

25 January 2018



Ms Nicola Cusworth
Economic Regulation Authority
PO Box 8469
PERTH BC WA 6849

10 Eagle Street
Brisbane QLD 4122
T 07 3347 3100

Dear Ms Cusworth

Approval of amendment to the Retail Market Scheme – Procedure Changes IN002/17W, and IN003/17W.

Under section 11ZOL of the *Energy Coordination Act 1994* (the “Act”), the members of an approved retail market scheme may prepare an amendment to its Retail Market Scheme (the “Scheme”), and submit the amendment to the Economic Regulation Authority (ERA) for approval. ERA is to approve amendments to the Scheme under section 11ZOM of the Act. The Scheme is defined to include, amongst other things, the AEMO Retail Market Procedures (RMP), the AEMO Specification Pack and the FRC Hub Operational Terms and Conditions. The Australian Energy Market Operation (AEMO) as the formal entity for the Scheme is applying to the ERA on behalf of the members for two amendments to the Scheme as described in the attachments.

Background.

The RMP sets out the procedure change process that AEMO must follow before submitting changes to ERA. AEMO has applied this process to help AEMO and stakeholders develop these two amendments proposed in this application culminating in AEMO publishing final Impact and Implementation Reports (IIRs) for each amendment on its website on the 20 December 2017.

The consultation that underpins the procedure change process determined that the two amendments are “low impact” in that they (i) do not have a material impact on the information technology systems of AEMO, participants, pipeline operators or prescribed persons; or (ii) do not materially alter consumer protection mechanisms under the RMP; or (iii) do not have a material commercial impact on AEMO, participants, pipeline operators or prescribed persons.

As per clause 399A each participant, pipeline operator, prescribed person and interested person was invited to lodge an objection to the proposed amendments. Submissions closed on 15 January 2018 with no objections received therefore AEMO has decided to submit the two amendments to the ERA for approval as endorsed procedure changes. The changes set out in this application remain unchanged from the changes contained in each of the final IIRs.

Amendments to the Scheme for ERA consideration.

For IN002/17W (Amendments to improve clarity of the change process as described in Chapter 9 of the RMP):

Attachment A contains the final IIR. The IIR describes matters that AEMO took into account when developing the amendments, consultation outcomes and other information

APPLICATION TO ERA RE PROCEDURE CHANGES (IN002-17W AND IN003-17W)

about the change. The IIR also includes the artefact under the Scheme that is changing and the actual change (in “track change” mode). The marked up changes in the attachment A of the IIR contain the changes to the Scheme that require ERA approval.

Attachment B to F described below is additional information to support the application to amended Scheme pertaining to IN002/17W. These attachments do not require ERA approval.

Attachment B contains a brief summary of the amendments and includes a description on what artefact under the Scheme is changing and any additional relevant information that is not covered in the IIR. It also includes a table that describes whether the existing clause is deleted, replaced or retained and the rationale justifying that change.

Attachment C contains a process flow diagram of the existing Chapter 9 change process.

Attachment D contains a process flow diagram of the new Chapter 9 change process.

Attachment E contains the new Procedure Change Committee (PCC) Terms of Reference that was endorsed by the PCC at a meeting held on 18 October 2017. The new ToR only come into effective when the new Chapter 9 changes take effect.

Attachment F contains the Procedure Change Committee (PCC) Terms of Reference in track change mode.

For IN003/17W (Amendments to Identify Previous Retailer):

Attachment G contains the final IIR. The IIR describes matters that AEMO took into account when developing the amendments, consultation outcomes and other information about the change. The IIR also includes a description on what artefact under the Scheme is changing and the actual change (in “track change” mode).

Attachment H contains a brief summary of the amendments and includes a description on what artefact under the Scheme is changing and any additional relevant information that is not covered in the IIR.

For IN002/17W and IN003/17W.

Attachment I contains a clean version of the RMP that incorporates the amendments proposed in this application.

Section 11ZOO (1) and (2) of the Act specifies the criteria that the ERA is to consider in determining whether to approve an amendment to the Scheme. AEMO believes the content contained in this application, the final IIRs (see attachments A and G) and attachments B to F, H and I satisfies the criteria and allows the ERA to properly consider the amendments.

In accordance with clause 400A (3) of the RMP, AEMO must provide information to stakeholders about how to make submissions to the ERA on these endorsed procedure changes including a closing date for any ERA submissions. Dr Natalie Robins from the ERA has provided AEMO with this information which includes advice that submissions to the ERA will close **8 March 2018**. Upon sending this application, AEMO will publish on its website this application and the information about making submissions to the ERA.

Should the ERA approve the two endorsed procedure changes AEMO would like to implement all these changes to take effect on **30 April 2018**. This date meets the timing desired by the market and aligns with the targeted implementation date for the system changes to take effect. AEMO request that the ERA consider, approve, and publish the approval for these changes in the *Gazette* by this date.

If you require any further information or if have any questions in relation to this application, please contact Danny McGowan on 03 9609 8447.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P. Geers', with a long horizontal line extending to the right.

Mr Peter Geers
Executive General Manager Markets
Australian Energy Market Operator.

Note:

Attachments (A to I) enclosed:

