

IMPACT IMPLEMENTATION REPORT (IIR)

Issue Number	IN010/18.		
Impacted Jurisdiction(s)	Queensland (QLD), South Australia (SA) and New South Wales / Australian Capital Territory (NSW/ACT)		
Proponent	Noura Elhawary and Danny McGowan	Company	AEMO
Affected Gas Market(s)	Retail	Consultation process (Ordinary or Expedited)	Expedited
Industry Consultative forum(s) used	GRCF	Date Industry Consultative forum(s) consultation concluded	Friday, 24 May 2019
Short Description of change(s)	Recognition of Exempt Seller Regime in the Gas Retail Market Procedures considering the changes in the National Gas Rules.		
Procedure(s) or Documentation impacted¹	Retail Market Procedures (NSW and ACT) (version 20.0), Retail Market Procedures (Queensland) (version 16.0), Retail Market Procedures (South Australia) (version 13.0).		
Summary of the change(s)	The Australian Energy Market Commission (AEMC) made a rule change, National Gas Amendment (Recognition of exempt sellers in retail market) Rule 2019 No. 2, enabling exempt sellers under the National Energy Retail Law (NERL) regime to participate in the NSW/ACT, SA, and QLD retail gas markets. The change described in this Impact and Implementation Report (IIR) involves making amendments to the Retail Market Procedures (RMP) so that the RMP and the National Gas Rule (NGR) remain in alignment.		
I&IR Prepared By	Noura Elhawary and Danny McGowan	Approved By	Michelle Norris
Date I&IR published	07 June 2019	Date Consultation under 135EE or 135EF concludes	28 June 2019
Email Address for Responses	grcf@aemo.com.au		
Other key contact information			

¹ Any reference to version numbers are at the date of publishing this IIR.



IMPACT & IMPLEMENTATION REPORT

CRITICAL EXAMINATION OF PROPOSAL

1. DESCRIPTION OF CHANGE AND REASONS FOR CHANGE

The Australian Energy Market Commission (AEMC) has decided to make a rule, National Gas Amendment (Recognition of exempt sellers in retail market) Rule 2019 No. 2, enabling exempt sellers under the National Energy Retail Law (NERL) regime to participate in the New South Wales-Australian Capital Territory, South Australian, and Queensland retail gas markets.

Prior to this rule change, exempt sellers did not fit into any of the registrable capacities specified in the National Gas Rules (NGR) for the retail gas markets. As a result, exempt sellers were unable to register with the Australian Energy Market Operator (AEMO) or participate in the retail gas markets.

The rule change can be summarised as follows:

Change 1: Recognising Exempt sellers

An exempt seller under the NERL regime:

- Will be able to register with AEMO under the existing registerable capacity 'self-contracting user' if they are only selling gas to related businesses in the NSW-ACT, Queensland and South Australian retail gas markets.
- Will be able to register with AEMO under the existing registerable capacity 'retailer' if they are selling gas to unrelated third parties in the NSW-ACT, Queensland and South Australian retail gas markets.
- Would be able to register under the existing registerable capacity 'market participant - retailer' with AEMO if they are selling gas to unrelated third parties in the Victorian retail gas market, subject to Victoria's adoption of the NERL.
- Would be able to register under the existing registerable capacity 'market participant - other' if they are only selling gas to related businesses, in the Victorian retail gas market subject to Victoria's adoption of the NERL.

Change 2: Aligning the naming for registrable capacities

The registrable capacity of 'user' for South Australia, and New South Wales and the Australian Capital Territory is changed to 'retailer'. This aligns the name of the registrable capacity with its equivalent in the Queensland jurisdiction and with AEMO's Retail Market Procedures (RMPs) and systems.

Click [here](#) to view the AEMC National Gas Rule (NGR) changes.

Anyone wishing to make a submission for this second stage consultation are to use the response template provided in Attachment E. Submissions close 28 June 2019 and should be emailed to grcf@aemo.com.au.

2. REFERENCE DOCUMENTATION

The following documents are referenced in this IIR:

- Retail Market Procedures (NSW and ACT) version 20.0.
- Retail Market Procedures (Queensland) version 16.0.
- Retail Market Procedures (South Australia) version 13.0.



