

MEMORANDUM OF UNDERSTANDING

Between

Australian Energy Market Operator Limited

ABN 94 072 010 327

and

**The Australian Securities and Investments
Commission**

1. BACKGROUND

- 1.1 The purpose of this Memorandum of Understanding (MoU) is to establish arrangements between Australian Energy Market Operator Limited (AEMO) and the Australian Securities and Investments Commission (ASIC) to enhance the effectiveness of each in fulfilling their statutory functions.
- 1.2 With increasing links between markets overseen by AEMO (including the wholesale and retail electricity markets, and retail and wholesale natural gas markets in south-eastern Australia) and ASIC (including regulation of energy futures and options markets and licensing of clearing and settlement facilities), the parties anticipate increasing interaction on areas of mutual importance.
- 1.3 This MoU will guide collaboration, cooperation and mutual assistance in respect of the statutory functions of each party. In addition to matters covered by this MoU, AEMO and ASIC acknowledge that from time to time they may enter into specific arrangements for cooperation.

2. SCOPE

- 2.1 Specific matters requiring greater detail will be included as an Annexure to this MoU.
- 2.2 This MoU and its Annexures are intended to supersede any previous MoUs or arrangements between the parties on the same subject matter. Subject to clause 10.3, any difficulties or unintended consequences will be resolved by negotiation between the representatives nominated at Schedule A of this MoU.
- 2.3 Any reference to "MoU" in this document is to be read to include the Annexures and Schedules attached to this MoU from time to time.
- 2.4 No part of this MoU is intended to create legally binding obligations on either party. Nonetheless the parties intend to use their best endeavours to abide by the objectives, principles and terms set out in this MoU.
- 2.5 Nothing in this MoU affects the exercise of functions or responsibilities of the parties.
- 2.6 There are no funding arrangements or costs involved in this MoU.

3. TERM

- 3.1 This MoU will commence on the date of this MoU and will continue until it is terminated in writing by either party.

4. AEMO

- 4.1 AEMO has functions and powers provided under the National Electricity Law (as set out in the Schedule to the *National Electricity (South Australia) Act 1996 (SA)*, and the National Gas Law (as set out in the Schedule to the *National Gas (South Australia) Act 2008 (SA)*). AEMO has responsibility for overseeing legislation outlined in Schedule B.
- 4.2 AEMO's role includes:
- (a) long-term planning for the National Electricity Market (NEM), planning, procurement and connection to, the Victorian electricity transmission network and the Victorian wholesale gas transmission system;
 - (b) day to day management of the NEM and retail and wholesale gas market operations of south-eastern Australia; and
 - (c) collaboratively improving existing markets as well as developing new ones for the benefit of the energy sector.

5. ASIC

- 5.1 ASIC is a regulatory and law enforcement agency charged with promoting market integrity and consumer protection across the financial services sector. ASIC was established by section 7 of the *Australian Securities and Investments*

Commission Act 1989 (Cth) and is continued in existence by section 261 of the *Australian Securities and Investments Commission Act 2001 (Cth)*. It is responsible for the administration and enforcement of the *Corporations Act 2001 (Cth)* and other relevant legislation outlined in Schedule B.

6. LIAISON

- 6.1 The parties agree that there will be regular liaison meetings between the parties.
- 6.2 To facilitate and enhance the full and timely sharing of information between the two parties, representatives of ASIC and AEMO may meet for discussions in relation to specific areas of common interest.
- 6.3 Each party will appoint liaison contact officers for the purpose of liaison, communication and exchange of information between the parties under this MoU. The list of liaison contact officers is at Schedule A. Each party may change its liaison contact officers as necessary, and will provide the other party with an amended list.
- 6.4 AEMO and ASIC will be responsible for the day to day operation of this MoU and will liaise as required to discuss the progress of current matters of common interest.

7. INFORMATION SHARING

- 7.1 Each party is subject to statutory obligations of confidentiality, which govern the disclosure and use of confidential or protected information.
- 7.2 Subject to clause 7.1 and 7.3, AEMO and ASIC agree to exchange confidential and protected information if permitted by the relevant statutory provisions. Information may be provided by one party in compliance with a request from the other party.
- 7.3 The parties recognise that the disclosure of confidential information could adversely affect the operations and interests of the original provider and the disclosing party, and therefore will:
 - (a) provide information subject to any confidentiality obligations owed to third parties and to the requirements of the law;
 - (b) identify what is confidential in any information provided; and
 - (c) request that the confidential information be treated as such.
- 7.4 If information provided pursuant to this MoU becomes subject of a subpoena, freedom of information request, or other legal demand for access, the recipient party must immediately notify the owner party, to enable the owner party to advise any intended action relating to the release, disclosure, publication or production of such information, and to advise of its views concerning the same.

