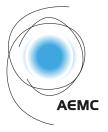
AUSTRALIAN ENERGY MARKET COMMISSION



# **Final Determination**

National Electricity Amendment (Minor changes 1) Rule 2025

National Gas Amendment (Minor changes 1) Rule 2025

National Energy Retail Amendment (Minor changes 1) Rule 2025

Proponent AEMC

29 May 2025



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## About the AEMC

The AEMC reports to the energy ministers. We have two functions. We make and amend the national electricity, gas and energy retail rules and conduct independent reviews for the energy ministers.

## Acknowledgement of Country

The AEMC acknowledges and shows respect for the traditional custodians of the many different lands across Australia on which we all live and work. We pay respect to all Elders past and present and the continuing connection of Aboriginal and Torres Strait Islander peoples to Country. The AEMC office is located on the land traditionally owned by the Gadigal people of the Eora nation.

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# Summary

- 1 The Commission has determined:
  - under sections 102 and 103 of the National Electricity Law (NEL) to make the National Electricity Amendment (Minor changes 1) Rule 2025 (electricity rule)
  - under sections 311 and 313 of the National Gas Law (NGL) to make the National Gas Amendment (Minor changes 1) Rule 2025 (gas rule)
  - under sections 259 and 261 of the National Energy Retail Law (NERL) to make the National Energy Retail Amendment (Minor changes 1) Rule 2025 (retail rule).

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The electricity rule, the gas rule and the retail rule (together, the **final rules**) correct minor errors and make non-material changes in the National Electricity Rules (**NER**), the National Gas Rules (**NGR**) and the National Energy Retail Rules (**NERR**) (together, **the rules**), including:

- correcting minor formatting and typographical errors, including punctuation, numbering levels, indentation and italicisation
- ensuring consistency of references to provisions throughout the rules
- correcting minor errors in definitions and cross-references
- removing duplication
- correcting minor drafting errors in amending rules to reflect the policy positions set out in the relevant final determinations made by the Commission.
- 3 The final rules were initiated by the Commission and aim to promote clarity of meaning and remove identified minor errors in the rules.
- 4 The Commission conducted the rule change under the expedited process in section 96 of the NEL, section 304 of the NGL and section 252 of the NERL, on the basis that the Commission considered the proposed rules fell within the definition of a non-controversial rule under section 87 of the NEL, section 290 of the NGL and section 235 of the NERL.
- 5 The Commission considered that:
  - the electricity rule will or is likely to contribute to the achievement of the national electricity objective (**NEO**) and therefore satisfies the rule making test under section 88 of the NEL
  - the gas rule will or is likely to contribute to the achievement of the national gas objective (**NGO**) and therefore satisfies the rule making test under section 291 of the NGL
  - the retail rule will or is likely to contribute to the achievement of the national energy retail objective (NERO) and therefore satisfies the rule making test under section 236(1) of the NERL
  - the retail rule is compatible with the development and application of consumer protections for small customers and therefore satisfies the rule making test under section 236(2)(b) of the NERL.
- 6 The electricity rule, gas rule and Schedules 2-4 of the retail rule will commence on 29 May 2025. Schedule 1 of the retail rule will commence on 1 June 2025 for consistency with the start date for relevant amendments to NERR made by <u>Accelerating smart meter deployment (retail) - Rule</u> <u>Change</u> schedule 1.

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# **1** The Commission's rule change proposal

## 1.1 The proposed rules and commencement of the rule making process

The Commission has power to make a rule without a request if it considers that the rule corrects a minor error in the rules or makes a non-material change to the rules.<sup>1</sup>

On 3 April 2025, the Commission initiated:

- the proposed electricity rule under sections 95 and 96(1)(a) of the NEL
- the proposed gas rule under sections 303 and 304(1)(a) of the NGL
- the proposed retail rule under sections 251 and 252(1)(a) of the NERL.

