



Draft National Electricity Amendment (Market participant suspension framework) Rule 2016

under the National Electricity Law to the extent applied by:

- (a) the National Electricity (South Australia) Act 1996 of South Australia;
- (b) the Electricity (National Scheme) Act 1997 of the Australian Capital Territory;
- (c) the Electricity - National Scheme (Queensland) Act 1997 of Queensland;
- (d) the Electricity - National Scheme (Tasmania) Act 1999 of Tasmania;
- (e) the National Electricity (New South Wales) Act 1997 of New South Wales;
- (f) the National Electricity (Victoria) Act 2005 of Victoria;
- (g) the National Electricity (Northern Territory) (National Uniform Legislation) Act 2015; and
- (h) the Australian Energy Market Act 2004 of the Commonwealth.

The Australian Energy Market Commission makes the following Rule under the National Electricity Law.

John Pierce
Chairman
Australian Energy Market Commission

Draft National Electricity Amendment (Market participant suspension framework) Rule 2016

1 Title of Rule

This Rule is the *Draft National Electricity Amendment (Market participant suspension framework) Rule 2016*.

2 Commencement

This Rule commences operation on [DATE ONE MONTH AFTER RULE IS MADE].

3 Amendment of the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 1.

4 Amendment of the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 2.

Schedule 1 Amendment to the National Electricity Rules

(Clause 3)

[1] Clause 3.3.1 Market participant criteria

Omit clause 3.3.1(b), including the note, and substitute "[Deleted]".

[2] Clause 3.15.21 Default procedure

Omit clause 3.15.21(c) and substitute:

- (c) If a *default event* that is not an *external administration default event* is not remedied by 1.00 pm (*Sydney time*) the next *day* following the date of issue of the *default notice* or any later deadline agreed to in writing by *AEMO*, or if *AEMO* receives notice from the *defaulting Market Participant* that it is not likely to remedy the default, then *AEMO* may issue a *suspension notice*. For the avoidance of doubt, nothing in paragraphs (c1) to (c6) limits *AEMO*'s discretion in relation to issuing a *suspension notice* under this paragraph (c).
- (c1) If an *external administration default event* is not remedied by 1.00 pm (*Sydney time*) the next *day* following the date of issue of the *default notice* or any later deadline agreed to in writing by *AEMO*, or if *AEMO* receives notice from the *defaulting Market Participant* that it is not likely to remedy the default, then *AEMO* must issue a *suspension notice* to the *defaulting Market Participant* in relation to each category of *Market Participant* for which it is registered (each a **registration category**) unless it makes a *non-suspension decision* in relation to the *defaulting Market Participant*.
- (c2) *AEMO* may only make a *non-suspension decision* in relation to the *defaulting Market Participant* if:
 - (1) the external administrator has requested or consented to the *non-suspension decision* and has undertaken that the *defaulting Market Participant* will meet its relevant liabilities under the *Rules*; and
 - (2) taking into account the following matters, *AEMO* considers that the *defaulting Market Participant* should not be suspended in relation to that registration category:
 - (i) the likelihood that the *defaulting Market Participant* will comply with its obligations under the *Rules* relevant to that registration;
 - (ii) only in the case where the *defaulting Market Participant* is a *Market Generator*, *Market Small Generator Aggregator* or *Market Network Service Provider*, the

potential impact of the suspension of that registration on the *reliability* of the *power system*; and

- (iii) any other matters *AEMO* considers relevant.
- (c3) *AEMO* may make a *non-suspension decision* conditional on the *defaulting Market Participant* continuing to satisfy specified obligations including, without limitation, conditions relating to compliance with the *Rules*.
 - (c4) A *defaulting Market Participant* must comply with any conditions specified in a *non-suspension decision*.
 - (c5) Promptly after making a *non-suspension decision* in relation to a *defaulting Market Participant*, *AEMO* must:
 - (1) notify the *defaulting Market Participant* of its decision and any conditions that must be satisfied by the *defaulting Market Participant* if the *non-suspension decision* is to remain in effect; and
 - (2) *publish* a notice specifying:
 - (i) that an *external administration default event* has occurred in respect of the *defaulting Market Participant*;
 - (ii) that *AEMO* has made a *non-suspension decision* in accordance with paragraph (c2);
 - (iii) the registration categories of the *defaulting Market Participant* affected by the *non-suspension decision* and the activities (or subset of activities) of those registration categories that are the subject of the *non-suspension decision*; and
 - (iv) that despite the *non-suspension decision*, *AEMO* may issue a *suspension notice* in relation to the registration categories and activities covered by the *non-suspension decision* in the circumstances set out in subparagraphs (c6)(1) to (3).
 - (c6) Despite paragraph (c) and (c1), if at any time after the issue of a *non-suspension decision*:
 - (1) *AEMO*, in its reasonable opinion, considers that the *defaulting Market Participant* has failed to satisfy any of the conditions that apply to the *non-suspension decision*;
 - (2) a *default event* occurs in respect of the *defaulting Market Participant*; or

- (3) *AEMO* is not satisfied that the *defaulting Market Participant* will meet its relevant liabilities under the *Rules*,

then *AEMO* may immediately issue a *suspension notice* to the *defaulting Market Participant* in relation to the registration categories and activities of the *defaulting Market Participant* covered by that *non-suspension decision*.

Schedule 2 Amendment to the National Electricity Rules

(Clause 5)

[1] Chapter 10 New Definitions

In Chapter 10, insert the following new definitions in alphabetical order:

external administration default event

A *default event* of a type referred to in subparagraphs 3.15.21(a)(10), (11), (12) or (13).

non-suspension decision

A decision made by *AEMO* under clause 3.15.21(c1) not to suspend each of the registration categories of a *defaulting Market Participant* following an *external administration default event*.

[2] Chapter 10 Substituted Definitions

In Chapter 10, substitute the following definitions:

suspension notice

A notice issued by *AEMO* to a *defaulting Market Participant* pursuant to clause 3.15.21(c) or (c1) under which *AEMO* notifies the *defaulting Market Participant*:

- (a) of the date and time from which it is suspended from trading;
 - (b) the registration categories of the *defaulting Market Participant* to which the suspension relates; and
 - (c) in respect of the registration categories referred to in paragraph (b), the activities (or subset of activities) of the *Market Participant* that have been suspended.
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