

12 June 2013

Mr Terry Grimwade
Australian Energy Market Operator Ltd
Level 22, 530 Collins St
Melbourne, 3000

By email: iecandrmecsecretary@aemo.com.au

Dear Terry

Retail Market Procedure Governance

Thank you for providing further information and detail on the proposed changes to the National Electricity Rules relating to retail market procedure governance. This information helped improve our understanding of the proposed changes which will establish a consistent process and framework for changes to B2B and B2M procedures.

Simply Energy's primary concern with the current arrangements has been our inability to access the forums that AEMO facilitates so that we understand the changes that are occurring in electricity procedures and participate in discussions concerning those changes. We did not see anything in the original proposal that would improve our ability to access these forums.

However, we now understand that the proposed Rule change will allow for an expansion of the membership of the proposed NEM Retail Market Procedures Committee (the Committee) beyond the current IEC/RMEC membership once the Committee has established itself. Once established, any party with an interest in matters under consideration will be able to attend and participate at meetings and meeting materials will be published.

As discussed, we would like to see a change to the proposal that establishes formal triggers for the Committee to initiate a review of its membership once it is established. You suggested that membership of the Committee could be subject to the procedure change process so that any market participant could initiate a review of the Committee's membership. We support this proposed solution.

The ability to participate in Committee meetings will also alleviate the concerns we expressed in our original submission regarding the proposal to subject B2B and B2M procedures to the same governance arrangements. If we are able to participate in Committee meetings that are considering procedure changes that may impact Simply Energy, then we would be more comfortable with the governance arrangements set out in the Rule change proposal.

On the understanding that the proposed change to retail market procedure governance will allow any party to participate at Committee meetings, Simply Energy now supports the Rule change proposal.

Please contact me if you need to discuss this further submission with me.

Yours sincerely

Dianne Shields
Senior Regulatory Manager

Ref: JD/TF/NB

3 May 2013



Mr Paul LeFavi
Australian Energy Market Operator
GPO Box 2008S
Melbourne VIC 3001

Email: Paul.LeFavi@aemo.com.au

825 Ann Street
Fortitude Valley QLD 4006
PO Box 264
Fortitude Valley QLD 4006
Phone: 07 3851 6000
Fax: 07 3851 6001
www.ergon.com.au

Dear Mr LeFavi

Information Brief – Retail Market Procedure Governance Framework

Ergon Energy Corporation Limited and Ergon Energy Queensland Pty Ltd, collectively referred to as Ergon Energy, welcome the opportunity to provide comment to the Australian Energy Market Operator (AEMO) in relation to its Information Brief - *Retail Market Procedure Governance Framework* (Information Brief).

Ergon Energy is generally supportive of AEMO's objective to establish a single governance framework for all electricity retail market procedures, and agrees with the aim of retaining the well-functioning features of the existing procedure management process under the Information Exchange Committee (IEC) and Retail Market Exchange Committee (RMEC) and associated industry working/reference groups. However, Ergon Energy notes that under the proposed changes to the governance structure for all National Electricity Market retail market procedures, the establishment of a single governance framework will result in an effective reduction in the total number of industry representatives. Currently both the IEC and RMEC have 3 retailer representatives and 3 distributor representatives, ensuring representation of industry by 12 individuals across both groups. The proposed membership structure described in the Information Brief reduces industry representation to 6 (3 from retailers and 3 from distributors). While Ergon Energy recognises the need to keep the proposed new Retail Market Procedures Committee membership to a manageable size, we would appreciate AEMO's consideration for an increase in the number of industry representatives, to ensure input on issues can be canvassed from the widest group possible.

Ergon Energy looks forward to providing continued assistance to AEMO in the achievement of its objective to establish a single governance framework for all electricity retail market procedures.

Should you require additional information or wish to discuss any aspect of this submission, please do not hesitate to contact either myself on (07) 4092 9813 or Trudy Fraser on (07) 3851 6787.

Yours sincerely



Jenny Doyle
Group Manager Regulatory Affairs

Telephone: 07 4092 9813
Email: Jenny.Doyle@ergon.com.au



May 6, 2013

Mr P. LeFavi
IEC/RMEC Secretary
AEMO
GPO Box 2008
MELBOURNE 3000

Dear Mr LeFavi,

Re: Consultation- Retail Market Procedures Committee

Lumo Energy (Lumo) welcomes the opportunity to make a submission in response to AEMO's consultation on the proposed changes to the National Electricity Rules (NER), which aims to assist towards a single governance framework for Electricity Retail Market Procedures, and further to establish a Retail Market Procedures Committee (RMPC).

We support AEMO's proposal to establish a more appropriate governance structure to manage changes to energy retail market processes, in order to achieve a single integrated process and a consistent change process across both gas and electricity markets.

That being said, we believe that further considerations are required to ensure the new processes are transparent and flexible enough to accommodate the changing retail landscape. This applies particularly to legislative processes relating to definitions and provisions, committee membership and the provision of information and regular attendance at committee meetings.

We fully support a process for making papers and meeting information openly available and in a timeframe which would allow non-members time to consider issues prior to meetings, and therefore endorse AEMO's proposal to provide such information on their website.

In support of the need for the committee to be more flexible in meeting the future requirements of the changes in the electricity retail market space, we support AEMO's position that the broad framework should be placed in the National Electricity Rules. In saying this, the detail of *how* the Committee will operate should not be included in the Rules. This will allow the group to respond to changes in the retail landscape quickly and efficiently.