3. HIGH LEVEL OVERVIEW OF THE CHANGES TO EXISTING PROCEDURES

AEMO proposes a number of minor amendments to the RMPs so that the RMP and the NGR remain in alignment. AEMO proposes the following amendments:

- NSW/ACT
 - Amend the definition of 'Retailer' to remove the reference to 'User'.
- QLD
 - Amend the definitions 'Retailer' and 'Self Contracting User' so it is consistent with the RMP terms used in the NERL jurisdictions.
- SA
 - Add a new definition 'Retailer'. This new definition retains the redundant NGR term 'User' which minimise the scope of the RMP changes. Removal of the term 'User' in the RMP is included in an existing AEMO initiative (IN006/17 SA harmonised Retail Market Procedures) which is currently being developed by AEMO in consultation with SA participants.
 - Amend the definitions 'Self Contracting User' (SCU) and 'Network Operator' so it is consistent with the RMP terms used in the NERL jurisdictions.
 - Remove the definition related body corporate as the term is no longer used in the SA RMP because of the SCU amendment.
 - Amend the definition of 'User' so it included a reference to the new term 'Retailer'.
 - Amend the definition of 'Current User' so it isn't limited to Retailer.

See Attachments A to C for further details.

There are no proposed changes to the Victorian RMP since the NERL doesn't currently apply in this jurisdiction. When the NERL is adopted in Victoria, AEMO will amend the procedures.

4. ORDER OF MAGNITUDE OF THE CHANGE PROPOSED

The cost to implement this change in AEMO's systems is immaterial. While there are a small number of corresponding Procedure changes required (described in section 3 above) and business process changes, these are minor.

There will be no impact to existing Participants.

ASSESSMENT OF LIKELY EFFECT OF PROPOSAL

5. OVERALL INDUSTRY COSTS AND BENEFITS

The National Gas Objective (NGO) seeks to 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.

These changes are likely to benefit consumers in the form of increased competition in retail gas markets due to the removal of a barrier to entry for exempt sellers. As a result, the change will, or is likely to, contribute to the achievement of the NGO.



6. THE LIKELY IMPLEMENTATION EFFECT OF THE CHANGE ON STAKEHOLDERS

As noted under section 4 of this IIR, the impact of implementing this change in AEMO's systems is immaterial and is not expected to have any impact on existing participants.

7. TESTING REQUIREMENTS

Not required.

8. AEMO'S PRELIMINARY ASSESSMENT OF THE PROPOSAL'S COMPLIANCE WITH SECTION 135EB:

Consistency with the NGL and NGR

AEMO's view is that the proposed change is consistent with the NGL and NGR. The proposed change promotes consistency across four jurisdictions.

National Gas Objective

"to 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."

It is AEMO's view that the proposed changes described in the IIR are likely to benefit consumers in the form of increased competition in the retail gas markets, due to the removal of a barrier to entry for exempt sellers. As a result, the change will, or is likely to, contribute to the achievement of the NGO.

Applicable Access Arrangements

AEMO's view is that the proposed changes in this IIR are not in conflict with existing Access Arrangements. No Distributor raised any concerns with the proposed amendments in relation to their Access Arrangement during the first round of consultation.

9. CONSULTATION FORUM OUTCOMES

On 10 May 2019 AEMO published on its website a Proposed Procedure Change (PPC) that put forward changes to the RMPs. The proposed changes involved making a number of minor amendments to the Retail Market Procedures (RMP) so that the RMP and the NGR remain in alignment. Registered participants and interested stakeholders were invited to make submissions which closed on 24 May 2019. A submission was received from AGL.

AGL's feedback proposed a several further changes that AEMO has deemed as inconsequential to this consultation but will be addressed in the South Australia (SA) RMP harmonisation with other jurisdiction initiative that is currently being considered by the Gas Retail Consultative Forum (GRCF).

There was one additional change suggested by AGL relating to the definition of "current user" that added clarity to the SA RMP which AEMO has now included in the proposal.

Attachment D provides further information on the feedback AEMO received and AEMO's response to each area of feedback.

RECOMMENDATION

10. SHOULD THE PROPOSED PROCEDURES BE MADE?

AEMO recommends the changes proposed in Attachments A, B and C.



