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By online submission

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Edward Orum
Australian Energy Market Commission
Level 15, 60 Castlereagh St
Sydney NSW 2000

Dear Mr Orum

Consultation Paper – Improving consultation procedures in the Rules

Jemena welcomes the opportunity to make this submission in response to the Australian Energy Market Commission's consultation paper on improving consultation procedures in the Rules.

Jemena owns and operates a diverse portfolio of energy infrastructure across eastern and northern Australia, supplying millions of households and businesses with essential services every day. With more than \$11 billion worth of electricity and gas assets, the regulatory framework—including the National Electricity Rules (**NER**), National Gas Rules (**NGR**) and their various subordinate instruments—have significant implications for us and our customers.

Jemena has contributed to and supports the submissions on this matter made by Energy Networks Australia and the Australian Pipelines and Gas Association. As highlighted by the Commission, effective consultation is a fundamental attribute which underpins many parts of our energy regulatory framework. As an energy network owner and operator, Jemena has been recognised as a leader in undertaking innovative and extensive consultation with customers and stakeholders to support the development of regulatory and access arrangement proposals. Throughout our own engagement as a business, we have learnt that effective consultation is critical not only to improving the quality of our decisions but also to ensure appropriate levels of transparency and stakeholder confidence in our decision making.

The same is true of consultation regarding decisions made by the Australian Energy Market Operator (**AEMO**) and Australian Energy Regulator (**AER**) under the energy regulatory framework, including those which are subject to the consultation provisions proposed to be modified by AEMO's rule change request. Effective consultation is necessary to ensure that decisions taken are those which are best in customers' long-term interests and that all stakeholders, including customers and investors, have trust and confidence in a transparent regulatory decision-making process.

While noting the importance of consultation in regulatory decision making, we also recognise the need to ensure consultation is fit-for-purpose, particularly in cases where a decision may be non-controversial, of low complexity and would not have a material impact on customers. In the context of the rapid pace of change occurring in Australia's electricity markets, we support the alternative model proposed by Energy Networks Australia for implementation in the NER. Under this alternative model, two rounds of consultation would be required by default, with an expedited decision-making process available based on the application of principles and the ability for stakeholders to object to the use of an expedited process. We consider this model in the NER is likely to strike an appropriate balance between addressing the concerns raised by AEMO's request and the continued need for robust consultation.

In relation to the NGR, Jemena supports the use of the standard consultative procedure in place of the extended consultative procedure, noting that this change would affect only a small number of AEMO decisions or subordinate instruments, and that the standard consultative procedure continues to require two rounds of consultation. We do not believe any further changes to the NGR are necessary, as we note that the NGR already provide for an expedited consultative procedure and that a number of key gas subordinate instruments made by AEMO—namely the gas market procedures—are already subject to a shorter consultative process.

In particular, we do not support the suggested substitution of the NGR's standard consultative procedure with the proposed new NER consultation model (or with an alternative process which allows for a single round of consultation by exception). Any such model would be highly inappropriate for the NGR decisions and subordinate instruments currently subject to the standard consultative procedure which have direct and significant impacts on market participants—including AER decisions on a pipeline's form of regulation and greenfield determinations (under the proposed Pipeline Regulation NGR amendment package), the making of regulatory information orders and the making of financial reporting guidelines. Any lessening of the consultation requirements applicable to these decisions would pose a significant risk to the quality of regulatory outcomes and investor confidence in the regulatory framework.

Should you have any questions regarding this submission, please contact James Harding, Gas Markets Regulation Manager, at james.harding@jemena.com.au.

Yours sincerely



Ana Dijanosic
General Manager Regulation