The Commission initiated the proposed rules under the expedited process as it considered the proposed rules would be unlikely to have a significant effect on the national electricity market, a market for gas or the regulation of pipeline services, or a market for energy or the regulation of customer connection services. The Commission therefore considered that the proposed rules fell within the definition of a non-controversial rule under section 87 of the NEL, section 290 of the NGL, and section 235 of the NERL.

The Commission received one written request not to expedite the rule making process for the retail rule. However, the Commission has determined that the reasons contained in the written request were misconceived or lacking in substance. Accordingly, the rule change proposal was considered under an expedited process.

The Commission invited submissions on the rule change proposal by 1 May 2025. The Commission received five submissions on the rule change proposal, all of which related to the retail rule. These submissions are discussed and responded to in section 4.3 of this final rule determination.

## 1.2 Rationale for the rule change proposal

As part of the Commission's rule making functions conferred on it under legislation, the Commission reviews, amends and maintains the rules in accordance with the NEL, NGL, and the NERL. The purpose of this function, among other things, is to improve and enhance the quality of the rules.

This rule change proposal was prompted by the identification of various minor errors and nonmaterial changes that should be corrected or made to improve the quality and clarity of the rules.

In particular, the retail rule proposal sought to ensure consistency with the final determination of the <u>Accelerating smart meter deployment</u> rule change (**smart meter rule change**). On 28 November 2024, the Commission published a final determination and final rules for the smart meter rule change.<sup>2</sup>

The final retail rule for the smart meter rule change removed rule 59A(1) of the NERR that allowed customers on standard retail contracts to opt out of a new meter deployment.<sup>3</sup> This change takes effect on 1 June 2025.

However, the final rule did not also amend the model terms and conditions of standard retail contracts to reflect this change to the NERR. Clause 11(d) of the model terms referred to the

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<sup>1</sup> Section 91(2) of the NEL, section 295(2) of the NGL and section 243(2) of the NERL.

<sup>2</sup> Refer to the project page for the final determination and final rules for ERC0378: <u>https://www.aemc.gov.au/rule-changes/accelerating-smart-meter-deployment</u>

<sup>3</sup> See section 3.5.1 of the <u>final determination and schedule 1 of the</u> National Energy Retail Amendment (Accelerating smart meter deployment) Rule 2024.

customer's right to request not to have their meter replaced. (As background, the NERL requires the NERR to set out model terms and conditions for standard retail contracts.<sup>4</sup> A retailer must adopt a form of standard retail contract, which must adopt the model terms with no alterations, other than permitted alterations or required alterations.)<sup>5</sup>

While the policy intention of the amendments made by the smart meter rule change to rule 59A is clear, for clarity we consider that the model terms should also be amended so that they are consistent with the provisions in the NERR. This will enable retailers' standard retail contracts (which must use the model terms) to be consistent with the NERR.

## 1.3 Solutions proposed in the rule change proposal

The proposed rules (now made as final) sought to:

- correct minor formatting and typographical errors, including punctuation, numbering levels, indentation and italicisation
- ensure consistency of references to provisions throughout the rules
- correct minor errors in definitions and cross-references
- remove duplication.

Further information on the issues the proposed rules sought to address is set out in section 1.2 of the consultation paper published on 3 April 2025.

<sup>4</sup> NERL section 21. These terms and conditions are set out in Schedule 1 to the NERR.

<sup>5</sup> NERL section 25.

## 2 Final rule determination - electricity

This chapter outlines:

- the Commission's determination to make the final electricity rule
- the rule making tests for changes to the NER
- a summary of the Commission's reasons in deciding to make the electricity rule
- the Commission's consideration of the electricity rule against the NEO
- the Commission's consideration in deciding whether to make a uniform or differential rule in accordance with the Northern Territory legislation adopting the NEL.<sup>6</sup>

#### 2.1 The Commission's final rule determination

In accordance with sections 102 and 103 of the NEL the Commission has made this final rule determination and the final rule in relation to the electricity rule proposed by the Commission. The *National Electricity Amendment (Minor changes 1) Rule 2025* is published with this final rule determination.

