

NEM NETWORK SERVICE PROVIDER REGISTRATION GUIDE

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Table of Contents

1.	INTRODUCTION	2
1.1	Purpose of this Guide	2
1.2	Requirement to register as a NSP	2
1.3	Exemptions	2
1.3.1	Applications for Exemption and General Exemption	2
1.3.2	Intermediary Exemption	3
1.4	Registration as an intending participant	3
1.5	Fees	3
1.5.1	Registration Fee	3
1.5.2	Participant Fees	4
1.6	Other Documents to be submitted with Application for Registration	4
1.6.1	Recipient Created Tax Invoices	4
1.6.2	Austraclear	4
1.7	Application to be submitted to AEMO Registration Desk	4
2.	REGISTRATION PROCEDURE	4
3.	EXPLANATION OF APPLICATION FORM	5
3.1	Application for Registration as a Network Service Provider	5
3.1.1	Section A - Application to become a Registered Participant	5
3.1.2	Section B - Contact details	7
3.1.3	Section C – Category of Network Service Provider	7
3.1.4	Section D – Information required for AEMO’s Market Systems	9
3.1.5	Section E – Market Network Service Provider Details	10
3.1.6	Section E – Draft Local Black System Procedures	10
3.1.7	Section F – Compliance with technical requirements	10
3.1.8	Section G – Local Black System Procedures	10
3.1.9	Section H – Metering Checklist	11

1. Introduction

Italicised words are defined in the National Electricity Rules (**Rules**).

1.1 Purpose of this Guide

The purpose of this Network Service Provider Registration Guide (**Guide**) is to summarise the procedure to be used by *AEMO* to register *Network Service Providers (NSP)* as *Registered Participants*.

1.2 Requirement to register as a NSP

Section 11 of the National Electricity Law states that:

- (2) “A person must not engage in the activity of owning, controlling or operating a transmission system or distribution system that forms part of the interconnected transmission and distribution system unless –
 - (a) The person is a Registered participant in relation to that activity; or
 - (b) The person is the subject of a derogation that exempts the person, or is otherwise exempted by the AER, from the requirement to be a Registered participant in relation to that activity under this Law and the Rules.”

A body corporate that fails to register may be liable for a maximum penalty of \$100,000 and \$10,000 for every day during which the breach continues and a natural person may be liable for a maximum penalty of \$20,000 and \$2,000 for every day during which the breach continues (section 58 National Electricity Law).

1.3 Exemptions

1.3.1 Applications for Exemption and General Exemption

Under clause 2.5.1(d) of the Rules the Australian Energy Regulator (**AER**) may exempt any person or class of persons from the requirement to register as a NSP where an exemption is not inconsistent with the *market objective*. The National Electricity Code Administrator (**NECA**) issued ‘Guidelines for exemption from the requirement to register as a network service provider’ (**Exemption Guidelines**) that the AER has adopted. The Exemption Guidelines contain the principles that will be applied to assess each application for exemption made to the AER. NECA also issued ‘General exemptions from the requirement to register as a network service provider’ (**General Exemptions**) that the AER has adopted. The Exemption Guidelines and General Exemptions are available from the AER website at www.aer.gov.au. Applicants seeking an exemption from registration as a NSP should contact the AER.

1.3.2 Intermediary Exemption

Clause 2.9.3 of the Rules provides that a person ordinarily required to register as a NSP may apply to the AER for an exemption from the requirement to register where it notifies the AER that an *intermediary* is to be registered instead.

The AER must allow the exemption where:

- the *intermediary* consents to act as *intermediary*, in a form reasonably acceptable to AEMO; and
- establishes to AEMO's reasonable satisfaction that, from a technical perspective, the *intermediary* can be treated, for the purpose of the Rules, as the applicant with respect to the relevant *distribution system* or *transmission system*.

In order to establish that the *intermediary* can be treated as the applicant, AEMO requires that the *intermediary* apply for registration using AEMO's Application for Registration as a Network Service Provider (**Application**).

Where a *distribution system* or *transmission system* involves multiple parties in ownership, control and operator roles, one of them can be appointed as an *intermediary*, and the remaining parties can apply for exemption from registration under clause 2.9.3 of the Rules.

To apply for exemption from registration when an *intermediary* is appointed, the party or parties ordinarily required to register must contact the AER.

1.4 Registration as an intending participant

Clause 2.7 of the Rules allows a person to register with AEMO as an *Intending Participant* if it can reasonably satisfy AEMO that it intends to carry out an activity in respect of which it must or may be registered as a *Registered Participant*. A person who intends to act as a NSP may elect to register with AEMO as an *Intending Participant* if that person can satisfy AEMO that the relevant requirements have been met. Please see the Intending Participant Registration Guide if you would like to register as an *Intending Participant*.