11. PROPOSED EFFECTIVE DATE FOR THE PROPOSED CHANGE TO TAKE EFFECT

Subject to all necessary approvals, AEMO is targeting to implement this initiative on Friday 8 August 2019. In order to achieve this timeline, AEMO proposes the following key milestones:

- Submissions on IIR close 28 June 2019.
- AEMO decision on 11 July 2019.
- Targeted effective date 8 August 2019.



ATTACHMENT A – DOCUMENTATION CHANGES (SEE SECTION 3)

Blue underline represents additions ~~Red~~ and strikeout represents deletions – Marked up changes

Grey highlight represents the changes between PPC and IIR stage.

- Retail Market Procedures (NSW/ACT)

Extract from clause 1.2.1 (Definitions)

Retailer

An entity ~~'retailer' within the meaning of the Law~~ that participates in the retail gas market of New South Wales and the Australian Capital Territory in the registrable capacity of a 'retaileruser' under the *Rules*, and has registered with *AEMO* under the *Rules* in that capacity.



ATTACHMENT B – DOCUMENTATION CHANGES (SEE SECTION 3)

Blue underline represents additions ~~Red~~ and strikeout represents deletions – Marked up changes

Grey highlight represents the changes between PPC and IIR stage.

- Retail Market Procedures (Queensland)

Extract from clause 1.1.1 (Definitions)

Retailer

An entity that participates in the retail gas market of Queensland in a registrable capacity of a 'retailer' under the *Rules*, and has registered with *AEMO* under the *Rules* in that registrable capacity.

Self contracting user

An entity that participates in the retail gas market of Queensland in a registrable capacity of a 'self contracting user' under the *Rules*, and has registered with *AEMO* under the *Rules* in that registrable capacity.



ATTACHMENT C – DOCUMENTATION CHANGES (SEE SECTION 3)

Blue underline represents additions ~~Red~~ and ~~strikeout~~ represents deletions – Marked up changes

Grey highlight represents the changes between PPC and IIR stage.

- Retail Market Procedures (SA)

Extract from clause 2 (Definitions)

“**current user**”, in relation to a *delivery point*, means the *user* who is assigned to the *delivery point* in the AEMO registry and is who is the financially responsible ~~retailer for the delivery point~~.

“**network operator**” means a registered participant who participates in the market in the registrable capacity of “network operator” under the Rule and has registered with AEMO under the National Gas Rules in that registrable capacity.

~~“related body corporate” has the same meaning as it has under section 50 of the Corporations Act 2001 (Cth).~~

~~{Note: At the time these Procedures commenced, that definition was “Where a body corporate is:~~

~~(a) — a holding company of another body corporate;~~

~~(b) — a subsidiary of another body corporate; or~~

~~(c) — a subsidiary of a holding company of another body corporate;~~

~~the first mentioned body and the other body are related to each other.”}~~

“**retailer**” means a user that participates in the retail gas market of South Australia in a registrable capacity of a ‘retailer’ under the National Gas Rules, and has registered with AEMO under the National Gas Rules in that registrable capacity.

“**self-contracting user**” means ~~a user that withdraws gas from a sub-network for the sole purpose of supply to a customer that is either itself or a related body corporate~~ an entity that participates in the retail gas market of South Australia in a registrable capacity of a ‘self contracting user’ under the National Gas Rules, and has registered with AEMO under the National Gas Rules in that registrable capacity.

“**user**” means an entity that has a *haulage contract* for the transport of gas through a *sub-network* under these *Procedures*, and includes *retailers* and *self contracting users* unless otherwise indicated.

ATTACHMENT D – SUBMISSIONS RECEIVED FOR CHANGE IN010/18.

