

Ms Merryn York, Acting Chair
Australian Energy Market Commission
Level 15, 60 Castlereagh Street
Sydney, NSW 2000

Email: Merryn.york@aemc.gov.au

13 August 2008

Dear Ms York

Re: Rule change request - Alignment of Definitions

Please find attached a rule change request proposing changes to the National Electricity Rules which we consider to be non-controversial and aim to align definitions between the National Electricity Law and the National Electricity Rules.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Kerry Schott', written in a cursive style.

Kerry Schott AO
Chair, Energy Security Board

Alignment of Definitions

Request to change the National Electricity Rules (NER)

August 2020

1. Name and address of rule change proponent

Kerry Schott AO
Chair, Energy Security Board
Level 26, 1 Bligh Street
Sydney, New South Wales 2000

2. Description of the proposed rules

This rule change request proposes amendments to the National Electricity Rules (Rules) to align certain defined terms in the Rules with the definitions of those terms found in the National Electricity Law.

3. Background to the proposed rules

The Energy Security Board (ESB) is undertaking a review of the Rules to: (a) simplify the Rules in light of changing technologies and conditions and (b) optimise the Rule making process set out in the National Electricity Law (NEL).

The purpose of this review is to inform the ESB's consideration of two recommendations made in Dr. Alan Finkel's *Independent Review into the Future Security of the National Energy Market* published in June 2017 regarding the Rules, namely that:

- COAG Energy Council request that the Australian Energy Market Commission (AEMC), or alternatively the ESB or other suitable body, complete by end-2020 a comprehensive review of the Rules with a view to streamlining them in light of changing technologies and conditions (Recommendation 7.7.); and
- The ESB prioritise work with energy market bodies, the COAG Energy Council, and other relevant stakeholders to further optimise the end-to-end Rule change process (Recommendation 7.9).

Based on the initial work undertaken as part of the ESB review, several measures have been identified and prioritised to simplify the Rules. One measure related to definitions and provided:

Definitions – different meaning between Chapters and between NEL and Rules

Amend the Rules to ensure defined terms are used consistently throughout the Rules and associated guidelines and procedures and the terms defined in other places (e.g. the Retail Rules) are clearly differentiated from similar terms used in the Rules.

This rule change requests proposes changes to align definitions between the Rules and the NEL, which the ESB considers to be non-controversial.

4. Nature and scope of the issues the proposed rules will address

The Rules are extensive in coverage and subject to continual amendments through rule change processes, legislative changes and minor rule change requests to amend minor errors or inconsistencies. In some cases, the Rules and the NEL both provide a definition for the same term. The Rules are subordinate legislation and as such, there is no need for a term that is defined in the NEL to be also defined in the Rules. Further, separate definitions of the same term in both the Rules and the NEL can raise the potential that an inconsistency will arise in time as amendments are made to either the Rules or the NEL, creating interpretation issues for market participants and market bodies.

5. How the proposed changes would address the issue

The rule change request is a result of the ESB's Review of Rules project and proposes to simplify the Rules. The proposed changes will have a positive impact on the useability of the Rules and reduce potential inconsistencies.

This rule change request is limited in scope as it only addresses changes, which the ESB considers non-controversial, required to align definitions in the Rules and the NEL and does not address the use of terms in more than one chapter of the Rules or potentially controversial or more substantive changes to the Rules to align with the NEL.

The relevant defined terms in the Rules are outlined in Attachment 1, together with the corresponding definition in the NEL. In each case it is proposed that the definitions in the Rules are amended to simply refer to the NEL definition. This approach is in line with other defined terms that are in the Rules, for example, "adoptive jurisdiction" has the meaning given in the National Electricity Law.

6. How the proposed changes will or are likely to contribute to the achievement of the National Electricity Objective

The National Electricity Objective is:

to promote efficient investment in, and efficient operation and use of, electricity services for the long term interests of consumers of electricity with respect to:

- price, quality, safety and reliability and security of supply of electricity
- the reliability, safety and security of the national electricity system.

The changes to the Rules to create consistency of defined terms between the Rules and the ENL would result in greater certainty and clarity for market participants as it would be clear that the terms defined in the NEL would have the same meaning in the Rules. This will promote the efficient operation of the market in the long-term interests of consumers.

7. Expected costs, benefits and impacts of the proposed rules

There are no obvious costs associated with the implementation of the rule change proposal other than the cost of the process itself. It is not expected that any costs will be incurred by market

participants. There is the potential that other market bodies may want to undertake a similar exercise in terms of amendments of guidelines, procedures or operating conditions to provide consistency between terms defined in these instruments and the Rules or NEL. The benefits are increased efficiency and effectiveness of the Rules.