Lumo Energy Australia Pty Ltd. PO Box 632, Collins St West VIC 8007
P 1300 11 58 66 www.lumoenergy.com.au

Lumo Energy ABN 69 100 528 327 NSW ABN: 92 121 155 011 QLD ABN: 63 114 356 642 SA ABN: 61 114 356 697



We have provided some specific commentary on the consultation material circulated below.

NER Drafting

We note that the proposed drafting *Clause 7.1.4 (b)(1)* limits the parties permitted to submit a proposal to B2B Procedures, while *Clause 7.1.4 (b)(2)* allows any person to submit a proposal for any other Retail Market Procedures.

As discussed previously, given the rapid changes to the retail landscape, Lumo sees no valid reason as to why there should be limitations on which parties are permitted to submit proposals. If a proposal has value to the industry, then there should be no reason to limit the proponent of that proposal.

We would also like to impress that any NECF definitions and provisions are consistent with other state based legislation to ensure consistency for both NECF and non NECF participants.

Election Procedures

Noting the *Approved Procedures* includes a public consultation phase for changes to retail market processes, we question the very limited membership and attendance requirements proposed for the new committee.

Given the requirement for public consultation, we also question the role of the independent party in this process in terms of the value they will add to this process, and believe that this role needs further justification in the proposed framework.

Due to the many changes to the retail framework presently occurring, in particular as an outcome of the AEMC's *Power of Choice* review, Lumo suggests AEMO give consideration to how representation for third parties, such as Meter Data Providers or Demand Response Providers, will be considered in this process, as we believe that their involvement will become very important in the future developments in the market.

We believe that the various representative groups (e.g. Local Retailers/Market Customers) should be responsible as a group for appointing the alternate members using the same criteria as that used for committee members.



Operating Manual

Further to our comments regarding committee composition, Lumo believes that alternate members should be able to attend any meetings of the RMPC as required without seeking approval of the committee.

When both a member and alternate member are present, the member would be the only party entitled to vote. In line with this view, Lumo would suggest that the wording for item (e) be amended to read: *'how each member or alternate voted.'*

Lumo strongly supports an open and transparent process for the further development of retail processes, and we believe this can be achieved by explicitly requiring AEMO to provide papers and agendas to all interested parties, not just members and alternates, in advance of a meeting.

Given that as per *Clause 11* members are obliged to consult with the groups they represent, it would be more efficient for those members to receive papers when AEMO issues them.

We are therefore in support of AEMO's proposal to publish agendas, minutes and any other relevant documentation on their website.

If you require any further information please contact Mr Mark Riley on (03) 8803 4596 or at mark.riley@lumoenergy.com.au.

Yours sincerely,

A handwritten signature in black ink, consisting of a large, stylized capital letter 'A' followed by a long, horizontal, slightly wavy line that tapers to the right.

Aneta Graham
General Manager Regulatory Affairs and Corporate Relations



3 May 2013

Mr Peter Carruthers
Chair IEC/RMEC

United Energy
43-45 Centreway
Mt Waverley VIC 3149
PO Box 449
Mt Waverley VIC 3149
T 03 8846 9900
F 03 8846 9999
www.ue.com.au

By Email: iecandrmecsecretary@aemo.com.au

Dear Peter

RE: Information Brief – Retail Market Procedure Governance

AEMO are working with the Information Exchange Committee (IEC) to develop proposed changes to National Electricity Rules (NER) to establish a single governance framework for all Retail Market Procedures (RMP) across the National Electricity Market (NEM).

Currently, the IEC oversees business to business (NEM B2B) Procedure development, while AEMO has established the Retail Market Executive Committee (RMEC) to advise on non-B2B Procedure development.

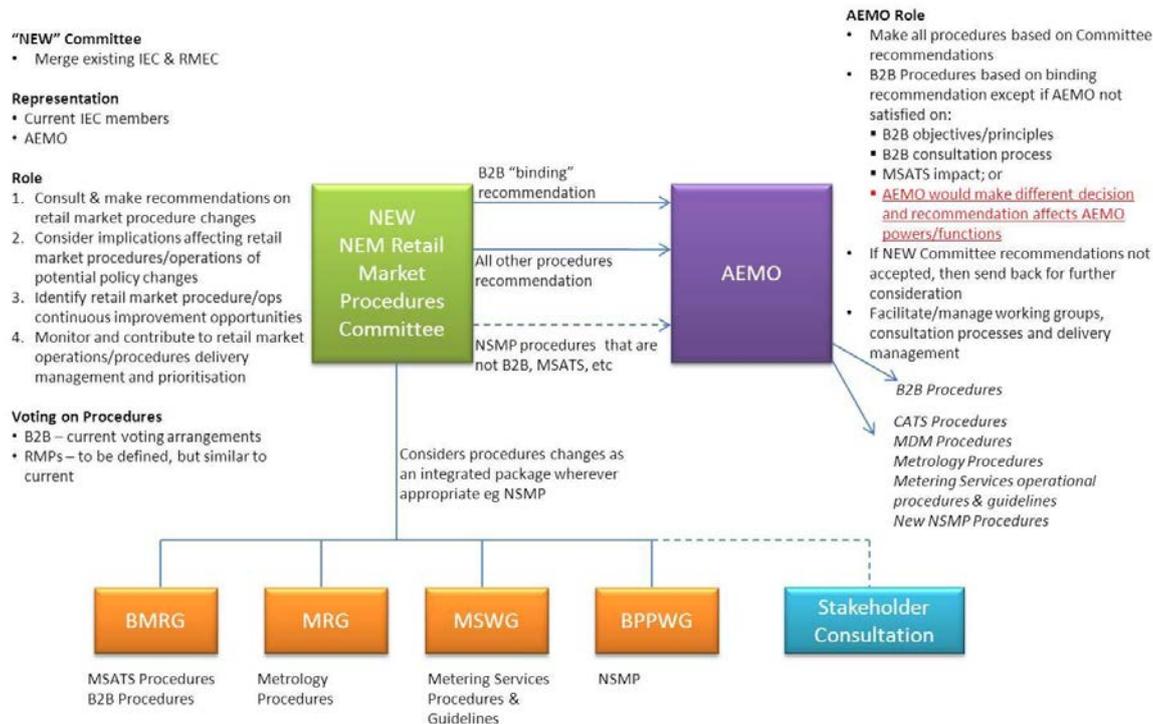
The proposed change would see the IEC and RMEC replaced by a new Electricity Retail Market Procedures Committee (RMPC) operating under procedures to be established by AEMO, to oversee the development of all electricity Retail Market Procedures. UE appreciates the opportunity to comment on the consultation pack provided and recognises that in parallel AEMO are also in the process of developing the pack to accompany the Rule change proposal to the AEMC. AEMO have advised that detailed development of the proposed approved process and proposed retail market committee operating procedures will be determined following a full rules consultation process with all affected stakeholders.

The IEC/RMEC and AEMO have considered a range of options over the last year and are progressing with Option B – IEC retains B2B rights but with strengthened rights for AEMO not to accept recommendations. A single committee would be formed called the Retail Market Procedures Committee (RMPC) which would take over from the IEC and RMEC and make recommendations to AEMO on all RMP. B2B procedure recommendations would be binding on AEMO subject to broader exception criteria.

UE has provided its comments in an Attachment on each of the consultation documents;

1. Briefing Note
2. Rule Changes (Change marked + drafting notes)
3. Draft Operating Procedures
4. Draft Approved Process
5. Draft Election Procedures.

A schematic of the new arrangement is shown below.



What is governance?

The proposal seems to suggest that governance is only about administration of the new Retail Market Procedures and ease of management, as the RMEC and IEC act in a combined manner and the underlying B2B and CATS workings groups have also combined. The justification appears to be that the relationship between B2B and B2M arrangements is less clear, it is quite blurry and complex and there is a preference to avoid being clear on the arrangements.

Good governance needs to ensure that there is clear accountability, fairness and transparency. Rights and responsibilities of the various parties need to be clear, each of the procedure categories needs a clear head of power in the NER, a clear scope, clear compliance statement of the parties that must comply, a clear process for managing breaches of a procedure, ability to opt out of standard transaction arrangements by agreement, appropriate supervision or compliance monitoring, checks and balances.

As currently drafted everything new resides in the non B2B arrangements. It would appear that everything new comes under the generic RMP head of power and compliance clause and then unless a transaction is marked as B2B there is no opportunity to opt out into a bi-lateral arrangement. There is no breach process and no consideration or justification of why the whole suite of RMP would not have civil penalties attached.

Where the fit is in relation to the heads of power in the NER, an effective compliance framework and any flexibility to opt out is unclear. These key aspects of the governance arrangements need to be in the NER and cannot be dealt with in all the underlying RMPC documentation.

The proposal provides flexibility to alter the representation on the RMPC etc to cater for new parties in the future or alter the election or operating manual to fit the new market requirements. But this does not alter the fact that the NER and compliance framework will not be aligned to the raft of new procedures which may be created.

There also needs to be clarity on metering service providers (MP and MDP) as some participants believe that these parties and their compliance requirements are picked up as the metering service providers are Rules registered participants. Often the breach processes are limited to registered participants and metering service providers are not included, the civil penalty or licence breach regime would not apply, instead the AEMO de-registration procedure might apply.

Given that a rule change process is a long process, these amendments need to provide for an effective governance regime for transactional arrangements in the market starting in about 2 years.

Is the governance construct appropriate?

The AEMO proposal is that the governance construct is established based on B2B and everything else being in the non B2B arrangements where AEMO have more powers.

Everything relating to the new NSMP procedures, the whole area where there will be a need for new arrangements and also delivery of new transactions between businesses which have no effect on AEMO, and in most cases will have no impact on the NEM operation of the retail market or the wholesale market has AEMO making all the decisions with no accountability and investment. Any transactions that may be required relating to supply, supply reliability, the ability to deliver a new service to customer which may not have an impact on the integrity of the retail market may be best placed in the B2B bucket for the relevant participants to make recommendations.

If there is going to be an assessment whether all smart meter settings which may enable other products which do not impact the integrity of the wholesale market should be part of MSATS or whether B2B arrangements would suffice then this assessment should first reside in the B2B governance arrangements. The B2B heads of power allow for standardised process but also allow for the flexibility to have bi-lateral agreements out of this standardised process. The B2B arrangements are also better able to deal with the various jurisdictional differences in paperwork and process than the likes of the MSATS procedures.

Matters that affect the integrity of the market operations ie retail churn, meter reads, wholesale settlement etc should be NEM procedures like MSATS that require compliance and have an appropriate compliance regime.

Where we are seeking to encourage innovation and new products, consistent with the Power of Choice, then the heads of power for the B2B arrangements are more flexible and allow parties to contract out of the B2B procedures by agreement. This approach is also consistent with the current NER drafting where an MDP may agree at their discretion to provide additional data or higher levels of service at the requesting parties expense. These arrangements are bi-lateral, they may stem from smart metering capability. Where the arrangements are developed, they should not be overwritten or unnecessarily disrupted just because the initiative was taken before a new RMP was in place.