General Comments on the Proposed Procedure Change

Ref#	Company	Topic	Please Provide Response Here	AEMO response
1	AGL	<p>Sections 1 to 10 of the PPC sets out details of the proposal.</p> <p>Does your organization support AEMO’s assessment of the proposal?</p> <p>If no, please specify areas in which your organisation disputes AEMO’s assessment (include PPC section reference number) of the proposal and include information that supports your organisation rational why you do not support AEMO’s assessment.</p>	<p>AGL believes that further assessment of the proposed changes to the various retail procedures is warranted under this PPC, as it believes there are User obligations which need to be reduced to Retailer obligations, and Retailer obligations which need to be extended to Users.</p> <p>AGL also believes that the various supporting documents may need review depending on the outcome of this PPC.</p>	<p>In preparing the PPC, AEMO undertook a preliminary assessment of all Procedures and the Technical Protocol (TP) for NSW/ACT, QLD and SA. No changes to the TP were identified.</p> <p>Adding the new definition “retailer” to the SA RMP has made SA changes more intricate compared to other jurisdictions. It should be noted that the SA RMP Harmonisation (IN006/17) consultation that is currently in train includes a comprehensive review of all SA TPs so if any anomalies emerge from the exempt seller changes will be resolved in the SA RMP Harmonisation consultations.</p>

Feedback on the documentation changes described in Attachment A to C of the PPC.

Participants are to complete the relevant columns below in order to record their response.					
Attachment A - Retail Market Procedures (NSW/ACT)					
Participant feedback for this procedure					
Ref #	Company	Clause #	Issue / Comment	Proposed text Red strikeout means delete and <u>blue underline</u> means insert	AEMO Response (AEMO only)
2	AGL	Definition FRC Hub T & Cs	AGL considers that this definition and obligation should be extended to any party who utilizes the FRC Hub, including Users, and is not just limited to retailers and Networks. This is consistent with other retail procedures.	FRC HUB Operational Terms and Conditions The terms and conditions under which AEMO, each <u>Users</u> Retailer and Network Operator seek connection to and are obliged to operate under when connecting to and issuing or receiving transactions on the FRC HUB.	Since the establishment of gas retail markets in the early 2000s, AEMO has worked towards and continues to strive to minimising barrier to entry costs for Self-Contracting User (SCUs). One of those cost saving initiatives is relief from any obligation to connect to the Full Retail Contestability (FRC) HUB due to the significantly low volume of SCU gas retail market interactions. With support from participants it was decided that only Retailers, Distributors and AEMO would have obligation placed on them to transact via the FRC Hub.

					<p>AGL's request to consider extending the FRC HUB obligation to include SCUs is not within the scope of this consultation. AEMO does not support AGL's to amend the definition of FRC HUB Operational Terms and Conditions.</p> <p>AGL is welcome raise a new Gas Market Issue (GMI) to add SCUs to the FRC HUB and send this to AEMO for consideration.</p> <p>Note – the definition for FRC HUB Operational Terms and Conditions in the SA RMP doesn't currently align with other jurisdictions. This will be resolved as part of the SA RMP Harmonisation consultation (IN006/17)</p>
3	AGL	CI 1.3.4, CI 1.3.5	<p>If the FRC Hub T & Cs are extended to users, the supporting clauses also need to be extended to Users.</p> <p>This is consistent with other retail procedures.</p>	<p>Change retailer to user through-out this clause E.g. (c) AEMO, prior to implementing changes to the published FRC HUB Operational Terms and Conditions for the FRC HUB, must: (i) provide <u>Users</u> Retailer and Network Operators with the proposed change to the FRC HUB Operational Terms and Conditions; and</p>	See item #2 for AEMO response.
4	AGL	Ch 5.1	AGL suggests that under the amended definitions the various obligations to	5.2.1 Street/Suburb Combination Listing	AGL's request to consider limiting access to the Street/Suburb