1.5 Fees

1.5.1 Registration Fee

All applicants for registration must pay a registration fee in accordance with AEMO's current published fee schedule.

The registration fee can be paid by cheque (payable to AEMO Limited) or by direct deposit. You should provide a remittance advice from your bank if you have paid by direct deposit. Please contact the Registration Desk if you wish to pay by direct deposit or require a tax invoice from AEMO.

1.5.2 Participant Fees

Clause 2.11.1(b)(2) of the Rules provides that *participant fees* should recover the budgeted requirements for AEMO. Clause 2.11.1(b)(3) provides that the components of *participant fees* charged to each *Registered Participant* should be reflective of the extent to which the budgeted revenue requirements for AEMO involve that *Registered Participant*. You should refer to the AEMO website for a summary of the *participant fees* that are currently applicable to your registration category.

1.6 Other Documents to be submitted with Application for Registration

1.6.1 Recipient Created Tax Invoices

You must submit your Application with a completed Agreement for AEMO to issue Recipient Created Tax Invoices (**GST Agreement**). The GST Agreement is available in the “Registration Information” section of AEMO’s website under the “GST Information Note for New Registrations” tab.

1.6.2 Austraclear

Austraclear is only required if you are registering as a *Market Network Service Provider*. AEMO uses an external electronic funds transfer system provided by Austraclear. You will have to apply directly to Austraclear for membership. Membership approvals can take up to five weeks to process and charges are payable direct to Austraclear.

1.7 Application to be submitted to AEMO Registration Desk

Please return the completed Application together with the Registration Fee to:

Registration Desk AEMO Ltd
Level 22, 6 -10 O'Connell Street
Sydney NSW 2000

Registration Desk Direct: 02) 9239 9142
Information Centre Direct: 1300 361 011
Fax: 02) 9233 1965
email: registration.desk@AEMO.com.au

2. Registration Procedure

Chapter 2 of the Rules deals with the registration of NSPs as *Registered Participants*.

Each prospective NSP must apply to AEMO for registration in accordance with this Guide.

The registration process consists of the following steps:

- Step 1** You submit an Application, any other documents to be submitted with the Application and the Registration Fee in accordance with AEMO's current published fee schedule.
- Step 2** AEMO will review the Application and respond to you within 5 *business days* of receipt of the Application (clause 2.9.1(b) of the Rules).
- Step 3** AEMO may request additional information or clarification of the information contained in the Application. If such a request is made, you must supply the additional information or clarification within 15 *business days* of AEMO's request (clause 2.9.1(c) of the Rules).
- Step 4** Within 15 *business days* of receiving the Application, or within 15 *business days* of receiving the requested additional information or clarification, AEMO will notify you of AEMO's determination and, if AEMO rejects your Application, the reasons for rejecting it (clause 2.9.2(a) of the Rules).

3. Explanation of Application Form

3.1 Application for Registration as a Network Service Provider

The Application form is divided into the following sections:

- Section A - Application;
- Section B – Rules Categories;
- Section C – Contact Details;
- Section D – MMS Database;
- Section E – Local Black System Procedures;
- Section F – Metering.

Below is an explanation of how to complete Sections A to F of the Application, including a description of the attachments to the sections that are required.

3.1.1 Section A - Application to become a Registered Participant

You must formally apply for registration and authorise AEMO to contact other parties, if necessary, to verify the information that you have provided.

If you are to act as an *intermediary* on behalf of other parties, you must identify those parties and provide consent. See section 1.3.2 of this guide.

The Application must be signed by an authorised representative as a declaration. You also need to provide evidence of your ability to meet the relevant requirements in the Rules.

You need to attach the following additional material:

1. Evidence of legal status

If applicable, you must provide:

- a certified copy of certificate of incorporation;
 - a current full historical company search; and
 - business name registration.
2. Regulatory compliance - You must show that you comply with requirements currently imposed by the *Jurisdictional Regulator* who has jurisdiction over your activities as a NSP. You must confirm that you have either met your jurisdictional requirements, you are exempt from jurisdictional requirements, or that no jurisdictional requirements exist in your case. You should enclose the following:
- a copy of your current electricity licence copy of current electricity licence in one or more National Electricity Market (**NEM**) jurisdiction, or evidence of exemption from registration, such as a letter from the relevant Jurisdictional Regulator, including copies of relevant exemptions or derogations; and
 - details of any non-compliance with regulatory obligations.
3. Financial viability – If you are registering as a *Market Network Service Provider*, you must be able to meet your financial obligations to *AEMO* and satisfy any prudential requirements as set out in clause 3.3 of the Rules that might be applicable to you. You should enclose the following:
- the names of financial institutions that provide main source of finance;
 - copies of recent audited financial statements; and
 - an explanation of any financial links with parent or other organisations.

