

APPROVED PROCESS UNDER RULE 135EC OF THE NGR

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Table of Contents

1. INTRODUCTION.....	3
2. SUBMISSION OF A PROPOSAL TO MAKE A PROCEDURE.....	3
3. INITIAL ASSESSMENT OF PROPOSAL	3
4. CONSULTATIVE FORUM PROCESS	4
5. IMPACT AND IMPLEMENTATION REPORT	5
6. ATTACHMENT A.....	6

1. Introduction

Part 15B of the National Gas Rules (NGR) sets out the process for the making of Procedures by AEMO, under the head of power provided by the National Gas Law (NGL), in relation to the matters set out in Part 15B.

This document sets out the 'Approved Process' that AEMO is required to establish under rule 135EC of the NGR for the examination and assessment of a proposal for the making (or changing) of Procedures, including the preparation of an Impact and Implementation Report (IIR).

Underpinning the Approved Process is a change management process for each set of Procedures. The Approved Process will include consultation with a relevant industry committee or consultative forum established for each wholesale and retail gas market.

Attachment A includes a flowchart of the Approved Process.

The Approved Process can only be amended by AEMO after it has consulted on the proposed amendment to the process using the NGR's extended consultative procedures in rule 9A of the NGR. The Approved Process steps are outlined below.

2. Submission of a proposal to make a Procedure

- (a) AEMO or any other person (the Proponent) may propose the making of a Procedure or a change to an existing Procedure, in accordance with rule 135ED.
- (b) AEMO will publish templates for use by the Proponent for the submission of a proposal to make a Procedure.

3. Initial assessment of proposal

- (a) On receipt of a submission from the Proponent, AEMO will undertake an initial assessment of the proposal, to confirm that:
 - i) it complies with the requirements of rule 135ED(2); and
 - ii) it relates to a matter about which the relevant Procedures may be made under rule 135EA; and
 - iii) there is no other reason for AEMO to reject the proposal under rule 135ED(4).
- (b) If a proposal complies with the requirements of rule 135ED(2) and has not been rejected by AEMO under rule 135ED(4), or if AEMO itself formulates a proposal, AEMO must:
 - i) consider whether, in accordance with rule 135EG, the time limit for the preparation of an IIR ought to be extended; and
 - ii) publish and/or email the proposal.

- (c) If a proposal is rejected by AEMO, then in accordance with rule 135ED(5), AEMO must:
 - i) give the Proponent written notice of AEMO's decision to reject the proposal and the reasons for it; and
 - ii) publish the decision and the reasons for it on the AEMO website.

4. Consultative Forum process

- (a) AEMO must establish consultative forums in respect of wholesale and retail gas markets for which Procedures are to be made under the NGL and the NGR.
- (b) The relevant consultative forum will examine the proposal and may nominate specialist working groups for this purpose.
- (c) The consultative forum is to advise AEMO and is to assist AEMO in making a determination on the following matters by the date in paragraph (d):
 - i) its analysis of the costs and benefits (either tangible or intangible) of making the requested Procedures; and
 - ii) material issues and risks for the implementation of the proposal; and
 - iii) its analysis on the testing requirements of the proposal; and
 - iv) a recommendation as to whether or not the proposal should be implemented, with or without amendments; and
 - v) whether the change to be implemented by the proposed Procedure is considered urgent or non-material. This includes analysis on whether rule 135EE (Ordinary) or rule 135EF (Expedited) is to be used for the prescribed consultation process; and
 - vi) whether the change to be implemented by the proposed Procedure complies with rule 135EB; and
 - vii) an assessment of when the proposed Procedures should take effect; and
 - viii) if the conclusions on the above matters are not unanimous, any dissenting views of forum members.
- (d) The consultation on the matters referred to in 4(c) must conclude by the date that is 10 business days before the expiry of the applicable time limit for preparation of the IIR by AEMO.
- (e) The initial consultative forums for the making of Procedures under the NGR will be established by drawing on the membership, and operate on the same basis, as the committees and forums established under market rules in effect prior to 1 July 2009 and facilitated by the former gas market operators. The forums will be established

with such changes to their terms of reference as are required to include their role under this approved process.

- (f) Membership to the forums is to be open to participants and other persons whose interests are directly affected by that market.
- (g) If a person provides information about the costs or benefits of a proposal that the person identifies as confidential, AEMO must keep that information confidential. AEMO may use that information for the purposes of the IIR or any decision under Part 15B of the NGR, but may only disclose that information in a manner that does not identify the person to whom the information relates.

5. Impact and Implementation Report

The IIR must include the following in relation to the proposal:

- (a) The proponent and the date of the submission.
- (b) The basis and rationale for the proposed Procedures.
- (c) The details of the change to the existing Procedures including a draft identifying with marked changes.
- (d) Overall Cost/benefit (tangible/intangible/risk) analysis and/or the overall cost estimates of the proposal.
- (e) The likely implementation effect of the proposal on any identified parties.
- (f) A recommendation on any testing requirements.
- (g) AEMO's preliminary assessment of the proposal's compliance with rule 135EB.
- (h) A recommendation on whether the proposed Procedures should be made, with or without amendments.
- (i) A recommendation on whether the expedited or ordinary consultation process should be used.
- (j) If applicable, a proposed effective date that the proposed Procedures should take effect.

6. ATTACHMENT A

Diagram A. Approved Process for assessing proposals for making (or changing) Procedures (NGR - 135EC(1))