The Commission's final rule determination is to make the electricity rule as proposed by the Commission, with minor additional corrections to maintain consistency in the use of defined terms.

In relation to the electricity rule's application in the Northern Territory, the Commission has determined to make a uniform rule. See section 2.2.2 below.

The Commission's reasons for making this final rule determination are set out in section 2.3.

Further information on the legal requirements for making this final rule determination is set out in Appendix A.

#### 2.2 Rule making tests

#### 2.2.1 Achieving the NEO

Under the NEL the Commission may only make a rule if it is satisfied that the rule will, or is likely to, contribute to the achievement of the NEO.<sup>7</sup> This is the decision making framework that the Commission must apply.

The NEO is:8

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-

- (a) price, quality, safety, reliability and security of supply of electricity; and
- (b) the reliability, safety and security of the national electricity system; and
- (c) the achievement of targets set by a participating jurisdiction-
  - (i) for reducing Australia's greenhouse gas emissions; or

(ii) that are likely to contribute to reducing Australia's greenhouse gas emissions.

<sup>6</sup> National Electricity (Northern Territory) (National Uniform Legislation) Act 2015 (NT Act).

<sup>7</sup> Section 88 of the NEL.

<sup>8</sup> Section 7 of the NEL.

The targets statement, available on the AEMC website, lists the emissions reduction targets to be considered, as a minimum, in having regard to the NEO.<sup>9</sup>

Under the Northern Territory legislation adopting the NEL, the Commission must regard the reference in the NEO to the "national electricity system" as a reference to whichever of the following the Commission considers appropriate in the circumstances having regard to the nature, scope or operation of the proposed rule:<sup>10</sup>

- 1. the national electricity system
- 2. one or more, or all, of the local electricity systems<sup>11</sup>
- 3. all of the electricity systems referred to above.

For the purposes of the electricity rule, the Commission has determined that the reference to the national electricity system in the NEO is a reference to item 3 from the list above (noting that the electricity rule will have effect in relation to all of the electricity systems referred to above).

#### 2.2.2 Rule making in the Northern Territory

The NER, as amended from time to time, apply in the Northern Territory, subject to modifications set out in regulations made under the Northern Territory legislation adopting the NEL.<sup>12</sup> Under those regulations, only certain parts of the NER have been adopted in the Northern Territory.<sup>13</sup>

As the electricity rule relates to the parts of the NER that apply in the Northern Territory, the Commission has assessed whether to make a uniform or differential rule (defined below) under Northern Territory legislation.

Under the NT Act, the Commission may make a differential rule if it is satisfied that, having regard to any relevant MCE statement of policy principles, a differential rule will, or is likely to, better contribute to the achievement of the NEO than a uniform rule.<sup>14</sup>

A differential rule is a rule that:

- varies in its term as between:
  - the national electricity system; and
  - · one or more, or all, of the local electricity systems; or
- does not have effect with respect to one or more of those systems,

but is not a jurisdictional derogation, participant derogation or rule that has effect with respect to an adoptive jurisdiction for the purpose of s. 91(8) of the NEL.

A uniform rule is a rule that does not vary in its terms between the national electricity system and one or more, or all, of the local electricity systems, and has effect with respect to all of those systems.<sup>15</sup>

The Commission has determined to make a uniform rule as it does not consider that a differential rule will, or is likely to, better contribute to the achievement of the NEO than a uniform rule.

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<sup>9</sup> Section 32A(5) of the NEL.

<sup>10</sup> Clause 14A of Schedule 1 to the NT Act, inserting section 88(2a) into the NEL as it applies in the Northern Territory.

<sup>11</sup> These are specified Northern Territory systems, listed in schedule 2 of the NT Act.

<sup>12</sup> The regulations under the NT Act are the National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations 2016.

<sup>13</sup> The version of the NER that applies in the Northern Territory is available on the AEMC website at www.aemc.gov.au/regulation/energy-rules/northernterritory-electricity-market-rules/current.