You should also note that you might be required to provide *credit support* to cover the value of electricity consumed during construction and commissioning of your *network*. Further information about *credit support* is available in the document “Method of Determining Maximum Credit Limits”, which is available on AEMO’s website under the “Settlements” tab in the “Prudential Supervision Process” section.

4. Organisational capability - You must show that you are in a position to control the design, construction, maintenance, operation, business and administrative processes applicable to your *network systems* and that responsible officers within your organisation are in a position to establish, or have already established, resources, processes and procedures to ensure compliance with the Rules. You should enclose:

- a copy of your current organisation chart or other evidence of access to necessary expertise to carry out electricity industry operations, including operations management, settlements and risk management;
- a brief resume of key managers and information about their responsibilities (if this is not included in your organisational chart);
- demonstrate that relevant policies and procedures are in place, or under development (do not submit the documents to AEMO, simply advise that they exist or are being developed);
- evidence of participation in committees or work groups relevant to NEM activity;
- evidence that you have IT systems to support NEM activities;
- if you have not participated in the NEM before, copies of electricity licences held in related markets, details of any regulatory non-compliances, and sales volumes and number of customers if you have participated in another relevant market; and
- an explanation of arrangements with parent or other organisations that impact on or improve your ability to comply with the *Rules*.

Please clearly mark attachments as '**Attachment to Section A**' and number each page consecutively.

3.1.2 Section B - Contact details

In Section C you must provide contact details to assist with communication between AEMO and your organisation. You must provide contact details for your head office and any branch offices and relevant personnel.

You will need to submit additional pages to include all of your contact details. Please clearly mark these as '**Attachment to Section B**' and number each page consecutively.

3.1.3 Section C – Category of Network Service Provider

(a) Transmission or distribution system (clause 2.5.1 of the Rules)

In Section B, you must classify each of your *network systems* as either a *transmission system* or *distribution system*. You must provide details of the location and assets that make up the system.

You must also indicate your association (Owner, Controller or Operator) with your network systems and whether you will be acting as a *intermediary* for a third party.

(b) Market Network Service (and Scheduled Network Service) or prescribed transmission service/prescribed distribution service (clauses 2.5.2 and 2.5.3 of the Rules)

You must indicate whether any of your *network services* are a *prescribed transmission service* or a *prescribed distribution service* and if so, provide evidence of this status.

You must also indicate whether you are seeking to classify any of your *network services* as *market network services* to earn revenue from the *spot market* rather than receive a regulated income, and if so, you must indicate that you satisfy the conditions in clause 2.5.2(a) of the Rules, namely that the:

- network service is to be provided by network elements that comprise a two-terminal link and do not provide any prescribed transmission service or prescribed distribution service;
- NSP is registered or to be registered in respect of the network elements that will provide the network service;
- network service has never been a prescribed transmission service or prescribed distribution service or is ineligible to be such a service;
- connection points of the two-terminal link are assigned to different regional reference nodes;
- two-terminal link through which the network service is provided does not form part of a network loop, is independently controllable and has power transfer capability of at least 30MW.

All conditions must be satisfied or have a derogation from the AER for the application to be approved. The evidence that conditions have been satisfied should include relevant documentation from government authorities and the NSPs whose *network services* are connected to the *two-terminal link* on the *market network services*.

An existing NSP that wishes to register a new asset as a *market network service* needs to submit a fresh application so that AEMO can formally classify the new asset as a scheduled *market network service*. A new regulated asset that connects to existing assets does not require a new application, as it does not need to be separately classified.

(c) Special participant classification (clause 2.6 of the Rules)

Under clause 4.3.3 of the Rules, AEMO may engage a NSP as an agent or appoint it as a delegate to carry out, on AEMO's behalf, some or all of AEMO's rights, functions and obligations under Chapter 4 of the Rules. Where this occurs, AEMO will also register the NSP as a *System Operator*.

If registering a *prescribed distribution service*, AEMO will also register the NSP as a *Distribution System Operator* to carry out certain obligations contained in clause 4.10 of the Rules.

Please clearly mark attachments as '**Attachment to Section C**' and number each page consecutively.

3.1.4 Section D – Information required for AEMO's Market Systems

You must provide details to assist with the establishment of a registration record in AEMO's MMS Database and connections to AEMO's Market Systems. For further information please refer to the *Guide to Market Systems – Gaining Access* on the website

No attachments are required for Section D.

(1) Austraclear

Please provide your Austraclear Membership Number if you are registering as a *Market Network Service Provider*.

(2) Participant ID

If you are registering as a *Market Network Service Provider* you can suggest a Participant ID for your organisation. AEMO will advise you of the suitability of this suggestion prior to the establishment of the registration record in the MMS Database. Please take care in nominating the ID as the MMS Database does not support changes once IDs have been allocated.