In the diagram above the NSMP Procedures should be listed in the fold with the B2B Procedures and the B2B decision making processes. Where there are flow on impacts which do impact the market (ie AEMO retail and wholesale) then the new requirements or transactions will need to be housed in an appropriate instrument within the NER heads of power eg MSATS, metrology or service level procedures etc. UE does not consider that it is automatic that any new transaction has AEMO as the sole decision maker with no justification of their decisions and possibly no skin in the game.

Rather than creating a construct of B2B and non B2B where AEMO has heightened powers for all the transactions which may stem from the smart metering arrangements in the future. UE consider that the construct should be B2B and B2M so that industry have an appropriate say in all matters surrounding the market. Whilst this might be awkward, the B2B vs B2M split has flow on consequences to the heads of power in the NER, ie where does the new procedure or transaction fit, who needs to comply and how disputes or breaches are handled, whether there is an ability to opt out and whether civil penalties apply. The alternative to this arrangements is not viable ie to make all of the procedures within the RMP suite of procedures, listed parties must comply but can always opt out by agreement.(this would not be appropriate for MSATS Procedures)

Leaving the new NSMP Procedures silent in this respect is likely to mean that the AEMC will decide. Certainly the current drafting may service to override or constrain bi-lateral arrangements. (In a similar manner to the NEL smart meter mandate provisions inhibiting retail meter roll outs).

For the benefit of the other parties who are not at the representative working groups or RMPC, these decision making processes will need to be clear and well justified.

Commencement of the New Rules

When the Rule change comes into effect then all procedures need to be in place and all procedures of the IEC should be formally handed over to AEMO. etc.

These transitional matters need to be clarified in the Rule change proposal, previously all the operating manuals and election procedures etc needed to be finalised after Rules consultation before the new Rule took effect. As a matter of good practice, there should be a requirement on AEMO that these be ready for the commencement date of the new Rule.

UE looks forward to the next round of consultation on these matters and the rule change proposal.

Should you have any questions on this response please do not hesitate to contact me (03) 8846 9856.

Yours sincerely

Verity Watson

Manager Regulatory Strategy

Attachment

Clause	Issue	Recommended change
Draft Rule – February 2013 version		
7.	<p>The title of Chapter 7 is being amended to Metering and Retail Markets.</p> <p>AEMO state that these new heads of power are meant to cater for national smart metering arrangements and the Power of Choice recommendations:</p> <ul style="list-style-type: none"> • Consumer Access to data • Contestability of meter and metering services • Contestability of energy services at a connection point (eg electric vehicles); and • Consumer and third party engagement. <p>UE consider that another important aspects of the Power of Choice was that the network operational benefits and smartgrids would also be achieved in such an environment. This means that any new framework needs to consider whether the network operational benefits will need to be achieved through new B2B procedures. To ensure that voltage variations, voltage management, network utilisation, meter status and supply detection, generation detection etc are all in place to ensure that customers are able to receive the longer term network operational benefits, UE consider that the Chapter should be titled more broadly - Metering and Energy Markets. This would also be consistent with the RMP scope of supply and sale.</p> <p>The original B2B arrangements were established when Victorian businesses were becoming unstapled from their retailer and there was a need to deal with high volume transactions for the mass market between the two parties. These arrangements will eventually need to expand to arrangements include metering providers and meter data providers in an appropriate and explicit manner and will also need to cater for the 'customer engaged third party' and the energy services providers.</p>	<p>Suggest the drafting is amended to: Metering and Retail Markets <u>Energy Markets</u></p>
7.1	NER 7.1 should be amended in line with the changes to the chapter title	Suggest the drafting is amended to:

Clause	Issue	Recommended change
		7.1 Introduction to the Metering and Energy Markets Chapter
7.1.1 (10)	<p>The NECF wording for retail market procedures adopts the wording: Other procedures dealing with, or incidental to, the sale or supply of electricity or the provision of related services to retail customers.</p> <p>It is not clear why AEMO would not adopt the wording outlined in NECF rather than just facilitates retail electricity markets. Matters pertaining to ongoing supply to consumers and large amounts of load being switched will also need to be considered within these new arrangements</p>	<p>(10) other matters directed at facilitating dealing with, or incidental to, the sale and or supply of electricity to retail customers and the operation of retail electricity markets, or the provision of related services to retail customers</p>
7.1.3	<p>UE consider that parts of 7.1.3 are still relevant. There should still be an obligation to establish and maintain, conduct Rules consultation on any new procedures and to publish a list of procedures clearly spelling out which procedures are market or business to market procedures and which are business to business procedures.</p> <p>The list of procedures is useful as it provides clarity of all the Chapter 7 procedures and the empowering provisions and hence is an important tool in tracing the head of power and the compliance framework and obligations which then flow.</p>	<p>UE suggest the following drafting;</p> <p>7.1.3 Obligation to establish, maintain and publish procedures</p> <p>(a) <i>AEMO</i> is responsible for the establishment and maintenance of procedures specified in Chapter 7 except for procedures established and maintained under Rule 7.2A.</p> <p>(b) The procedures authorised by <i>AEMO</i> must be established and maintained by <i>AEMO</i> in accordance with the <i>Rules consultation procedures</i>.</p> <p>(c) The Information Exchange Committee is responsible for the establishment and maintenance of procedures specified in Rule 7.2A.</p> <p>(d) The procedures authorised by the Information Exchange Committee must be established and maintained in accordance with the requirements of Rule 7.2A.</p> <p>(e) The procedures established or maintained under this clause must be <i>published by the party authorised to make the procedure</i>.</p> <p>(f) (d) <i>AEMO</i> must establish, maintain and <i>publish</i> a list of procedures authorised under</p>

Clause	Issue	Recommended change
		the <i>Rules</i> relevant to this Chapter 7, irrespective of who authorised those procedures.
7.1.4	When finalising the Draft Rule for the rule change proposal it would be useful if the normal NER drafting conventions were adopted compared to the current version of the NER. For example the inserted (a) would be (aa) so that the current Rule sub clause (a) remains (a).	7.1.4 Amendment of procedures in the Metering Chapter
7.1.4 (b)	<p>The current NER 7.1.4 (a) states any person can seek to amend a NEM procedure under Chapter 7 except the jurisdictional metrology material and except B2B procedures. In the case of the B2B procedures, retailers, distributors and AEMO can seek an amendment.</p> <p>Given the future of the energy market it is reasonable that any person could propose amendments or new procedures.</p> <p>Any amendment should be in writing and provide details of the proposal and reasons for the change. This is in line with the current NER in both 7.1.4 (a) and 7.2A.3(a) and should be maintained to place some emphasis on proponents justifying a proposal. Maintaining the emphasis on proponent upfront is preferred to the draft rule 7.1.4 (c).</p>	<p>(a) Any person (the 'proponent') may submit to <i>AEMO</i> a proposal (the 'proposal') to make <u>or amend</u> any procedure in Chapter 7 including the metrology procedure <i>Retail Market Procedures</i> except:</p> <p>(1) in relation to the jurisdictional metrology material which is contained within the metrology procedure; and</p> <p>(2) procedures specified in Rule 7.2A,</p> <p>and must include reasons for the proposed change.</p>
7.1.4 (c) and (d)	<p>The current Rules 7.1.4 (b) and (c) require AEMO to notify the proponent of receipt of their proposal and the proposed actions and then to advise whether AEMO accepts or rejects the proposal and reasons for the rejection. This current NER drafting is similar to the arrangements placed on the AEMC in the NEL and is an appropriate process to continue so that a proponent is aware of the acceptance of the amendment and the process it will follow. This is particularly important where the proponent – new entrant metering provider for instance may not be part of the underlying working group that will review the change request, undertake an industry cost/benefit analysis etc. Nor may the proponent understand that they may be impacting jurisdictional policy which may make the change unacceptable.</p> <p>As a matter of good process, AEMO should be required to not just notify the proponent of any rejection of their proposal but also to provide reasons</p>	<p>Suggest inserting current NER (b) and (c)</p> <p>(b) For proposals submitted under paragraph (a), <i>AEMO</i> must:</p> <p>(1) give notice of receipt of the proposal to the proponent; and</p> <p>(2) advise the proponent of the action that <i>AEMO</i> proposals to undertake under paragraphs (c) or (e).</p> <p>(c) Where <i>AEMO</i>:</p> <p>(1) accepts the proposal, <i>AEMO</i> must <u>subject to the approved process, publish the proposal and initiate consultation in accordance with paragraph (a) conduct the <i>Rules consultation procedures</i> in relation to that proposal; or</u></p>

Clause	Issue	Recommended change
	for that rejection.	(2) requests further information from the proponent in relation to a proposal, on receiving that information <i>AEMO</i> must either accept, or reject the proposal; or (3) rejects a proposal, <i>AEMO</i> must advise the proponent of its decision and reasons for the decision in writing.
7.1.4 (e)	<p>UE understand that the approved process when utilised in the Vic gas market is the development of the change request, assessing the net benefit to industry, drafting the amendments to the procedure and the build packs before undertaking the formal Rules consultation (in gas called the IIR).</p> <p>(e) allows AEMO to decide if a change proposal is minor or administrative, presumably AEMO will seek feedback from working groups and also from the RMPC in making any assessment to by pass Rules consultation. All of these working groups are representative, there is no working group or meeting which may have all affected parties at the meeting. Suggest if the approved process is the only process that is followed before the procedures are amended that at least 20 business days is allowed for consultation and receipt of submissions and that 10 business days is provided for any party to say that the approved change process should not be used rather the change should undergo Rules consultation. This approach may also be more amenable where third parties may also be impacted and provides them with a more appropriate length of time to locate the publications on AEMO's website and take the appropriate actions.</p>	Suggest amending 7.1.4 (e) (4) to allow at least 20 business days
7.1.4 (f)	<p>It is unclear why the term 'unless otherwise specified in Chapter 7 is incorporated' It would be worthwhile providing an explanation of the drafting in the Rule change proposal.</p> <p>It is also unclear why the 'or determined in accordance with the approved process' is required.</p> <p>The drafting states that AEMO makes a procedure after (a) or (e) processes and must specify the date for commencement of the new</p>	<p>Suggested amendment, subject to rationale for its inclusion in the first place:</p> <p>Where <i>AEMO</i> decides to make <i>Retail Market Procedures</i> after consultation in accordance with paragraph (a) or (e), <i>AEMO</i> must specify a commencement date for the procedures that is not less than 10 <i>business days</i> after the procedures are <i>published</i>, unless otherwise specified in this Chapter 7 or determined in accordance with the approved process.</p>