<sup>14</sup> Clause 14B of Schedule 1 to the NT Act, inserting section 88AA into the NEL as it applies in the Northern Territory.

<sup>15</sup> Clause 14 of Schedule 1 to the NT Act, inserting the definitions of "differential Rule" and "uniform Rule" into section 87 of the NEL as it applies in the Northern Territory.

#### 2.3 Summary of reasons

The Commission considers that the electricity rule will improve the quality of the NER in terms of accuracy and consistency and is likely to contribute to the achievement of the NEO.

As with previous similar rule changes initiated by the Commission, these minor corrections and non-material changes make the NER clearer to stakeholders. This is important as the NER inform stakeholders of their rights and obligations for participating in the national electricity market. These improvements are likely to reduce the regulatory burden associated with understanding and complying with the NER, and therefore allow electricity services to be provided more efficiently.

## 3 Final rule determination - gas

This chapter outlines:

- the Commission's determination to make the final gas rule
- the rule making tests for changes to the NGR
- a summary of the Commission's reasons in deciding to make the gas rule
- the Commission's consideration of the gas rule against the NGO.

#### 3.1 The Commission's final rule determination

In accordance with sections 311 and 313 of the NGL the Commission has made this final rule determination and the final rule in relation to the gas rule proposed by the Commission. The *National Gas Amendment (Minor changes 1) Rule 2025* is published with this final rule determination.

The Commission's final rule determination is to make the gas rule as proposed by the Commission. The Commission's reasons for making this final rule determination are set out in section 3.3.

Further information on the legal requirements for making this final rule determination is set out in Appendix A.

#### 3.2 Rule making test: achieving the NGO

Under the NGL the Commission may only make a rule if it is satisfied that the rule will, or is likely to, contribute to the achievement of the NGO.<sup>16</sup> This is the decision making framework that the Commission must apply.

The NGO is:17

to promote efficient investment in, and efficient operation and use of, covered gas services for the long term interests of consumers of covered gas with respect to-

- (a) price, safety, reliability and security of supply of covered gas; and
- (b) the achievement of targets set by a participating jurisdiction-
  - (i) for reducing Australia's greenhouse gas emissions; or
  - (ii) that are likely to contribute to reducing Australia's greenhouse gas emissions.

The targets statement, available on the AEMC website, lists the emissions reduction targets to be considered, as a minimum, in having regard to the NGO.<sup>18</sup>

#### 3.3 Summary of reasons

The Commission considers that the gas rule will improve the quality of the NGR in terms of accuracy and consistency and is likely to contribute to the achievement of the NGO.

<sup>16</sup> Section 291(1) of the NGL.

<sup>17</sup> Section 23 of the NGL.

<sup>18</sup> Section 72A(5) of the NGL.

As with previous similar rule changes initiated by the Commission, these minor corrections and non-material changes make the NGR clearer to stakeholders. This is important as the NGR inform stakeholders of their rights and obligations for participating in the covered gas markets. These improvements are likely to reduce the regulatory burden associated with understanding and complying with the NGR, and therefore allow covered gas services to be provided more efficiently.

## 4 Final rule determination - retail

This chapter outlines:

- the Commission's determination to make the final retail rule
- the rule making tests for changes to the NERR
- a summary of submissions received in relation to the proposed retail rule
- a summary of the Commission's reasons in deciding to make the retail rule
- the Commission's consideration of the retail rule against the NERO.

#### 4.1 The Commission's final rule determination

In accordance with sections 259 and 261 of the NERL the Commission has made this final rule determination and the final rule in relation to the retail rule proposed by the Commission. The *National Energy Retail Amendment (Minor changes 1) Rule 2025* is published with this final rule determination.

The Commission's final rule determination is to make the retail rule as proposed by the Commission, with the removal of the requirement for retailers to notify customers of the change to the model terms and conditions, in response to stakeholder comments.