Attachment 1: Definitions in the National Electricity Rules to be replaced with the NEL Definition

Item	National Electricity Law Definition	National Electricity Rules Definition
1	Part 1 section 2 Definitions Jurisdictional System Security Coordinator means a person appointed under section 110.	Chapter 10. Glossary Jurisdictional System Security Coordinator. A person appointed by the Minister of a participating jurisdiction in accordance with section 110 of the National Electricity Law.
2	Part 1 section 2 Definitions National Electricity Code means the code of conduct called the National Electricity Code approved, in accordance with section 6(1) of the old National Electricity Law, as the initial Code for the purposes of that Law, and as amended from time to time in accordance with its terms and the old National Electricity Law;	Clause 4.16.1 Definitions National Electricity Code means the code of conduct called the National Electricity Code approved, in accordance with section 6(1) of the old National Electricity Law, as the initial code for the purposes of that Law, and as amended from time to time in accordance with its terms and the old National Electricity Law.
3	Part 1 section 2 Definitions National Energy Retail Law means the National Energy Retail Law set out in the Schedule to the National Energy Retail Law (South Australia) Act 2011 of South Australia;	Chapter 10. Glossary National Energy Retail Law Means the National Energy Retail Law set out in the Schedule to the National Energy Retail Law (South Australia) Act 2012 of South Australia.
4	Part 1 section 2 Definitions Old National Electricity Law means the National Electricity Law set out in the Schedule to the National Electricity (South Australia) Act 1996 of South Australia as in force from time to time before the commencement of section 12 of the National Electricity (South Australia) (New National Electricity Law) Amendment Act 2005 of South Australia.	Clause 4.16.1 Old National Electricity Law means the Schedule to the National Electricity (South Australia) Act 1996 (SA) as in force from time to time before the commencement of section 12 of the National Electricity (South Australia) (New National Electricity Law) Amendment Act 2005 (SA).
5	Part 1 section 2 Definitions Reliability Panel means the panel of persons established by the AEMC under section 38.	Chapter 10 Glossary Reliability Panel The panel established by the AEMC under section 38 of the National Electricity Law.



6	<p>Part 1 section 2, Definitions</p> <p>Transmission determination means a determination of the AER under the Rules that regulates any 1 or more of the following:</p> <ul style="list-style-type: none"> (a) the terms and conditions for the provision of electricity network services that are the subject of economic regulation under the Rules including the prices an owner, controller or operator of a transmission system charges or may charge for those services; (b) the revenue an owner, controller or operator of a transmission system earns or may earn from the provision by that owner, controller or operator of electricity network services that are the subject of economic regulation under the Rules; 	<p>Chapter 10 Glossary</p> <p>Transmission determination</p> <p>Has the meaning given in the National Electricity Law, and includes a determination by the AER as described in rule 6A.2.</p> <p>Note: It may be appropriate to return the reference to a determination by the AER as described in rule 6A.2 as a note to this definition.</p>
7	<p>Part 1 section 2, Definitions</p> <p>Tribunal means the Australian Competition Tribunal referred to in the Competition and Consumer Act 2010 of the Commonwealth and includes a member of the Tribunal or a Division of the Tribunal performing functions of the Tribunal;</p>	<p>Clause 8A.14.1</p> <p>Tribunal means the Australian Competition Tribunal.</p>
8	<p>Part 1 section 2, Definitions</p> <p>VENCorp means the Victorian Energy Networks Corporation continued under Part 8 of the Gas Industry Act 2001 of Victoria until the AEMO amendments came into force;</p>	<p>Clause 11, 11.6.1</p> <p>VENCorp means the Victorian Energy Networks Corporation established under the Gas Industry Act 1994 (Vic) and continued under the Gas Industry Act 2001 (Vic).</p>
9	<p>Division 7 – AEMO’s statutory funds</p> <p>Section 55 Definitions</p> <p>In this Division –</p> <p>Rule fund means a fund existing in NEMMCO’s books as a Rule fund immediately before the changeover date or a fund established as a Rule fund under this Division.</p>	<p>Chapter 10 – Glossary</p> <p>Rule fund</p> <p>A fund referred to in clause 1.11(a).</p> <p>Note: as a consequential amendment, it would be useful to change NER clause 1.11(a) to read “(each being a <i>Rule fund</i>)” rather than “(each a <i>Rule fund</i>)”. It may also be appropriate to reference to clause 1.11(a) as a note to this definition.</p>
10	<p>Part 8 – Safety and security of the National Electricity System</p> <p>Section 109 – Definitions</p> <p>AEMO load shedding procedures means procedures developed under section 112</p>	<p>Chapter 10 – Glossary</p> <p>Load shedding procedures</p> <p>The procedures developed by AEMO for each participating jurisdiction in accordance with clause 4.3.2(h)(1) for the implementation of the</p>



		load shedding priority and sensitive load priority advised by that Jurisdictional System Security Coordinator under clauses 4.3.2(f)(1) and (2).
11	Part 8 – Safety and security of the National Electricity System Section 109 – Definitions Sensitive loads means the loads or classes of loads specified as such in jurisdictional load shedding guidelines.	Chapter 10 – Glossary Sensitive loads Loads defined as sensitive for each participating jurisdiction by the Jurisdictional System Security Coordinator for that participating jurisdiction.
12	Schedule 2, Part 3 – Terms and references Clause 10 – Definitions Financial year means a period of 12 months beginning on 1 July	Chapter 10 – Glossary Financial year A period commencing on 1 July in one calendar year and terminating on 30 June in the following calendar year.
13	Schedule 3, Part 9 – Tasmanian participation in the national electricity market Clause 17(3) In this clause – Basslink has the same meaning as in the Electricity Supply Industry Act 1995 of Tasmania.	Clause 11.6.20 Basslink transitional provisions Definitions (a) in this clause 11.6.20: Basslink has the meaning provided in the Electricity Supply Industry Act 1995 of Tasmania, and means the interconnection between the electricity grids of the States of Tasmania and Victorian by means of: (1) a high voltage, direct current, submarine cable across Bass Strait; (2) converter stations in those States; (3) direct current connecting lines to those converter stations; (4) alternating current transmission connections to the transmission network of those States; and (5) related infrastructure. Note: It may useful to include the information currently contained in this definition as a note in the Rules.