Clause	Issue	Recommended change
	<p>procedures.</p> <p>Where AEMO only adopts the process in (e) using only the approved change process then making a decision to amend the procedure, the approved process consultation would highlight the expected commencement date. If the approach in (a) is used the commencement date would be part of the Rule consultation process at the minimum.</p> <p>In electricity the scope does change during Rules consultation as various participants take away different interpretations of the changes to the procedures. As more and varied parties may be impacted in the facilitation of retail markets, it is important that the effective date is truly open and part of the consultation and not already set in stone.</p>	
7.1.4 (g)	<p>This compliance clause needs to be reviewed in light of the new parties – customer engaged third parties, demand aggregators, energy service providers etc.</p> <p>The operation of this clause is unclear in relation to the other NEM procedures outlined in Chapter 7, particularly the operation of this clause in relation to B2B Procedures and the ability to have bi-lateral arrangements in 7.2A.4 (k).</p>	<p><i>Registered Participants, AEMO, Metering Providers and Metering Data Providers must comply with the Retail Market Procedures applicable to them.</i></p>
7.2.8	<p>The governance and enforcement arrangements may need more thorough consideration.</p> <p>In the Draft Rule 7.2.8 (d) the compliance clause has been removed, however this is a civil penalty clause as it has been considered by policy makers as crucial to ensure that the wholesale market arrangements have integrity.</p> <p>The Draft Rule now has a single compliance clause to cover all Retail Market Procedures without consideration that the arrangements for compliance for various types of Retail Market Procedures could and probably should be different. This aspect of the Rule change proposal needs more thought and needs to be clearly laid out and well justified in the Rule change proposal to the AEMC. If the drafting remains as proposed there is a risk that the AEMC will automatically assign the new clause 7.1.4 (g) with civil penalties.</p>	<p><i>(d) All Registered Participants, Metering Providers and Metering Data Providers must comply with the Market Settlement and Transfer Solution Procedures.</i></p>

Clause	Issue	Recommended change
	<p>UE support the re-insertion of 7.2.8 (d) and the civil penalty clause as opposed to the AEMC deciding that a civil penalty clause is required on every Procedure within the Retail Market Procedures suite.</p>	
7.2A.2	<p>7.2A.1 B2B hub terms and conditions is remaining and some of 7.2A.4 whilst the key governance and transitional provisions sections in 7.2A.2, 7.2A.3 and 7.2A.6 are deleted.</p> <p>When this Draft Rule commences it is still important that</p> <ul style="list-style-type: none"> • the new RMPC is in place (old 7.2A.2 (a)) • the revised election procedures have undergone Rules consultation and have been published (similar to old 7.2A.2 (d)) • the revised operating manual has undergone Rules consultation and have been published (similar to old 7.2A.2 (f)) <p>It is also important that the approved process has also undergone Rules consultation and is published prior to the new Rules commencing. Given that much of 7.2A has been deleted there is nothing that gives any certainty that this will be complete, there is no Rule obligation on AEMO to in fact deliver this consulted and published procedures.</p> <p>The current clause 7.2A.1 is now left hanging and should ideally be incorporated into the subject matter of B2B Procedures.</p> <p>There is also a need to consider the transition. The B2B Procedures administered by the IEC as at the commencement are handed over to AEMO.</p> <p>For B2B arrangements the voting rights and the management of the Retailer and Distributor obligations and ability to influence outcomes in the overall RMPC recommendation/decision making process is fundamental. UE consider that B2B expenditure needs to be carefully managed and often there are costs to the distributors for little or no benefit, and only retailers benefit. Given that two key market segments retailers and distributors are impacted by this expenditure and any decisions made it is key that each of the market segments is equally able to influence the outcomes and that these are firm arrangements and unable to be changed</p>	

Clause	Issue	Recommended change
	<p>by a single party. This arrangement is also fundamental that the RMP now extends to sale and supply and any matters consequential to sale and supply. As drafted, there is now a single decision maker being AEMO with only a focus on the NEO and facilitating markets and not necessarily a focus on meeting our Victorian obligations and that both sale and supply are important.</p> <p>Eventually AEMO will be the sole decision maker on whether we create the electricity eftpos equivalent or whether we forego the network operational and smartgrid benefits. Given the significant financial impact of the incentive framework on distributors and the fact that our prices are regulated for a 5 year period this does pose concerns to our business.</p>	
7.2A.4	<p>Content of B2B Procedures</p> <p>This area should be reformed to be consistent with the approach in 7.2.8;</p> <ul style="list-style-type: none"> • AEMO must establish and maintain B2B procedures • The scope of B2B Procedures is anything that is not B2M ie not CATS, Metrology or SLPs. It is intended that this B2B scope capture most of the smart metering arrangements for data exchange and operational purposes that is not market related. There needs to be a clause that says what they may include, this needs to capture new services relating to sale and supply that stems from smart meters and may include the opportunity to have network data provided back to the network • B2B procedures may include roles for MP, MDP and the new third parties • All parties must comply, including these new parties • Ability for bi-lateral agreements so that parties can opt out • B2B data is also confidential data (but confidentiality provisions only apply to registered participants, so need more thought) <p>The most recent drafting example by the AEMC on how to do this would be 7.14.1A.</p>	Suggest redrafting to a format more consistent with the current heads of power for other procedures
7.13	The evolving technologies rules are more related to new technologies, trying things out in relation to new technologies and how they might benefit	Suggest reverting to the current version of Rule 7.13 as opposed to the draft Rule

