

## IMPACT & IMPLEMENTATION REPORT – SUMMARY SECTION

*(For AEMO to complete and administer)*

<b>Issue Number</b>	<b>IN034/12 Relaxation of DSA Delivery Requirements</b>		
Impacted Jurisdiction	NSW and ACT		
Proponent	Aleks Smits	Company	AEMO
Affected Gas Markets(s)	Retail	Consultation process (Ordinary or Expedited)	Expedited
Industry Consultative forum(s) used	GRCF-NA	Date Industry Consultative forum consultation concluded	11 December 2012
Short Description of change(s)	Relaxation of the Procedural timings to deliver distribution system allocation (DSA) reports		
Procedure(s) or Documentation impacted	<i>Retail Market Procedures (NSW &amp; ACT) (Procedures)</i>		
Summary of the change(s)	Amend the Procedures to: <ul style="list-style-type: none"> <li>▪ include a definition of “scheduled read date”;</li> <li>▪ include the next scheduled read date in the provision of the DPI full listing;</li> <li>▪ include a requirement for a meter data agent to use reasonable endeavours to read meters in accordance with the nominated next scheduled read date; and</li> <li>▪ include a provision to use the DPI full listing to facilitate customer transfers.</li> </ul>		
IIR Prepared By	Aleks Smits	Approved By	Peter Alberts
Date IIR published	18 January 2013	Date Consultation under 135EE or 135EF concludes	11 February 2012
Contact address for written responses	Aleks Smits, Australian Energy Market Operator, GPO Box 2008, Melbourne VIC 3001		
Email Address for Responses	<a href="mailto:aleks.smits@aemo.com.au">aleks.smits@aemo.com.au</a>		
Other key contact information	<a href="mailto:grcf@aemo.com.au">grcf@aemo.com.au</a>		

## IMPACT & IMPLEMENTATION REPORT – DETAILED REPORT SECTION

### CRITICAL EXAMINATION OF PROPOSAL

<p>1. Description of change(s) and reasons for change(s)</p>	<p>PwC, as part of its role as the market auditor, undertook an audit of AEMO's internal control procedures in relation to compliance with the Retail Market Procedures (NSW and ACT) (Procedures) for the year ending 30 June 2012. As a result of sample tests within the audit, PwC released a finding that identified an issue with the delivery of certain distribution system allocation (DSA) reports.</p> <p>These reports are required to be generated by the data estimation entity (AEMO/Logica) under clause 33.15(1) of the Procedures.</p> <p>Due to a buffer between the time specified to deliver these reports under the Procedures and when the preliminary STTM settlement is performed, there has not been any impact as a result of the late delivery of the DSA reports. As such, the current delivery of reports (although late by Procedural requirements), does not impact settlement calculations.</p> <p>AEMO suggests that the specified time for the delivery of this report should be relaxed from the current four days after month end to six days after month end. The relaxation of this timing by two days would not impact settlement calculations. The DSA reports would continue to be generated under the same business rules and timings, but these outcomes would then be compliant with the proposed Procedures.</p>
<p>2. Reference documentation</p> <ul style="list-style-type: none"> <li>▪ Procedure Reference</li> <li>▪ GIP/Specification Pack Reference</li> <li>▪ Other Reference</li> </ul>	<p><i>Retail Market Procedures - NSW &amp; ACT (Procedures)</i></p>
<p>3. The high level details of the change(s) to the existing Procedures</p> <p>This includes:</p> <ul style="list-style-type: none"> <li>▪ A comparison of the existing operation of the Procedures to the proposed change to the operation of the Procedures</li> <li>▪ A marked up version of the Procedure change</li> </ul>	<p>Clause 33.15(1) and (2) of the Procedures define the timeline for STTM DSA reports to be delivered to market participants. As per the current Procedures, monthly DSA recalculations must be sent to participants in accordance with the following timelines:</p> <ul style="list-style-type: none"> <li>• On the gas day which begins on the fourth business day after the end of a month (M+4);</li> <li>• On the gas day which begins on the fifteenth business day after the end of a month (M+15); and</li> <li>• On the last business day of the ninth month after month M (M+9 months).</li> </ul> <p>The DSA report provides the daily calculations and recalculations for the quantity of gas withdrawn from each network section by each user. Currently, there are STTM system processing delays that impact on the ability for Logica to receive the DSA report that is required to be delivered on the fourth day after the end of the month</p>

	<p>(M+4). AEMO receives the facility allocation data four days prior to settlements from market participants, and then publishes this information on the Market Information System (MIS). Due to the timeframe in which AEMO receives the information, it is not possible for it to be passed to the Logica system to meet required publication timelines as specified in the obligations.</p> <p>AEMO uses the updated DSA reports for settlement purposes. As per the settlements calendar, there is a buffer between the publication of DSA reports and when the preliminary STTM settlement is performed. As such, the current delivery of reports (although late by Procedural requirements), do not impact on the ability to perform the settlement calculations.</p> <p>To ensure ongoing compliance with clause 35.15(1) of the RMPs it is proposed that the DSA report currently delivered on D+4 now be required by no later than D+6 after the end of the month. As discussed above this will not impact on systems or AEMO's ability to use the information as required.</p> <p>A marked up version of the proposed change is <b>attached</b>.</p>
<p>4. Explanation regarding the order of magnitude of the change  (e.g. material, non-material or non-substantial)</p>	<p>No changes to any systems or processes. The proposed procedure will align current system operation with Procedural requirements.</p> <p>No systems or business processes will be altered as a result of this change.</p> <p>AEMO specifically undertakes to not make any changes to systems or report scheduling as a result of this timing change.</p>