#### We have made changes to model terms and conditions for standard retail contracts

The retail rule makes a minor change to clause 11(d) of the model terms set out in Schedule 1 of the NERR so that model terms and conditions for standard retail contracts under the NERR reflect that retailers:

- · cannot offer small customers the option to opt-out of a smart meter
- must give small customers a notice regarding meter replacement in accordance with the Rules.

The rule includes transitional provisions requiring retailers to amend their standard retail contracts to include this change as soon as possible and no later than 1 September 2025.<sup>19</sup>

The retail rule also makes other non-material corrections as outlined in the consultation paper.

The Commission's reasons for making this final rule determination are set out in section 4.4.

Further information on the legal requirements for making this final rule determination is set out in Appendix A.

#### 4.2 Rule making tests

#### 4.2.1 Achieving the NERO

Under the NERL the Commission may only make a rule if it is satisfied that the rule will, or is likely to, contribute to the achievement of the NERO.<sup>20</sup> This is the decision making framework that the Commission must apply.

The NERO is:21

to promote efficient investment in, and efficient operation and use of, energy services for the

<sup>19</sup> A transitional rule is required under NERL section 237(4).

<sup>20</sup> Section 236(1) of the NERL.

<sup>21</sup> Section 13 of the NERL.

long term interests of consumers of energy with respect to-

- (a) price, safety, reliability and security of supply of energy; and
- (b) the achievement of targets set by a participating jurisdiction-
  - (i) for reducing Australia's greenhouse gas emissions; or
  - (ii) that are likely to contribute to reducing Australia's greenhouse gas emissions.

The targets statement, available on the AEMC website, lists the emissions reduction targets to be considered, as a minimum, in having regard to the NERO.<sup>22</sup>

#### 4.2.2 Consumer protections test

The Commission must also, where relevant, satisfy itself that the rule is "compatible with the development and application of consumer protections for small customers, including (but not limited to) protections relating to hardship customers" (the **consumer protections test**).<sup>23</sup>

Where the consumer protections test is relevant in the making of a rule, the Commission must be satisfied that both the NERO test and the consumer protections test have been met.<sup>24</sup> If the Commission is satisfied that one test, but not the other, has been met, the rule cannot be made.

There may be some overlap in the application of the two tests. For example, a rule that provides a new protection for small customers may also, but will not necessarily, promote the NERO.

# 4.3 We have considered stakeholder submissions in making the final retail rule

# 4.3.1 Three retailers supported amending the model terms and conditions of standard retail contracts to ensure consistency with the final determination of the smart meter rule change

AGL, EnergyAustralia and Origin supported the proposal to make a minor change to clause 11(d) of the model terms set out in Schedule 1 of the NERR so that model terms and conditions for standard retail contracts reflect that retailers:

- cannot offer small customers the option to opt-out of a smart meter
- must give small customers a notice regarding meter replacement in accordance with the Rules.

They agree that these proposed changes would ensure consistency between model terms and conditions under the Rules, with the removal of opt-out from the smart meter rule change.<sup>25</sup>

# 4.3.2 Three retailers raised concerns with the proposed transitional rule requiring retailers to notify customers of this change

AGL, EnergyAustralia and Origin did not support the proposed transitional rule requiring retailers to notify customers of changes to the model terms and conditions for standard retail contracts to reflect the removal of opt-out from the NERR under the smart meter rule change as soon as possible. They considered this notification requirement would:<sup>26</sup>

<sup>22</sup> Section 224A(5) of the NERL.

<sup>23</sup> Section 236(2)(b) of the NERL.

<sup>24</sup> That is, the legal tests set out in sections 236(1) and (2)(b) of the NERL.

<sup>25</sup> Submissions to consultation paper: AGL, p. 1, EnergyAustralia, p. 1, Origin, p. 1.

<sup>26</sup> Submissions to consultation paper: AGL, p. 1-2, EnergyAustralia, p. 2, Origin, p. 1.

