



# RETAILER OF LAST RESORT POST IMPLEMENTATION REVIEW REPORT

SUSPENSION OF URTH ENERGY PTY LTD RETAILER FROM  
THE NATIONAL ELECTRICITY MARKET IN FEBRUARY 2017

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# IMPORTANT NOTICE

## Purpose

AEMO has prepared this document to provide information as at the date of publication about the suspension of Urth Energy Pty Ltd (ABN 52 601 693 109) from the National Electricity Market (NEM) in February 2017 in accordance with clause 17 of the NEM RoLR Processes.

## Disclaimer

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## EXECUTIVE SUMMARY

This report reviews the Retailer of Last Resort (RoLR) event that occurred on 2 February 2017 following the suspension of Urth Energy Pty Ltd (Urth Energy), with the registered participant identification “URTH”, from trading in the National Electricity Market (NEM).

The suspension of Urth Energy resulted in the following market impacts:

- Approximately 800 National Metering Identifiers (NMIs) were transferred from Urth Energy to other retailers.
- Affected participant reconciliation reports identified:
  - No NMIs still being processed.
  - No NMIs in dispute.
- Impacts to affected participants’ business-as-usual activities were minimal and NMI processing items varied from one day for non-retailer participants, to up to 36 days for retailer participants.

On reviewing the RoLR event, AEMO has identified the following issues:

- Not all affected participants knew their passwords, which were required to access the RoLR reports AEMO had sent them, and therefore some participants encountered delays accessing RoLR reports.
- NMIs with in-flight transfers (to retailers other than the nominated RoLR) are also included in AEMO RoLR reconciliation reports delivered to the RoLR. This results in a discrepancy between the RoLR reconciliation report and the Change Requests (CRs) included in the RoLR report.
- The post RoLR event feedback was received in different forms, resulting in difficulties collating feedback.

AEMO will discuss with participants the scope and best timing for a review of the NEM RoLR Processes following the implementation of Power of Choice. AEMO expects this review to include, but not be limited to:

- A review of the RoLR reports.
- An enhancement to the Market Settlement and Transfer Solution (MSATS) browser to make the document password field (used to encrypt AEMO RoLR reports) visible to participants.
- Evaluation of a standard report template for participants to provide feedback to a RoLR event.



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## ACRONYMS

Acronym	Description
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
AGLE	AGL South Australia Pty Limited
BAU	Business-as-usual
BCT	Bulk Change Tool
CR	Change Request
ENGYAUST	EnergyAustralia Pty Ltd
FRMP	Financially Responsible Market Participant
FTE	Full Time Equivalent
MSATS	Market Settlement and Transfer Solution
NEM	National Electricity Market
NERL	National Electricity Retail Law
NMI	National Meter Identifier
POWERCOR	Origin Energy Electricity Limited
RoLR	Retailer of Last Resort
RP	Responsible Person
RMCF	Retail Market Consultative Forum
Urth Energy	Urth Energy Pty Ltd



## 1. THIS REPORT

AEMO has prepared this *RoLR Post Implementation Review* report as a result of its review of the Urth Energy Retailer of Last Resort (RoLR) event, which occurred on 2 February, 2017. This report includes; a summary of the impact on the NEM markets, a review of the substantial issues and subsequent proposed solutions.

## 2. BACKGROUND

A retailer may be suspended from the NEM as a result of:

1. Having its licence to operate as an electricity retailer revoked or suspended in one or more jurisdictions; and/or
2. Being suspended by AEMO because it has defaulted in the performance of its obligations under the NEM Rules; financially or otherwise.

A RoLR is a retailer that takes over financial responsibility for a NMI. The RoLR event aims to protect customers in the event of a retailer failure. AEMO has procedures to manage this event, which are fully outlined in Section 1.13 of the NEM RoLR processes<sup>1</sup>. Once a RoLR event has been declared, AEMO notifies RoLR key contacts of the RoLR event, and distributes a summary and NMI List type reports to affected MSATS Participants. AEMO cancels all CRs where the suspended retailer is the proposed new Financially Responsible Market Participant (FRMP), and the customer remains with its current retailer. AEMO then begins an accelerated customer transfer process for NMIs with a pending transfer request from the suspended retailer to a nominated retailer. Remaining customers are then transferred to nominated RoLRs via the bulk change transfer (BCT) tool in MSATS.

Post event, Clause 17.3(a) of the MSATS Procedure RoLR Procedures<sup>1</sup> requires AEMO to prepare a RoLR Post Implementation review report within six months of the date the RoLR event was invoked to identify and remedy any issues.

## 3. METHODOLOGY

This event report is compiled from information provided by participants, with a summary of the affected NMIs, as per Clause 16.3(e) and Clause 105.3(e) of the MSATS procedure, in the 3-4 months following the RoLR event being invoked. Further, any issues raised to or by AEMO during the RoLR process are considered.

## 4. EVENT DETAILS

Urth Energy held the participant role of Financially Responsible Market Participant (FRMP) across Queensland, New South Wales and South Australian jurisdictions.