Clause	Issue	Recommended change
	<p>the registered participants and ultimately provide a benefit for consumers.</p> <p>Suggest that it is not appropriate to provide a requirement that says a new technology may only be used if AEMO has a procedure for it. The drafting would appear to act more to stifle the use of new technologies and new services and would constrain innovation.</p> <p>If the correct decision making for the ‘any matter relating to sale or supply or incidental to sale or supply’ is in place and distributors and retailers have appropriate levels of input into whether a new procedure or transaction is in fact warranted, the industry can make the decision on whether we add to the centralised database or whether the data can be transferred around via B2B. New procedures are not needed until there are requirements across a large number of players and the volume is high, ie there needs to be an efficiency benefit by implementing a procedure.</p>	version.
Approved process	The drafting would benefit from more clarity as to what the approved process is used for.	Suggest the drafting be expanded to; The process established by AEMO under clause 7.1.4A to examine and assess proposed changes to Retail Market Procedures.
Retail Market Procedures	<p>Suggest removing sub clause (e) in line with our comments in 7.13.</p> <p>Suggest using the current NER definition with the word retail which is inappropriately italicised removed.</p> <p>AEMO has provided no justification why the current Rules drafting has been amended, if AEMO continue to change the definition then the justification and impacts on parties needs to be explained in the Rule change proposal.</p>	<p>Retail Market Procedures</p> <p>Procedures made under these <i>Rules</i> for or in connection with the sale and supply of electricity to retail customers or the operation of retail electricity markets including:</p> <p>(a) <i>B2B procedures</i>; and</p> <p>(b) the <i>Market Settlement</i> and Transfer Solution (MSATS) Procedures; and</p> <p>(c) the <i>metrology procedures</i>; and</p> <p>(d) other procedures dealing with, or incidental to, the retail-sale or supply of electricity or related services.</p>
RMPC – Operating Manual		
1(c)	Correct the reference	
3 (b)	Suggest combining points (i) and (iii) and drafting in a similar manner to (ii)	Replace (i) and (iii) with:

Clause	Issue	Recommended change
		The ongoing development of the national metrology procedure and service level procedures for metering arrangements and the prioritisation of enhancements
3(h)	Suggest remove the word retailer. The RMPC needs to make decision on transactions and whether procedures are warranted in relation to sale and supply of electricity and matters incidental. This may also include other transactions such as load switching on our network, advising us which customers are on/off supply and reasons etc. In future these smart metering arrangements are not only about retailers but also about maintaining supply and network services to customers, improved network utilisation and network data for asset management.	establishing mechanisms to communicate with constituents (<i>Distribution Network Service Providers</i> and <i>Customers</i> , as appropriate) and keep them informed of governance processes, retailer market strategies, Rule change proposals and consultation on <i>Retail Market Procedures</i> ;
3	Extra clauses need to be added to ensure that the RMPC also advise AEMO on: The nature of the change and the assessment of the change within the various RMP heads of power spread over Chapter 7, ie assessment of a preferred solution being B2B or B2M implemented. The assessment needs to be clearly documented so it is clear to parties who are not in the working group or on the RMPC why the decision has been made in a certain manner. This background of the choice and reasons should be included in any Rules consultation in a succinct manner	Suggest a new subclause: Assessment of the transaction and fit within the existing procedures, including whether the proposal is B2M or in the other category ie the B2B category
7	The term published is italicised. UE understand that this means it takes on the NER definition ie to make available to registered participants. Given that the RMP now extend to many aspects of the metering roles, there should be consideration of at least extending to metering service providers. If the governance arrangements are to include effective compliance to these other new parties, then they will also need to be included.	
9.1 (b)	Decisions are made consistent with the NEO and the retail market principles. It needs to be clarified how the differences between jurisdictions will be catered for, whilst decisions need to be in accordance with the NEO and the retail market principles, it is not clear how jurisdictional obligations on participants in one jurisdiction vs others will be dealt with. In relation to smart meters and metering competition, Victoria has a very different starting point to other jurisdictions and a number of obligations that are and may remain different.	As a matter of principle, decisions should not place a registered participant in breach of its obligation, there must be recognition of the jurisdictional arrangements made by other regulators and policy makers. Decision making processes need to take account of the different starting points and should not constrain outcomes where

Clause	Issue	Recommended change
	It is not clear how/if questions such as adopting the Victorian metering data service level provisions which are an obligations on all sub 160 metering arrangements in Vic, how would these be assessed, ie should the Vic requirements be incorporated into the NEM service level procedures as an obligation in Vic for AEMO to manage? Is the NEO and retail market principles sufficient?	Victoria will have very different requirements for years to come in relation to smart meters.
9.2 (b)	What decisions are being considered in relation to this clause. Some explanation of why there are only 5 voters would be useful.	
9	There is nothing in the operating manual that obliges the RMPC to ensure that working groups with the relevant SME's are comfortable with the proposal and that the ASWG has agreed to the preferred option and the necessary schema amendments etc. The review by the relevant working groups needs to occur before the RMPC makes any recommendation to proceed with amendments or proceed down one of many directions.	
12.1	Suggest that an annual report for the RMPC is not required. In gas the GRCF do not have a requirement for such a report. What would be useful is the annual strategy direction/workplan coming down from the RMLF and the ongoing work programme similar to that used by the IEC/RMEC of release dates and proposed content. The work programme must also allow sufficient time to build/implement/test the necessary changes after the Rules consultation has run its course and AEMO has published the Final Determination.	Suggest delete 12.1
14.1 (a)	<p>Suggest AEMO make available who they consider are the parties in the list under (a) (1) and (a) (2).</p> <p>The information brief in section 3 suggests that the operating manual will be changed based on a simple majority of 50%, which implies that of the 55 registered market customers and the 17 registered DNSPs the threshold for a change is limited to 50% approval from 72 voters.</p> <p>UE supports the current arrangements of 75% per market segment being maintained.</p>	In view of the discrepancy provided in relation to the briefing note and the draft operating manual it is not clear what can be relied upon as the decision making framework in future. It is these very issues which lend themselves to providing these matters in the NER as opposed to an underlying manual which may be subject to change until commencement of the new Rule in 18 months to 2 years time. In the event that AEMO failed to gain agreement to a new procedure prior to the new Rule commencing it is not clear what would happen or how the issues would be