(3) Regular Emails

AEMO sends regular emails for several purposes. Please make these email addresses match a role, so you can more easily manage who actually receives these emails and can action them. For example, choosing AEMOdailybulletin@participant.com.au allows you flexibility for distribution to recipient(s), rather than nominating a direct address for the current incumbent responsible for actions arising from AEMO's Daily Bulletin. Note only one email address accepted per item, and individual addresses are not maintained by AEMO.

The Daily Bulletin announces events affecting participants, such as connectivity issues, status of MMS, FRC, MSATS, B2B, and preproduction systems, software updates, latest NEM documents and specifications, events, testing and *settlement*.

Change notices announce systems changes potentially affecting participant interfaces. These are part of AEMO's Change Management processes, available on the website.

Password expiry email notifications are sent when the NEMNet domain account password is due to expire. This acts as a reminder to change your password.

(4) Connections

AEMO has its end of data network connections already established. Each participant is responsible to arrange its own end, and the intermediate communications to connect to the AEMO end.

For new network connections to AEMO, the participant needs to know what AEMO can support and what considerations may be relevant in making a selection. For the connection options and background information, refer to the *Guide to Market Systems – Gaining Access* on the website.

3.1.5 Section E – Market Network Service Provider Details

If you are applying to be a *Market Network Service Provider*, you must provide details of your *market network service*. The *Rules* require that a *market network service* must also be classified as a *scheduled network service* and you must also provide information required in Schedule 3.1 of the *Rules* in this Section.

3.1.6 Section E – Draft Local Black System Procedures

Clause 4.8.12 of the *Rules* requires *Market Network Service Providers (MNSP)* to draft *local black system procedures* for each *network element* that contributes to the provision of *market network services* and submit them to *AEMO* for approval.

This information is required to allow *AEMO* to confirm there are no inconsistencies between your *local black system procedure* and *AEMO*'s own system restart procedure. Accordingly, you must provide *AEMO* with any relevant technical information that may affect the system restart capability of your *network elements* to enable *AEMO* to manage a system restart condition. All information will be treated as commercial-in-confidence.

You must submit a copy of those procedures. Please provide details of an appropriate person to contact about the *local black system procedure*; that person tends to be the Settlements Manager (by whatever description).

Please clearly mark the procedures with '**Attachments to Section E**' and number each page consecutively.

3.1.7 Section F – Compliance with technical requirements

A *market network service* must also be classified as a *scheduled network service* and must submit bids and be *dispatched*. Its *spot market* transactions will be settled by *AEMO*. You must establish that your *network elements* comply with the technical requirements of Chapter 5 and Schedule 5.3a of the *Rules*. To do this, you need to complete the table in section F.

No attachments are required for section F.

3.1.8 Section G – Local Black System Procedures

Clause 4.8.12 of the *Rules* requires *Market Network Service Providers* to draft *local black system procedures* for each *network element* that contributes to the provision of *market network services* and submit them to *AEMO* for approval.

This information is required to allow *AEMO* to confirm there are no inconsistencies between your *local black system procedure* and *AEMO*'s own system restart procedure. Accordingly, you must provide *AEMO* with any relevant technical information that may affect the system restart capability of your *network elements* to enable *AEMO* to manage a system restart condition. All information will be treated as commercial-in-confidence.

You must submit a copy of those procedures. Please provide details of an appropriate person to contact about the *local black system procedure*; that person tends to be the Settlements Manager (by whatever description).

Please clearly mark the procedures with '**Attachments to Section G**' and number each page consecutively.

3.1.9 Section H – Metering Checklist

Under clause 5.3.7(e) of the Rules, a NSP must provide *AEMO* with *metering installation* information.

Clause 7.1.4(a) of the Rules requires that an MNSP must ensure that *metering* is installed and operational prior to participation in the *market* in respect of the relevant *connection point*. Clause 7.1.4(b) of the Rules provides that *AEMO* may refuse to permit a *Market Participant* to participate in the *market* if clause 7.1.4(a) has not been complied with.

In this Section F, you must provide a letter stating the location, description, type and expected commissioning date for each *connection point* as well as the *responsible person* and *Metering Providers* for each *connection point* and enclose the following attachments:

- acknowledgment letter from the *responsible person* indicating that they have read and understood the requirements and obligations of the Rules;
- proposed *metering installation* details, technical overview of the planned installation, 'single line' drawings and detailed wiring diagrams. The drawings and documentation need to clearly identify the *metering connection point*, *metering accuracy*, CT and VT ratios and connection ratios, CT and VT classes and Burden ratings;
- a regional 'single line' drawing showing the *distribution* or *transmission connection point* relativity;
- if connected within a *distribution network*, the value of a site-approved *distribution loss factor*; and
- details of the estimated annual metered energy.