



Australian Energy Market Commission

RULE PROPOSAL

Proposed National Gas Amendment (Minor Changes) Rule 2011

Rule Initiated by
AEMC

5 May 2010

**RULE
CHANGE**

Inquiries

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About the AEMC

The Council of Australian Governments, through its Ministerial Council on Energy (MCE), established the Australian Energy Market Commission (AEMC) in July 2005. The AEMC has two principal functions. To make and amend the national electricity and gas rules - and to conduct independent reviews of the energy markets for the MCE.

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AEMC Initiated Amendment to the National Gas Rules

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 Gas Rules (Rules) in accordance with the National Gas Law (NGL).

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

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

Under section 295(2) of the NGL,

“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 several minor errors, including formatting, numbering, and cross referencing anomalies in the Rules;
- amend and delete some Part defined terms to promote clarity;
- amend some references to terms to more accurately reflect the intent of the provision; and
- delete a schedule of the Rules that is now redundant.

Given that the first category of changes is minor in nature and the others are non-material changes, the Commission considers that the proposed rule satisfies the requirements of section 295(2).

The proposed amendments are specified in the attached *Proposed National Gas Amendment (Minor Changes) Rule 2011*.

4. Expedited Rule making process for Minor Changes Rule proposal

Under section 290 of the NGL a ‘non-controversial Rule’ is defined as ‘a Rule that is unlikely to have a significant effect on a market for gas or the regulation of pipeline services’.

As the proposed changes, in accordance with the AEMC's power under section 295(2) to make a Rule without a request, are minor or non-material in nature, the Commission consider that the proposed rule is unlikely to have a significant effect on a market for gas or the regulation of pipeline services and therefore falls within the definition of a non-controversial rule under section 290 of the NGL.

On this basis, under section 304(1)(a) of the NGL the Commission proposes that this Rule proposal be consulted on and determined under an expedited process with a four week consultation period.

5. Contribution to the National Gas Objective

Under section 291 of 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 national gas objective (NGO).

The NGO is set out in section 23 of the NGL as follows:

"The objective of this Law is to promote efficient investment in, and efficient operation and use of, natural gas services for the long term interests of consumers of natural gas with respect to price, quality, safety, reliability and security of supply of natural gas."

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 NGO, albeit the efficiency benefits that will result from the proposed Rule are considered 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-controversial changes will make the Rules clearer to stakeholders. This is important as the Rules inform stakeholders of their rights and obligations and stakeholders rely on these Rules in their commercial transactions and documentation.

6. Any relevant MCE statements of policy principles

Under section 73 of the NGL, the Commission must have regard to any relevant MCE statement of policy principles in making a Rule. There is no MCE statement of policy principles relevant to this Rule proposal.

7. Consultation under the expedited process

In relation to this Rule change proposal, the Commission has published a notice under sections 303 and 304 of the NGL stating that this Rule change proposal will be assessed following an expedited process (subject to written objections), as it is considered a non-controversial Rule.

Under the expedited process, stakeholders have two weeks after the publication of the notice under section 303 of the NGL to object to the Rule change proposal being expedited. Objections need to contain reasoning as to why the stakeholder considers that the Rule change proposal should not be expedited and will be assessed by the Commission in

accordance with section 304 of the NGL. Stakeholders are required to lodge objections with the Commission by **19 May 2011**.

The expedited process also provides a four week consultation process on the content of the Rule change proposal. Submissions on the content of the Rule change proposal are to be lodged with the Commission by **2 June 2011**.

Where practicable, submissions should be prepared in accordance with the Commission's *Guidelines for making written submissions on Rule change proposals*¹. The Commission publishes all submissions on its website subject to a claim of confidentiality.

All enquiries on this Rule change proposal should be addressed to Michaela Senigalliesi on (02) 8296 7800.

A submission may be lodged with the AEMC electronically or in hardcopy (via ordinary mail).

Lodging a submission electronically

When lodging a submission electronically, submissions must be lodged online via the AEMC's website at www.aemc.gov.au. The submission must be on a letterhead (if submitted on behalf of an organisation), signed and dated by the proponent.

Upon receipt of the electronic version of the submission, the AEMC will issue a confirmation email. If this confirmation email is not received within 3 business days, it is the proponent's responsibility to ensure successful delivery of the submission has occurred.

Lodging a submission by mail

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

Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

The envelope must be clearly marked with the project reference: "GRC0009".

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 proponent's responsibility to ensure successful delivery of the submission has occurred.

All submissions and written objections should cite the project reference "GRC0009" in the title.

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