

11 February 2022

Notice to all Registered Gas Retail Market Participants.

For NSW/ACT:

This Notice is to advise Participants on AEMO's decision to approve amendments to the:

- Retail Market Procedures (NSW/ACT)

This Notice advises Gas Market Registered Participants that consultation under the ordinary Procedure Change Consultative Process prescribed under Rule 135EE of the National Gas Rules (NGR) concluded on 14 January 2022 for:

- IN011/21 (BL and TSF changes)

Prior to commencing the consultation process for the changes described in this notice, AEMO consulted on a related initiative (IN004/20), which also proposed changes to the calculation of baseload (BL) and temperature sensitivity factors (TSF). That initiative proposed several changes to the Retail Market Procedures (NSW/ACT) in order to ensure that BL and TSF calculations remain accurate for volume boundary and volume boundary hybrid meters. AEMO received submissions to this PPC from AGL and Red and Lumo Energy, both of which supported the proposal. These submissions suggested a number of minor editorial changes to the draft RMP documents, most of which AEMO incorporated into the proposed RMP changes in the IN004/20 Impact and Implementation Report (IIR).

As required under Rule 135EE of the NGR, Gas Market Registered Participants and other interested parties were invited to submit comments to AEMO on the IN004/20 IIR. Submissions closed on 16 August 2021. AEMO received submissions from AGL and Red and Lumo Energy. Red and Lumo Energy's proposal raised material concerns regarding the drafting approach for IN004/20. As such, AGL, Jemena Gas Networks (the proponent), and Red and Lumo Energy collectively developed a new drafting approach, which has been pursued under the current initiative IN011/21.

As required under Rule 135EE of the NGR, Gas Market Registered Participants and other interested parties were invited to submit comments to AEMO on the new drafting approach in this IN011/21 IIR. Submissions closed on 14 January 2022. AEMO received submissions from Red and Lumo Energy and Jemena Gas Networks (JGN). These submissions supported the proposed RMP changes and none of the submissions put forward any further changes to the changes that were described in Attachment B within the IIR. Also, AEMO did not receive any opposing views in relation to these changes taking effective in Q4 2022 and that AEMO will issue a notice of effective date by June 2022.

Attachment B of this Notice sets out the consolidated feedback relating to the proposed amendments that AEMO received during this final consultation phase. This attachment includes stakeholder comments and AEMO responses to these comments.

Having considered the feedback provided by each respondent, AEMO has approved the proposed amendments (Attachment A) of this Notice.

ATTACHMENT A – DOCUMENTATION CHANGES

Draft versions of the RMP NSW/ACT showing tracked changes between the current and amended versions are attached separately to this document.

ATTACHMENT B – FEEDBACK TO THE IIR

Section 1 - General Comments on the IN011/21 IIR.

| Topic | Item# | Who | Response Received | AEMO response |
|--|-------|---------------------------------|--|---|
| General Comments on the Impact and Implementation Report. | | | | |
| <p>Sections 1 to 9 of the IIR sets out details of the proposal.</p> <p>Does your organisation support AEMO's assessment of the proposal (i.e. does your organisation believe that AEMO has adequately described the requirements and surrounding context of the proposal)?</p> <p>If no, please specify areas in which your organisation disputes AEMO's assessment (include IIR section reference number) of the proposal and include information that supports your organisation's rationale for not supporting AEMO's assessment.</p> | 1 | Red/Lumo | <p>Red Energy and Lumo Energy (Red and Lumo) support AEMO's assessment of the proposal to amend Type 2 gas meter estimation and substitution methodologies to separately consider Volume Boundary, Volume Boundary Hybrid and gas meters with a hot water meter at the same Delivery Point.</p> <p>Red and Lumo also support the proposed changes to the Type 1 Base Load reading periods which create an alternative winter period and alternative summer period, each starting seven days earlier and ending seven days later than the existing winter or summer period</p> | <p>AEMO notes Red Energy and Lumo Energy's support for the proposal.</p> <p>AEMO also notes that Red and Lumo had no further proposed changes to the marked-up NSW/ACT Retail Market Procedures as described in attachment B of the Impact and Implementation Report (IIR).</p> |
| | 2 | Jemena Gas Networks & Evoenergy | <p>Overall, Jemena Gas Networks and Evoenergy (JGN) support AEMO's assessment of the proposal – the context and details.</p> <p>Areas where JGN have an alternate view are: IIR, Section 1.1.1, 5th paragraph</p> <p>"JGN notes that retailers are sometimes incorrectly classifying VB meter installations as business even though they are substantively residential in order to try and avoid inaccurate substituted / estimated reads under the existing Type 2 characterisations".</p> <p>It is correct that JGN has noted that some retailers are classifying VB meter installations as business rather than residential (JGN has the view that the usage of the gas is substantially for domestic cooking</p> | <p>AEMO notes JGN's support of AEMO's assessment of the IIR and JGN's feedback on section 1.1.1 and 1.1.2 of the IIR, which AEMO has noted JGN's comment that this feedback is for contextual proposes only.</p> <p>AEMO also noted that JGN had no further proposed changes to the marked-up NSW/ACT Retail Market</p> |

| | | | | | | | |
|----------------------------------|---|---|-----------------|--|----------------------------------|---|--|
| | | <p>and hot water and that residential characteristics are more relevant to usage estimation).</p> <p>However, JGN does not hold the view that retailers are assigning a business classification to Volume Boundary meters for the purposes of improving the accuracy of estimations under the existing Type 2 characterisations.</p> <p>Discussions with, and feedback from market participants during the IN004/20 consultation process revealed that retailers who are assigning a business classification to Volume Boundary meters are doing so for regulatory purposes, as the customer who is purchasing the gas from the retailer is not the residential user, it is usually an embedder or a body corporate who is onselling the energy or energy services to the residential customer. That customer who has the retail supply agreement with the retailer is a business.</p> <p>RMP definition</p> <table border="0"> <tr> <td style="padding-right: 10px;"><i>Customer</i></td> <td>The 'customer' as defined in section 5 of the <i>NERL</i> in relation to gas delivered at a <i>delivery point</i> for particular premises.</td> </tr> <tr> <td><i>Customer characterisation</i></td> <td>In relation to a <i>Customer</i> at a <i>delivery point</i>, whether the <i>Customer</i> is: <ul style="list-style-type: none"> (a) 'metropolitan' or 'non-metropolitan', where metropolitan indicates the <i>delivery point</i> is on the NSW-Wilton or ACT-Canberra <i>network section</i>; and (b) 'residential' or 'business', where residential indicates the primary use of the <i>consumed energy</i> is for household purposes and business indicates the primary use of the <i>consumed energy</i> is for commercial purposes, as determined by the <i>Customer's Retailer</i>. </td> </tr> </table> | <i>Customer</i> | The 'customer' as defined in section 5 of the <i>NERL</i> in relation to gas delivered at a <i>delivery point</i> for particular premises. | <i>Customer characterisation</i> | In relation to a <i>Customer</i> at a <i>delivery point</i> , whether the <i>Customer</i> is: <ul style="list-style-type: none"> (a) 'metropolitan' or 'non-metropolitan', where metropolitan indicates the <i>delivery point</i> is on the NSW-Wilton or ACT-Canberra <i>network section</i>; and (b) 'residential' or 'business', where residential indicates the primary use of the <i>consumed energy</i> is for household purposes and business indicates the primary use of the <i>consumed energy</i> is for commercial purposes, as determined by the <i>Customer's Retailer</i>. | <p>Procedures as described in attachment B of the IIR.</p> |
| <i>Customer</i> | The 'customer' as defined in section 5 of the <i>NERL</i> in relation to gas delivered at a <i>delivery point</i> for particular premises. | | | | | | |
| <i>Customer characterisation</i> | In relation to a <i>Customer</i> at a <i>delivery point</i> , whether the <i>Customer</i> is: <ul style="list-style-type: none"> (a) 'metropolitan' or 'non-metropolitan', where metropolitan indicates the <i>delivery point</i> is on the NSW-Wilton or ACT-Canberra <i>network section</i>; and (b) 'residential' or 'business', where residential indicates the primary use of the <i>consumed energy</i> is for household purposes and business indicates the primary use of the <i>consumed energy</i> is for commercial purposes, as determined by the <i>Customer's Retailer</i>. | | | | | | |

| | | | |
|--|--|--|--|
| | | <p>NATIONAL ENERGY RETAIL LAW (NSW) - SECT 5 Meaning of customer and associated terms 5 Meaning of customer and associated terms</p> <p>(1) A customer is a person-- (a) to whom energy is sold for premises by a retailer; or (b) who proposes to purchase energy for premises from a retailer.</p> <p>(2) A small customer is a customer-- (a) who is a residential customer; or (b) who is a business customer who consumes energy at business premises below the upper consumption threshold.</p> <p>(3) A large customer is a business customer who consumes energy at business premises at or above the upper consumption threshold.</p> <p>(4) Note--: This subsection is not applicable in New South Wales.</p> <p>This highlights the potential benefit of the proposed Volume Boundary Meter estimation methodology based on dwellings, appliances and occupancy factor, being independent of business or residential classification.</p> <p>IIR, Section 1.1.2, 4th paragraph</p> <p>“JGN also proposes to exclude the MIRNs and energy of gas meters associated with hot water meters from the residential characterisations and include in additional residential characterisations.”</p> <p>From discussions and feedback from Red/Lumo Energy during the IN004/20 consultation period, JGN will not be creating additional RMP residential characterisations for gas meters associated with hot water meters. JGN does propose a unique Type 2 estimation methodology for these meters.</p> | |
|--|--|--|--|