Clause	Issue	Recommended change
		resolved. UE support the 75% per segment being maintained in the decision making process.
Retail Market Principles	<p>This definition is a key aspect of the decision making process and has been amended without any justification of the amendments.</p> <p>It is still important that overall the costs to one segment are outweighed by the benefits to another industry segment in moving forward and implementing a new transaction. The drafted changes are quite vague, only consider a net benefit is required where practical or where reasonable. This sort of drafting does not seem consistent with the NEO where a benefit would be expected even if the benefit were not the maximised benefit. Further the benefit needs to be considered in relation to the long term interests of consumers not necessarily in facilitating more profit to one industry segment which may not deliver an overall benefit to consumers or one where the lights may not stay on.</p> <p>The current drafting suggests that there should be a uniform approach as opposed to an efficient approach for the jurisdiction. The current drafting implies that until other jurisdictions have sufficient volume of transactions in relation to smart meters, then Victoria could not move forward within the RMP and would need to derogate away from the RMP.</p> <p>Again the arrangements keep referring to the retail market, there may be a need for data back to networks for network operation purposes. Suggest removing the word retail and using a more generic term market processes.</p> <p>Suggest also removing the except for processes associated with franchise end use customers. The where possible and except for jurisdictional requirements caters for the variances between the jurisdictions.</p>	<p>Retail market principles are the following principles applicable to <i>Retail Market Procedures</i>:</p> <ol style="list-style-type: none"> (1) where practical and reasonable having regard to the relative costs and benefits <u>The benefits as whole to the impacted parties should outweigh the costs as a whole to the impacts parties,</u> (2) there should be a uniform approach <u>where possible</u> to retail market processes in all <i>NEM</i> jurisdictions, except for processes associated with franchise end use customers and subject to specific jurisdictional requirements; <p>(2) the procedures should provide operational and procedural details and technical requirements that result in efficient, effective and reliable retail market processes; and</p> <p>(3) there should be no unreasonable discrimination between <i>Distribution Network Service Providers</i> and Local Retailers/ Market Customers.</p>
	RMPC - Approved process	
2.1	Suggest adding that the RMPC should also advise on whether the transactions should be B2B or B2M and the appropriate NER head of powers.	Add a new sub clause Provide advice on whether the new market requirement should be part of the B2M arrangements or the B2B arrangements.
2.1 (d)	The RMPC advises whether the proposal is rejected or proceeds.	

Clause	Issue	Recommended change
	<p>Whether the proposal should move forward to the next part of the decision and consultation process is more appropriate than using the word implemented. A different proposal may be what is finally implemented after Rules consultation.</p> <p>In addition as a proposal becomes better refined it may be that the costs outweigh the benefits and the decision is not to proceed with implementation.</p>	<p>whether the Proposal should be rejected (subject to section [3.3]) or implemented<u>proceed</u>, with or without amendment; and</p>
4.2	<p>Similar to the drafting in 5.4, AEMO does not need to follow a recommendation by the RMPC but should provide reasons for not following any such recommendation.</p>	<p>In deciding to make, or not to make, <i>Retail Market Procedures</i> pursuant to a Proposal, AEMO must consider any Recommendations made by the Committee, but is not required to follow those Recommendations. <u>AEMO must give the Committee its reason for not following any such Recommendation.</u></p>
7	<p>Amendment of the approved process</p> <p>The information briefing note states that the Rules consultation process will be used to amend the approved process ie a public consultation process.</p> <p>The drafting in this clause states that AEMO can consult with the RMPC and then decide whether to amend the approved process or not. It would be useful to add a clause that says AEMO will then undertake Rules consultation as required under 7.1.4A(b) for any change.</p>	
Attachment A	<p>Query whether the sniff test of whether a proposed change should proceed further or not can be undertaken in 10 days.</p> <p>What does the last box on the right encompass? Is this the PPC consultation has been completed and the RMPC recommends proceeding? Ie that the RMP draft changes are documented, the rationale for the change, there is sufficient cost/benefit to proceed and the build pack is available as tracked changes, any schema changes endorsed by the aseXML w/g.</p> <p>Does the Rules consultation process follow this, it may be useful to add a column to the diagram indicating that the Rules consultation process follows.</p>	<p>The approved process and suite of documents would benefit from the clarifying the RMPC role during the formal Rules consultation process.</p>

Clause	Issue	Recommended change
	It is unclear in 2.1 whether the RMPC is only advising AEMO during the approved process ie pre Rules consultation or whether the recommendations referred to in 4 and 5 are limited to the development of the RMP changes and do not extend to providing input during the Rules consultation process. UE understands that the RMEC/IEC today does administer (for B2B) and provide advice during the Rules consultation process today.	
RMPC - Election Procedures		
1(c)	Correct the reference later	
3.1	Further consideration is required on whether the 2 independents members should be maintained. Given new categories of service providers in the market, extra independence may be useful/valuable over and above the two traditional market segments – retail and distribution.	
4.1 (b)	In a similar manner to the above, if the RMPC remains representative then there should be consideration how to provide an option that one or two small retailers are able to participate in the RMPC	
8.1	<p>The briefing papers suggest that the agreement to change is based on a simple majority of voters. However the drafting in the Election Procedures states that it is 75% approval by each voter segment ie 75% of retailers and 75% of distributors.</p> <p>Refer to our comments on the Operating manual in relation to clause 14.1.</p>	UE support the 75% per segment being maintained in the decision making process.