		MIRN Discovery	provide street/suburb listings should be limited to the 'retailer' not to users.	(a) Each Network Operator must make available in an electronic form, which can be electronically searched remotely by all <u>Retailers user</u> and AEMO, a listing (which complies with paragraph (b)) of every street/suburb combination that is recorded in the metering database of that Network Operator.	Combination Listing to exclude SCUs is not within the scope of this consultation therefore AEMO does not support AGL's to amend clause 5.2.1. AGL is welcome raise a new Gas Market Issue (GMI) to limit access of the to the Street/Suburb Combination Listing to just Retailers and send this to AEMO for consideration.
5	AGL	CI 6.2.2 EIC	<p>AGL suggests that as exempt sellers are to be included as Users, the obligations on obtaining EIC should be extended from retailers to Users.</p> <p>This would support the requirements within the exempt seller guidelines requiring varying numbers of end users to support conversion to an embedded network.</p>	<p>a.2.2 Explicit Informed Consent</p> <p>(a) A <u>Retailer User</u> must not deliver a <i>transfer request</i> in relation to a <i>delivery point</i> to AEMO unless the <u>Retailer User</u> has received the <i>explicit informed consent</i> of the Customer to the registration of that <u>Retailer User</u> in the AEMO <i>metering database</i> as the <i>FRO</i> for that <i>delivery point</i> with effect from any time during the <i>permitted prospective period</i> in relation to the <i>transfer request</i>.</p> <p>(b) A <u>Retailer User</u> who delivers a <i>transfer request</i> in relation to a <i>delivery point</i> to AEMO is taken to have represented to AEMO that the <u>Retailer User</u> has received the <i>explicit informed consent</i> of the Customer to the registration of that <u>Retailer User</u> in the AEMO <i>metering database</i> as the <i>FRO</i> for that <i>delivery point</i> with effect from any time during the <i>permitted prospective period</i> in relation to the <i>transfer request</i>.</p>	<p>As noted in section 1 of the PPC, exempt seller, can register as a 'retailer' if they are selling gas to unrelated third parties, or they can register as a SCU if they are only selling gas to related businesses.</p> <p>Amending the Explicit Informed Consent (EIC) provision to include SCU is superfluous as the customer is the SCU and on that basis AEMO does not support AGL proposal.</p>

Participants are to complete the relevant columns below in order to record their response.					
Attachment B - Retail Market Procedures (Queensland)					
Participant feedback for this procedure					
Ref #	Company	Clause #	Issue / Comment	Proposed text <i>Red strikeout</i> means delete and <i>blue underline</i> means insert	AEMO Response (AEMO only)
6	AGL	CI 4.1.4 EIC	AGL suggests that as exempt sellers are to be included as Users, the obligations on obtaining EIC should be extended from retailers to Users.	4.1.4 Explicit Informed Consent Change retailer to user throughout this clause E.g. (a) A <u>User</u> Retailer must not deliver a <i>transfer request</i> in relation to a <i>distribution supply point</i> to AEMO which nominates a <i>prospective transfer date</i> as the <i>proposed transfer date</i> unless the <u>User</u> Retailer etc	See item #5 for AEMO response.

Participants are to complete the relevant columns below in order to record their response.					
Attachment C - Retail Market Procedures (SA)					
Participant feedback for this procedure					
Ref #	Company	Clause #	Issue / Comment	Proposed text Red strikeout means delete and <u>blue underline</u> means insert	AEMO Response (AEMO only)
7	AGL	General	<p>AGL also notes that various supporting documents, such as the Interface Control Document, are not referenced in this PPC and has not assessed whether there are necessary changes required to these documents.</p> <p>For example – an exempt Seller complete customer listing might not look the same as a retailer listing.</p>		<p>AEMO’s preliminary of the TP didn’t identify any changes.</p> <p>It should be noted that AEMO’s SA RMP Harmonisation consultation (IN006/17) will resolve any anomalies in relation to the incorrect application Retailer or User with any of the AEMO Specification Pack if they exist.</p>
8	AGL	Definition	<p>Complete Customer Listing</p> <p>This definition currently applies to users, not retailers. With the extended definition AGL does not believe that it will be possible for exempt sellers to meet this obligation not does AGL believe that it can be enforced on exempt sellers.</p>	<p>“complete customer listing” means a listing created and administered by a <u>retailer user</u>, that comprises a number of data attributes as defined in the AEMO Specification Pack for every MIRN that is recorded in the <u>retailer’s users</u> Customer Information System (CIS) for which they are the current <u>retailer user</u>,</p>	<p>As noted in section 1 of the PPC, exempt seller, can register as a ‘retailer’ if they are selling gas to unrelated third parties, or they can register as a SCU if they are only selling gas to related businesses.</p> <p>Currently the term ‘user’ already</p>

