



Australian Energy Market Commission

RULE PROPOSAL

**Proposed National Electricity Amendment
(Second Minor Changes) Rule 2015**

Rule Initiated by
AEMC

1 October 2015

**RULE
CHANGE**

Inquiries

Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

E: aemc@aemc.gov.au
T: (02) 8296 7800
F: (02) 8296 7899

Reference: ERC0193.

About the AEMC

The AEMC reports to the Council of Australian Governments (COAG) through the COAG Energy Council. We have two functions. We make and amend the national electricity, gas and energy retail rules and conduct independent reviews for the COAG Energy Council.

This work is copyright. The Copyright Act 1968 permits fair dealing for study, research, news reporting, criticism and review. Selected passages, tables or diagrams may be reproduced for such purposes provided acknowledgement of the source is included.

1 Introduction

The Australian Energy Market Commission (AEMC or Commission) is responsible for the rule-making functions conferred on it under legislation.

As part of its Rule-making function, the Commission reviews, amends and maintains the National Electricity Rules in accordance with the National Electricity Law (NEL).

The purpose of this function, among other things, is to improve and enhance the quality of the National Electricity Rules (the Rules).

2 AEMC's power to initiate the making of a Rule

Under section 91(2) of the NEL:

“The AEMC must not make a Rule without a request under subsection (1) unless-

- (a) it considers the Rule corrects a minor error in the Rules; or
- (b) it considers the Rule involves a non-material change to the Rules; or
- (c) the Rule is in respect of any matter that is prescribed by the Regulations as a matter on which it may make a Rule on its own initiative.”

3 Rule proposal

This Rule proposal, initiated by the Commission, seeks to correct minor errors and make non-material changes to the Rules:

- The proposed amendments to clauses 5.3A.2 and clause S5.2.5.11 are to correct minor errors.
- The proposed change to the definition of “potential transmission project” in clause 5.10.2 of the Rules is to address anomalies in the definition identified as part of the Commission’s 2015 review of the guidelines for the Last Resort Planning Power.
- The proposed change to the Chapter 10 definition of “NSCAS need” is to address an erroneous omission from that definition made in the National Electricity Amendment (Governance Arrangements and Implementation of the Reliability Standards and Settings) Rule 2015 No. 3.

As the proposed changes are minor and non-material in nature, the Commission considers that the proposed Rule satisfies the requirements of section 91(2) of the NEL.

The proposed amendments to the Rules are specified in the attached Proposed National Electricity Amendment (Second Minor Changes) Rule 2015.

4 Expedited Rule making process for Minor Changes Rule proposal

Under section 87 of the NEL a "non-controversial Rule" is defined as "a Rule that is unlikely to have a significant effect on the national electricity market".

As the proposed changes to the NEL correct minor errors or make non-material changes to the Rules, the Commission considers that the proposed Rule is unlikely to have a significant effect on the National Electricity Market (NEM). The proposed Rule

therefore falls within the definition of a non-controversial rule under section 87 of the NEL.

On this basis, under section 96(1)(a) of the NEL, the Commission proposes that this Rule proposal be consulted on and determined under an expedited process.

5 Contribution to the National Electricity Objective

Under section 88 of 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 national electricity objective (NEO).

The NEO is set out in section 7 of the NEL as follows:

“The objective of this Law 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-

- (a) price, quality, safety, reliability and security of supply of electricity; and
- (b) the reliability, safety and security of the national electricity system.”

The Commission considers that the proposed Rule, if made, will improve the quality of the Rules in terms of accuracy and consistency. The Commission considers that the proposed Rule is likely to contribute to the achievement of the NEO, although the efficiency benefits that will result from the proposed Rule is likely to be very small given the minor or non-material nature of the changes proposed.

As with previous similar AEMC initiated rule changes, these minor corrections and non-material changes will make the Rules clearer to stakeholders. This is important as the Rules inform stakeholders of their rights and obligations in relation to participating in the NEM and stakeholders rely on these Rules in their commercial transactions.

6 Any relevant MCE statements of policy principles

Under section 33 of the NEL, the Commission must have regard to any relevant MCE statement of policy principles in making a Rule. There are currently no MCE statements of policy principles.

7 Compatibility with AEMO’s declared network functions

Under section 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 proposed Rule is compatible with the proper performance of the Australian Energy Market Operator’s (AEMO) declared network functions. At present Victoria is the only relevant “adoptive jurisdiction”.

Given the proposed Rule only seeks to make minor or non-material changes to the electricity Rules, the Commission is satisfied the proposed Rule is compatible with the proper performance of AEMO’s declared network functions.

8 Consultation under the expedited process

The Commission has published notices under sections 95 and 96 of the NEL inviting written submissions on the proposed Rule.

Written submissions are to be lodged online or by mail by 29 October 2015 in accordance with the requirements set out below.

Any person may make a written request to the Commission requesting it not to make a Rule under the expedited process under section 96 of the NEL. The request must include reasons for the request, and must be lodged with the Commission by 15 October 2015. Requests may be lodged either online or by mail, in accordance with the requirements specified below.

Where practicable, submissions should be prepared in accordance with the Commission's Guidelines for making written submissions on rule change proposals¹. The Commission publishes all submissions on its website subject to a claim of confidentiality.

All enquiries on this project should be addressed to Victoria Hillier on (02) 8296 7870.

8.1 Lodging a submission electronically

Electronic submissions must be lodged online via the Commission's website, www.aemc.gov.au, using the "lodge a submission" function and selecting the project reference code ERC0193. The submission must be on letterhead (if submitted on behalf of an organisation), signed and dated.

Upon receipt of the electronic submission, the Commission will issue a confirmation email. If this confirmation email is not received within 3 business days, it is the submitter's responsibility to ensure the submission has been delivered successfully.

8.2 Lodging a submission by mail

The submission must be on letterhead (if submitted on behalf of an organisation), signed and dated. The submission should be sent by mail to:

Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Or by Fax to (02) 8296 7899.

The envelope must be clearly marked with the project reference code: ERC0193.

Except in circumstances where the submission has been received electronically, upon receipt of the hardcopy submission the Commission will issue a confirmation letter.

If this confirmation letter is not received within 3 business days, it is the submitter's responsibility to ensure successful delivery of the submission has occurred.

¹ This guideline is available on the Commission's website.