meetings of the compliance panel are to:
  - (a) be informed by AEMO of any *high-impact procedure changes*;