					<p>covers Retailer and SCUs, so an exempt seller, that's register as a 'retailer' will need to provide the listing.</p> <p>It should be noted that the definition of Complete Customer Listing is earmarked to be changes to "retailer" as part of the SA RMP harmonisation consultation (IN006/17) which is currently underway.</p>
9	AGL	Definition	<p>Current User</p> <p>Amend definition, no longer applies to just a retailer.</p>	<p>"current user", in relation to a delivery point, means the user who is assigned to the delivery point in the AEMO registry who is the financially responsible retailer for that delivery point.</p>	<p>The reference to "retailer is unnecessary therefore AEMO supports this change and has made a subsequent change as well. (See attachment C. Changes are shown in grey highlight)</p>
10	AGL	Definition	<p>Delivery Point</p> <p>Note at end of definition should be adjusted</p>	<p>Usually, after the network operator delivers the gas to the user, the user immediately on-delivers it to the end user a customer.}</p>	<p>AGL's request to amend the note on definition of delivery point is not within the scope of this consultation therefore AEMO does not support AGL.</p> <p>It should be noted that this note will be removed as part of the SA RMP harmonisation consultation (IN006/17) which is currently underway.</p>

11	AGL	Definition	<p>Market Share</p> <p>Does AEMO wish this to apply to all users or just retailers and how does it apply to exempt sellers?</p> <p>AGL believes that this is information about retailers.</p>	<p>Suggest</p> <p>“market share”, with respect to a <i>retailer user</i>, who is a <i>participant</i>, at a time, means the market share of the <i>retailer user</i> in South Australia</p>	<p>AGL’s request to amend the market share definition not within the scope of this consultation therefore AEMO does not support AGL.</p> <p>It should be noted that the definition of market share is not referenced in the body of the RMPs therefore will be removed as part of the SA RMP harmonisation consultation (IN006/17) which is currently underway.</p>
12	AGL	Definition	<p>Prescribed person</p> <p>Now that Self-contracting users are registered participants, AGL questions whether they are still prescribed users.</p>		<p>The registerable capacity of a SCU in SA has been operational for a considerable period of time. Having Prescribed Person defined as a “shipper and a self-contracting use” doesn’t need to change as a consequent of the AEMC rule change.</p>
13	AGL	Definition	<p>Recipient Users</p> <p>This definition refers to clause 300A, which doesn’t exist.</p> <p>IS this definition needed?</p>		<p>AGL’s request to delete the recipient user definition not within the scope of this consultation therefore AEMO does not support AGL.</p> <p>It should be noted that the definition recipient user is not referenced in the body of the</p>

					RMPs therefore will be removed as part of the SA RMP harmonisation consultation (IN006/17) which is currently underway.
14	AGL	Part 3.2 – MIRN discovery (CIs 70 to 76)	<p>MIRN Discovery</p> <p>AGL queries whether MIRN discovery should be available to a self-contracting user, on the basis that the User should be aware of their own MIRN.</p>		<p>AEMO agrees with AGLs comment that SCU would be aware of their own MIRN therefore do not need access to any MIRN Discovery functionality.</p> <p>It should be noted that as part of the SA RMP harmonisation consultation (IN006/17), MIRN Discovery provision will be limited to Retailer.</p>
15	AGL	CI 74A	AGL does not believe that the complete MIRN listing should be made available to self-contracting users.	<p>Suggest</p> <p>74A. Complete MIRN Listing</p> <p>.....</p> <p>(a1) AEMO must make each complete MIRN listing available to all <i>retailers users</i> after it is received from the network operator.</p> <p>(b) The <i>retailer user</i> must ensure that the complete MIRN listing is accessed and used solely to confirm the relevant discovery address/MIRN details of the customer.</p> <p>(c) The <i>retailer user</i> must ensure that the customer has provided explicit informed</p>	See item #14 for AEMO response

				consent to access and use the complete MIRN listing to confirm the relevant discovery address/MIRN details of the customer in relation to the delivery point.	
16	AGL	CI 79(5)	Explicit Informed Consent AGL suggests that CL 79(5) should be deleted as exempt sellers are now dealing with end users.	79. Explicit informed consent (5) This clause 79 does not apply where the incoming user is a self-contracting user.	See item #5 for AEMO response.



ATTACHMENT E – IIR RESPONSE TEMPLATE

The IIR response template has been attached separately to this document. There are two sections within the template. Section 1 seeks feedback on the on the IIR itself. Section 2 seeks feedback on each of the changes to each of the procedures. Anyone wishing to make a submission for this second and final stage consultation are to use this response template. Submissions close 28 June 2019 and should be emailed to grcf@aemo.com.au.