8. AREAS OF COLLABORATION

- 8.1 The parties acknowledge areas of collaboration may include:
 - (a) promoting the efficient operation of the various physical markets operated by AEMO and the associated derivative markets overseen by ASIC, particularly in relation to the interdependencies that exist between those markets;
 - (b) discussion in relation to energy market clearing and settlement arrangements; and
 - (c) other areas as agreed by the parties.

9. ANNEXURES

- 9.1 A set of Annexures to this MoU will be negotiated and added from time to time by

the parties. These Annexures will form part of this MoU when agreed in accordance with clause 9.3.

- 9.2 Each Annexure will relate to specific, mutually agreed priorities and issues of relevance to both parties. Annexures will also include guidelines for the effective management of these issues and priorities.
- 9.3 An Annexure is taken to be agreed under this MoU if it is signed by the Managing Director of AEMO and the Chairman of ASIC, or their authorised representatives. An Annexure takes effect from the date it is signed unless otherwise specified.

10. GENERAL

- 10.1 This MoU will be reviewed within three (3) years of the date of signing. Either party may request a variation of this MoU from time to time.
- 10.2 AEMO and ASIC may not vary this MoU, except by agreement in writing signed by the Managing Director of AEMO (or nominee) and the Chairman of ASIC (or delegate). All variations to the MoU are to be recorded in the Change Control List at Schedule C.
- 10.3 If there is a disagreement over any matter related to issues covered in the MoU, the parties will seek to resolve them at the operational level. Should this negotiation fail, the matter is to be referred to the Managing Director of AEMO (or nominee) and the Chairman of ASIC (or delegate).
- 10.4 Either party may terminate this MoU by giving 30 days written notice to the other party. The termination will take effect on the expiry of the notice, or as otherwise agreed by the parties.
- 10.5 This MoU will be published by the parties on their respective websites.


SIGNED for and on behalf of **Australian Energy Market Operator Limited** by an authorised representative:


.....
Signature of authorised representative

M. ZEMA
.....
Name of authorised representative

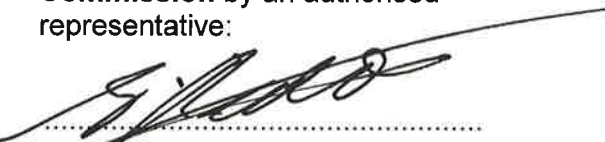
16. NOV. 2012
.....
Date

in the presence of


.....
Signature of witness

BRETT HAUSLER
.....
Name of witness

SIGNED for and on behalf of the **Australian Securities and Investments Commission** by an authorised representative:


.....
Signature of authorised representative

GREG MEDCRAFT
.....
Name of authorised representative

30 OCTOBER 2012
.....
Date

in the presence of


.....
Signature of witness

HILDA MILLER
.....
Name of witness

SCHEDULE A - LIAISON CONTACT OFFICERS (CLAUSE 6.3)

Information will be exchanged between authorised liaison contact officers of AEMO and ASIC, listed as follows (or as updated from time to time):

AEMO:

Murray Chapman	Group Manager Market Policy Development
Louis Tirpcou	Group Manager Regulatory Policy Development
David Swift	Executive General Manager Corporate Development

ASIC:

John Blundell	Analyst, Markets and Participant Supervision
Bronwyn Hill	Senior Manager, Markets and Participant Supervision
John Krslovic	Senior Manager, Financial Market Infrastructure
Alex Orgaz-Barnier	Senior Analyst, Financial Market Infrastructure

SCHEDULE B – LEGISLATION

AEMO:

Legislation relevant to AEMO includes, but is not limited to the following:

- National Electricity Law (as set out in the Schedule to the *National Electricity (South Australia) Act 1996* (SA))
- National Electricity Rules
- National Gas Law (as set out in the Schedule to the *National Gas (South Australia) Act 2008* (SA)).
- National Gas Rules
- Subordinate legislation to the above Acts.

ASIC:

Legislation as set out under Section 12A(1) of the ASIC Act 2001 which includes:

- *Australian Securities and Investments Commission Act 2001* (Cth)
- *Corporations Act 2001* (Cth)
- *Business Names Registration Act 2011*
- Subordinate legislation to the above Acts.

SCHEDULE C - CHANGE CONTROL LIST

Version	Date	Revisions made	Areas affected
1.0			