

PROPOSED PROCEDURE CHANGE (PPC)

Summary Section

Issue Number IN010/18

Impacted Jurisdiction(s)

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Affected Gas Market(s) • Retail **Date proposal sent to AEMO**

Short Issue Title Recognition of Exempt Seller Regime in the Gas Retail Market Procedures considering the changes in the National Gas Rules.

Other key contact information

VERSION #	PRESENTED TO	DATE
1.0	GRCF	10 th May 2019



PROPOSED PROCEDURE CHANGE (PPC)

1. DESCRIPTION OF CHANGES AND REASONS FOR CHANGES

The Australian Energy Market Commission (AEMC or Commission) 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 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 the Australian Energy Market Operator (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 and systems.

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

Anyone wishing to make a submission for this first stage consultation are to use the response template provided in Attachment D. Submissions close 24 May 2019 and should be emailed to grcf@aemo.com.au.

2. REFERENCE DOCUMENTATION

- 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 THE EXISTING PROCEDURES

AEMO proposes a number of minor amendments to the Retail Market Procedures (RMP) so that the RMP and the NGR remain in alignment. AEMO proposes the following amendments:

- NSW/ACT
 - Amended the definition of 'Retailer' to remove the reference to 'User'.
- QLD
 - Amended 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.
 - Amended 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.
 - Amended the definition of 'User' so it included a reference to the new term 'Retailer'.

See attachments A to C for further details.

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

4. CONSEQUENCES OF THE CHANGES

These changes are required to maintain consistency between the NGR and the RMP.

5. ORDER OF MAGNITUDE OF THE CHANGES

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.

6. LIKELY BENEFITS FOR INDUSTRY

The 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 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 national gas objective (NGO).

7. IMPLEMENTATION IMPACTS

As noted under Section 5 of this PPC, the impact of implementing this change in AEMO's systems is immaterial and is not expected to have any impact on existing participants.

8. TESTING REQUIREMENTS

Not required.

9. SUPPORTING DOCUMENTATION

Section 2 provides a list of all reference documentation for this PPC. All documents are attached and marked-up for review.

10. PROPOSED EFFECTIVE DATE FOR THE PROPOSED CHANGED PROCEDURES TO TAKE EFFECT

AEMO proposes the following consultation timeline:

- Issue PPC on 10 May 2019.
- Submission on PPC closes 24 May 2019.
- Issue IIR on 7 June 2019.
- 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

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

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

Retail Market Procedures (SA)

Extract from clause 2 (Definitions)

“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 – PPC RESPONSE TEMPLATE

- The PPC response template has been attached separately to this document. There are two sections within the template:
 - Section 1 seeks feedback on the PPC.
 - Section 2 seeks feedback on the individual changes within each of the procedures.

Anyone wishing to make a submission for this first stage consultation are to use this response template. Submissions close 24 May 2019 and should be emailed to grcf@aemo.com.au.