- confuse and dissatisfy customers for example, all customers on standard retail contracts, including those with a smart meter, would receive this notification, but it would not be relevant to all of them, and because customers without smart meters will also receive specific communications from retailers on the meter exchange process
- create additional operational challenges and complexities as they considered the proposal would require the development of bespoke and standalone customer communications.

Taking into account these submissions, the Commission has removed the proposed transitional rule requiring retailers to notify customers of the change to the model terms. The Commission considers that retailers should be responsible for managing the relationship and communication with their customers as part of their energy service. Also, retailers are best placed to manage customers' expectations relating to changes with their standard retail contracts and other changes that impact them from the smart meter rule change. As part of this, retailers should consider how best to communicate with their customers in light of their business operations or practices. The final rule does not specify how this communication should occur.

#### 4.3.3 Three retailers considered the timeframes for the changes should be reconsidered

AGL recommended extending the deadline for retailers to amend their standard retail contracts under the transitional rule to be no later than 1 October 2025. It noted that this date would not impede the timeframes under the smart meter rule change as the acceleration period commences on 1 December 2025.<sup>27</sup>

Origin viewed that the previous arrangement in NERR rule 59A(1) that allowed customers the option to opt-out should continue to apply until retailers have updated their standard retail contracts under this minor rule change. In its view, this would ensure customers have the previous protections before the smart meter rule change until retailers have implemented the changes to model terms and conditions of standard retail contracts as required by this minor rule change.<sup>28</sup>

EnergyAustralia viewed the proposed timeframes to be unreasonable, considering the scale of changes currently occurring.<sup>29</sup>

Under the final rule, the date by which retailer must update their standard retail contracts has not changed from the proposed rule. The Commission considers that a three-month period, ending in September, provides sufficient time for retailers to make this change, particularly given the requirements regarding notice to customers have been removed. In relation to Origin's proposal, the Commission considers that it is preferable to retain the position in the smart meter rule, that the opt-out provision in the NERR is removed on 1 June 2025, for all retailers and their customers. This would maintain consistency and reduce the potential for confusion, and supports an efficient meter replacement program.

#### 4.3.4 Other stakeholders raised issues that were addressed in the smart meter rule change

Two individuals raised concerns around switching to a smart meter, which were considered and addressed in the smart meter rule change, including:

- · switching to a cost-reflective tariff without explicit informed consent
- metering data and privacy concerns
- the safety of smart meters

<sup>27</sup> AGL, submission to consultation paper, p. 1.

<sup>28</sup> Origin, submission to consultation paper, p. 1.

<sup>29</sup> EnergyAustralia, submission to consultation paper, p. 2.

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no option to opt-out of a smart meter.<sup>30</sup>

The Commission has considered these issues in depth throughout the metering review and the smart meter rule change. Information on how the Commission addressed these issues in the final smart meter rule is set out in the final determination for that project.<sup>31</sup>

#### 4.4 Summary of reasons

The Commission considers that the retail rule will improve the quality of the NERR in terms of accuracy and consistency and is likely to contribute to the achievement of the NERO and satisfy the consumer protections test.

As with previous similar rule changes initiated by the Commission, these minor corrections and non-material changes make the NERR clearer to stakeholders. This is important as the NERR inform stakeholders of their rights and obligations for participating in the retail energy markets. These improvements are likely to reduce the regulatory burden associated with understanding and complying with the NERR, and therefore allow energy services to be provided more efficiently.

<sup>30</sup> Submissions to consultation paper: David Spong, p. 1 and David Reimers, p. 1.

<sup>31</sup> The determination is available on the AEMC website: https://www.aemc.gov.au/rule-changes/accelerating-smart-meter-deployment

# A Legal requirements under the energy laws

This appendix sets out the relevant legal requirements under the NEL, NGL and NERL for the Commission to make this final rule determination.

#### A.1 Final rule determination

In accordance with section 102 of the NEL, section 311 of the NGL and section 259 of the NERL the Commission has made this final rule determination in relation to the rules proposed by the Commission.

