



Fact sheet: How the AEMC makes rules

The Australian Energy Market Commission (AEMC) makes rules for energy markets under the National Electricity Law, the National Gas Law and the National Energy Retail Law.

These rules impact on how market participants can operate in the competitive generation and retail sectors; provide specific rights for consumers to whom energy is supplied; and also govern the economic regulation of electricity transmission and distribution services – the ‘poles and wires’ and gas pipelines.

Our rule making reflects the highest standards of market governance. We do not propose rules (except for minor changes such as corrections). Any stakeholders, including governments, industry and consumers can request rule changes.

Rule-making test: promoting the long-term interest of consumers

The rule making test that we apply, and must follow under law, is whether making a rule will, or is likely to, contribute to the national energy objectives, which focus on promoting the long-term interests of consumers with respect to price, quality, safety, reliability and security of supply of energy.

There are typically four stages in the process:

1. Public consultation on a rule change request
2. AEMC develops a draft rule determination (which may include a draft rule)
3. Public consultation on draft rule determination
4. Final rule determination

Rule-making timeframes

We seek to complete rule change processes as quickly as possible while recognising the importance of appropriate consultation with stakeholders to achieve the right outcomes for consumers.

The rule change process must be undertaken within the statutory timeframes required by the national energy laws.

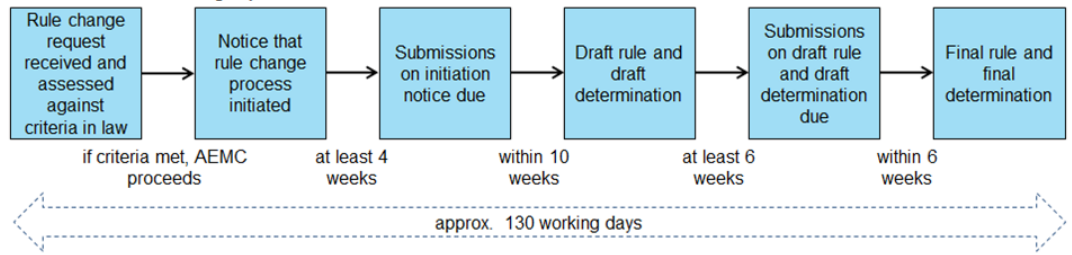
The standard timeframe under law for a rule change is approximately 6 months. Before we start the statutory process we make practical decisions on whether standard timeframes are achievable given the request’s scope and competing work priorities. We can also extend the timeframe to provide, for instance, longer consultation periods and proper consideration of the issues and implications.

The rule-making process can be expedited if the request is ‘non-controversial’ or ‘urgent’ (as defined in the national energy laws). The expedited process is 6 weeks. We can also fast track rule changes where there has been adequate previous public consultation by a market regulatory body or if the request arises from an AEMC review. Under the fast-track process there is no consultation period before the AEMC makes a draft rule determination. This fast-tracked process is approximately 4 months from initiation.

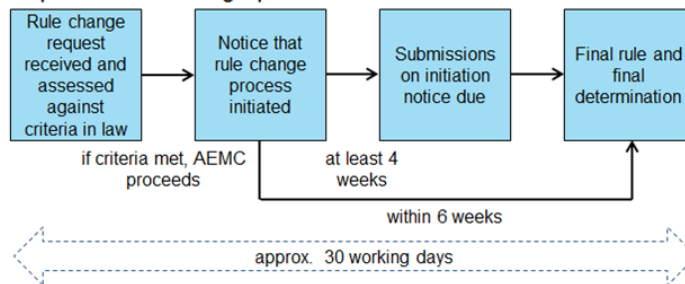
Managing rule making timeframes

Effectively engaging with people and organisations with an interest in Australia's energy market provides valuable input to our rule making

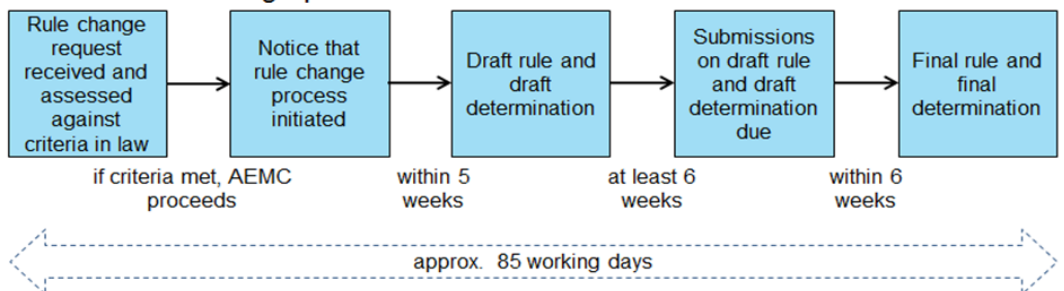
Standard rule change process



Expedited rule change process



Fast track rule change process



Notification of a rule change project

Under the energy market laws, upon initiating a rule change request the AEMC publishes:

- a notice of the request for the making of a Rule;
- a consultation paper that sets out the issues raised by the rule change request; and
- the Rule change request that the AEMC received.

The notice includes:

- an invitation for any person to make written submissions to the AEMC on the proposed rule change;
- the closing date for any submissions to the AEMC – giving stakeholders at least four weeks from the date the notice is published to respond; and
- information about whether the AEMC intends to expedite, fast track or extend the rule making process.

Any person may make a submission to the AEMC on the proposed rule change.

Stakeholders are welcome to discuss the reasons for our decisions with AEMC staff

Consultation

Effectively engaging with people and organisations with an interest in Australia's energy market provides valuable input to our rule making. While we do not always expect stakeholders to agree with us, they should feel they are listened to and understand how we have come to our decisions.

To elicit effective engagement in our rule change processes, we aim to communicate with stakeholders in a clear and understandable way through the information and materials we produce. We prepare summaries, information sheets, infographics, fact sheets and other accompanying materials to make our work more easily understood and accessible for stakeholders, including those who may not have prior knowledge of the relevant issues.

The AEMC is not required by law to hold a public forum on a proposed rule before it makes a draft rule determination. However, we regularly arrange public forums, meetings, workshops and advisory groups where these help us to build stakeholder awareness and understanding, and provide an avenue for meaningful input to help us make better decisions.

All determinations, reports, supporting publications, submissions and the proceedings of public forums, workshops and advisory group meetings are published on our website – subject to confidentiality claims. We update stakeholders through regular emails, and anyone can sign up to our email alerts.

Final determinations

We maintain regular dialogue with our stakeholders to build an understanding of the reasons for decisions and the impact of changes that we make.

Our reasons for making (or not making) a rule, including how our decision serves the long-term interest of consumers, are published in the final rule determination for each rule change on our website.

Stakeholders are welcome to discuss the reasons for our decisions with AEMC staff.