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<sup>1</sup>[https://www.aemo.com.au/media/Files/Other/Retail%20and%20Metering/AEMO\\_NEM\\_ROLR\\_Processe\\_%20v13\\_Final\\_Determination\\_Clean\\_v100.pdf](https://www.aemo.com.au/media/Files/Other/Retail%20and%20Metering/AEMO_NEM_ROLR_Processe_%20v13_Final_Determination_Clean_v100.pdf)

On 1 February, 2017 a RoLR event occurred when Urth Energy appointed an external administrator. Subsequently, under clause 3.15.21(f) of the National Electricity Rules, at 2400 hours Australian Eastern Standard Time 1 February 2017, AEMO suspended Urth Energy Pty Ltd from the National Electricity Market. Once the suspension notice was issued, AEMO provided regulatory bodies (the Australian Energy Regulator) with a notice confirming the suspension. Subsequently, the AER published an official RoLR notice on 2 February 2017 to notify all participants and market customers, and specify the RoLRs as per Schedule 1. AEMO also notified MSATS participants via email that the RoLR event had occurred, including information outlined in subclauses 3.3 (b), (c) and (d) of the MSATS Procedure RoLR Procedures.

AEMO delivered RoLR Reports, as detailed in Appendix 1 of the NEM RoLR Processes on Thursday 2 February 2017, related to the suspended retailer's activities. RoLR/FRMP Summary Reports, LR Summary Reports and NMI List Reports were sent to affected participants.

NMIs with pending CRs in MSATS to transfer from Urth Energy to a nominated FRMP were accelerated. Accelerated transfer reports were emailed to affected participants. NMIs with CRs in MSATS to transfer to Urth Energy as the new FRMP, and where the proposed change date was greater than or equal to the RoLR effective transfer date, were cancelled and remained with their existing retailer. Cancelled transfer reports were emailed to affected participants. Cancelled transfers and accelerated transfers were processed on 3 February 2017. AEMO completed BCT runs on 3 February, moving Urth Energy customers to their allocated RoLR (as specified by the AER<sup>2</sup> in schedule 1 of the RoLR notice event) with a retrospective proposed change date of 2 February, 2017.

## 5. MARKET IMPACT

A total of 781 NMIs were transferred from Urth Energy to various retailers. The retailers with the role of Designated RoLR included: Origin Energy Electricity Limited (POWERCOR), AGL South Australia Pty Limited (AGLE) and EnergyAustralia Pty Ltd (ENGYAUST), as specified in the AER RoLR Notice<sup>2</sup>.

AEMO received 11 reconciliation reports from RoLR-affected market participants by the required 1 June 2017 date. The reports indicated that there were no NMIs in dispute or still processing as a direct result of the RoLR event.

The estimated business process completion times described in the MSATS Procedure RoLR Procedures varied between participants. Generally, non-retailer participants including Local Network Service Providers (LNSPs), Meter Data Providers (MDPs), and Metering Providers (MPs) processed their NMIs within one day, while retailer participants required up to 36 days to process all their NMIs. No timeframe impacts on BAU MSATS-related business processes were reported.

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<sup>2</sup> The AER Urth RoLR Electricity Notice can be found at: [https://www.aer.gov.au/system/files/AER%20RoLR%20notice%20-%20Urth%20Energy%20Pty%20Ltd%20-%2020February%202017\\_0.docx](https://www.aer.gov.au/system/files/AER%20RoLR%20notice%20-%20Urth%20Energy%20Pty%20Ltd%20-%2020February%202017_0.docx).



## 6. ENCOUNTERED ISSUES

### 6.1 Report reconciliation

Participants encountered discrepancies when reconciling initial RoLR reports produced on 3 February 2017 with MSATS CR notifications produced at completion of the AEMO BCT process. NIMs with a processing CR 1000 were accelerated to the proposed new retailer instead of the RoLR as appropriate. However, the CRs for these NIMs were still received on the reconciliation report delivered to the RoLR, thereby increasing processing time for participants.

This discrepancy occurred as a result of the current RoLR process. Currently, RoLR reports are first generated, then accelerated transfers are processed. This is to minimise delay in participants receiving RoLR reports.

### 6.2 Password Access

Some affected participants were not aware of where to access their password from and consequently encountered delays receiving passwords when contacting AEMO. This resulted in them having delayed access to the RoLR reports.

### 6.3 Inconsistent Feedback

There have been difficulties in reconciling the feedback from participants due to differing formats and varying detail provided. This increased processing time collating feedback.





## 7. RECOMMENDATIONS

AEMO will discuss with participants the scope and best timing for a review of the NEM RoLR Processes following the implementation of Power of Choice. AEMO expects this review to include, but not be limited to a review of the RoLR reports.

AEMO will raise an enhancement to the MSATS browser to make the document password field (used to encrypt AEMO RoLR reports) visible to participants.

AEMO will develop a standard report template for participants to utilise when providing feedback to a RoLR event.