#### ASSESSMENT OF LIKELY EFFECT OF PROPOSAL

<p>5. Overall Industry Cost / benefit (tangible / intangible / risk) analysis and/or cost estimates</p>	<p><b>Stakeholder consultation</b></p> <p>As prescribed in the “Approved Process”, participants and stakeholders were asked to complete submissions. Submissions closed on 14 January 2013.</p> <p>AEMO received one response from AGL Energy. AGL supported the change on the basis that there would be assurance that the delivery of DSA reports would not be altered as a result of the increased allowance of time in the Procedures. In response to this, AEMO undertakes to contact the data estimation entity (CGI/Logica) to ensure that the DSA reports continue to be delivered as soon as practicable, and in any event no later than the sixth business day. AEMO anticipates that DSA reports will continue to be delivered on M+5 as per the current scheduling, with an extra day as a buffer to M+6 in the event of a serious system malfunction. As such, preliminary settlement calculation on M+7 should not be impacted.</p> <p>AEMO's position on this consultation is that there are no costs, no impact, and no significant benefits for the industry as a whole as a result of this change. However, the change maintains the integrity of the Procedures and the compliance of the market operator with its Procedural obligations, which cannot be currently met under the existing regulatory framework. Compliance with prescribed Procedural timings provides value to the industry by improving confidence in the</p>
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	<p>ability of the Market Operator to meet market requirements.</p> <p>There is a reputational benefit for AEMO as it will be able to remove a current published ongoing non-compliance note in its bi-annual audit report.</p>
6. The likely implementation effect of the change(s) on stakeholders (e.g. Industry or end-users)	Nil. No material changes to any systems or processes. The proposed procedure will align the current market operation with Procedural requirements.
7. Testing requirements	N/A
8. AEMO's preliminary assessment of the proposal's compliance with section 135EB: <ul style="list-style-type: none"> <li>- consistency with NGL and NGR,</li> <li>- regard to national gas objective</li> <li>- regard to any applicable access arrangements</li> </ul>	<p><u>Consistency with NGL and NGR:</u></p> <p>AEMO's view is that the proposed change is consistent with the NGL and matters about which Procedures can be made within section 135EA of the NGR. Implementation of this change is consistent with the policy intent on AEMO establishment.</p> <p><u>National gas objective</u></p> <p><i>"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."</i></p> <p>It is AEMO's view that this change is in line with the NGO as it maintains the integrity of the Procedures and provides a reputational benefit to AEMO as it will be able to remove a current published ongoing non-compliance note in its bi-annual audit report.</p> <p><u>Applicable access arrangements</u></p> <p>AEMO's view is that the proposed change is not in conflict with existing Access Arrangements. Network Operators did not raise concerns with the proposed amendments in relation to the terms of their Access Arrangement.</p>
9. Consultation Forum Outcomes  (e.g. the conclusions made on the change(s) whether there was unanimous approval, any dissenting views)	<p>As prescribed in the "Approved Process", participants and stakeholders were asked to complete submissions. Submissions closed on 14 January 2013.</p> <p>AGL requested assurance that current DSA report delivery would not be altered as a result of the changed timings, which could have the possibility of affecting preliminary STTM settlement. To mitigate this risk, AEMO undertakes to ensure that CGI/Logica does not change its current scheduling for the creation and delivery of the reports.</p>

<b>RECOMMENDATION(S)</b>	
10. Should the proposed Procedures be made, (with or without amendments)?	AEMO recommends that these Procedures be made in line with the updates outlined in Attachment A.
11. If applicable, a proposed effective date	AEMO proposes that the change takes effect with the publication of version 11 of the Procedures, incorporating approved changes from

<p>for the proposed change(s) to take effect and justification for that timeline.</p>	<p>IN016/11 Inclusion of next scheduled read date in DPI full listings.</p> <ul style="list-style-type: none"><li>• IIR closes on 11 February 2013</li><li>• AEMO decision published before March 2013</li><li>• New Procedures to take effect with version 11 of the Procedures in March 2013, incorporating approved changes from IN016/11.</li></ul>
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**ATTACHMENT A –  
PROPOSED RETAIL MARKET PROCEDURE (NSW/ ACT) CHANGES**  
Blue represents additions Red and strikeout represents deletions – Marked up changes

**33.15 STTM distribution system allocation – monthly recalculations**

(1) By no later than ~~On~~ the *gas day* which begins on:

(a) the ~~fourth~~sixth *business day* after the end of month; and

(b) the fifteenth *business day* after the end of a month,

the *data estimation entity* must recalculate each *user's STTM distribution system allocation*, and each component of the *user's STTM distribution system allocation*, for a *network section* for each *gas day* in the month.

(2) On the last *business day* of the ninth month after month M, the *data estimation entity* must recalculate each *user's STTM distribution system allocation*, and each component of the *user's STTM distribution system allocation*, for a *network section* for each *gas day* in the month.