

Our Ref: 39344- D13/167350  
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29 November 2013

John Pierce  
Chairman  
Australia Energy Market Commission  
PO Box A2449  
SYDNEY SOUTH NSW 1235

Dear Mr Pierce

### **National Electricity Amendment (Governance of retail market procedure) Rule 2014**

The Australian Energy Regulator (**AER**) welcomes the opportunity to respond to the Australian Energy Market Commission's (**AEMC**) consultation paper on the Australian Energy Market Operator's (**AEMO**) rule change request relating to the governance of retail market procedures under chapter 7 of the National Electricity Rules (**Electricity Rules**). This submission focuses on the proposed enforcement arrangements for the retail market procedures.

The retail market procedures refer to a set of procedures prescribed under the Electricity Rules that relate to the sale and supply of electricity to retail customers or the operation of retail electricity markets. They include the Business to Business (**B2B**) procedures, the metrology procedures and Market Settlement and Transfer Solution (**MSATS**) procedures.

The purpose of the MSATS procedures is to facilitate customer transfers and market settlement in the National Electricity Market (**NEM**). It establishes obligations relating to customer transfers, the registration and maintenance of National Metering Identifier (**NMI**) standing data, NMI discovery and the management of metering data within the MSATS system. Overall, the MSATS procedures are an important regulatory instrument for facilitating the market and retail contestability.

AEMO's rule change request seeks to limit the AER's enforcement options in relation to the MSATS procedures. In particular, AEMO proposes to remove the civil penalty provision from rule 7.2.8, which imposes a requirement to comply with the MSATS procedures.

Removing the civil penalty provision from the MSATS procedures diminishes the ability of the AER to enforce compliance with these procedures. In particular, it will mean the AER has limited enforcement capabilities regarding the customer transfer process, since there are no civil penalties attached to the customer transfer provisions in the National Energy Retail Rules (**Retail Rules**). This is of particular concern, considering transfers in error appear to be on the rise within the NEM. It is also noted that civil penalties were not attached to the transfer provisions under the Retail Rules, primarily because the MSATS procedures attracted a civil penalty.

Overall, without the civil penalty attached to the MSATS procedures, the deterrence to non-compliance and meaningful consequences for businesses that adversely affect consumers or create risks to the efficient operation of the market through non-compliance is significantly limited. Therefore, we consider a civil penalty regime should remain available for breaches of the MSATS procedures.

If you have any queries relating to this submission, please contact Peter Adams, Director, on 08 8213 3408.

Yours sincerely



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General Manager  
Wholesale Markets, AER