The Commission's reasons for making this final rule determination are set out in sections 2.3, 3.3, and 4.3.

In accordance with section 103 of the NEL, section 313 of the NGL, and section 261 of the NERL, the Commission has made final rules. Copies of the final rules are attached to and published with this final rule determination. Their key features are described in chapters 2, 3, and 4.

#### A.2 Power to make the final rules

The Commission is satisfied that the final rules fall within the subject matter about which the Commission may make rules.

The electricity rule falls within the matters set out in section 34 of the NEL, as under section 34(1)(b) of the NEL the Commission may make Rules for or with respect to any matter or thing contemplated by the NEL, or which are necessary or expedient for the purposes of the NEL. The Commission considers the electricity Rule is necessary and expedient for the purposes of the NEL.

The gas rule falls within the matters set out in section 74 of the NGL, as under section 74(1)(b) of the NGL the Commission may make Rules for or with respect to any matter or thing contemplated by the NGL, or which are necessary or expedient for the purpose of the NGL. The Commission considers the gas Rule is necessary and expedient for the purposes of the NGL.

The retail rule falls within the matters set out in section 237 of the NERL, as under section 237(1)(b) of the NERL the Commission may make Rules for or with respect to any matter or thing contemplated by the NERL, or which are necessary or expedient for the purposes of the NERL. The Commission considers the retail Rule is necessary and expedient for the purposes of the NERL.

## A.3 Commission's considerations

In assessing the rule change proposal the Commission considered:

- its powers under the NEL, NGL and NERL to make the rule
- the rule change proposal
- submissions received during consultation
- the Commission's analysis as to the ways in which the rule will or is likely to contribute to the NEO, NGO and NERO.
- the extent to which the rule is compatible with the development and application of consumer protections
- the interaction between the National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations 2016 (NT) and the NER.

There is no relevant Ministerial Council on Energy (MCE) statement of policy principles for this rule change proposal.<sup>32</sup>

Under s. 91(8) of the NEL, the Commission may only make a rule that has effect with respect to an adoptive jurisdiction if satisfied that the rule is compatible with the proper performance of the Australian Energy Market Operator's (AEMO's) declared electricity network functions. Given the electricity rule only seeks to make minor or non-material changes to the rules and does not change AEMO's functions in any material respect, the Commission is satisfied that the electricity rule is compatible with the proper performance of AEMO's declared electricity network functions.

Under s. 295(4) of the NGL, the Commission may only make a rule that has effect with respect to an adoptive jurisdiction if satisfied that the rule is compatible with the proper performance of AEMO's declared gas system functions. Given the gas rule only seeks to make minor or non-material changes to the rules and does not change AEMO's functions in any material respect, the Commission is satisfied that the gas rule is compatible with the proper performance of AEMO's declared gas system functions.

## A.4 Civil penalty provisions and conduct provisions

The Commission cannot create new civil penalty provisions or conduct provisions. However, the Commission and the Australian Energy Regulator may make a joint recommendation to the Energy Ministers that new or existing provisions of the rules be classified (or, in the case of existing provisions, cease to be classified) as civil penalty provisions or conduct provisions.

The Commission does not propose to recommend any of the amendments made by the final rules be classified or cease to be classified as civil penalty provisions or conduct provisions.

<sup>32</sup> Under s. 33 of the NEL, s. 73 of the NGL and s. 225 of the NERL, the AEMC must have regard to any relevant MCE statement of policy principles in making a rule. The MCE is referenced in the AEMC's governing legislation and is a legally enduring body comprising the Federal, State and Territory Ministers responsible for energy.

# **Abbreviations**

AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
Commission	See AEMC
NEL	National Electricity Law
NEM	National Electricity Market
NEO	National Electricity Objective
NER	National Electricity Rules
NERL	National Energy Retail Law
NERO	National Energy Retail Objective
NERR	National Energy Retail Rules
NGL	National Gas Law
NGO	National Gas Objective
NGR	National Gas Rules