

These recommended revisions to the National Electricity Rules, National Energy Retail Rules and National Gas Rules have been prepared by the Australian Energy Market Commission and accompany the information paper initiating consultation on rules drafting to implement regulatory sandbox arrangements to support proof-of-concept trials (16 January 2020). These recommended changes to the rules reflect the final recommendations made in the final report on regulatory sandbox arrangements to support proof of concept trials (26 September 2019). This document is provided for consultation and stakeholder submissions are sought by 20 February 2020. Written submissions on the draft rules must be lodged online via the Commission's website, [www.aemc.gov.au](http://www.aemc.gov.au), using the "lodge a submission" function and selecting the project reference code EPR0079.

The recommended changes are based on the versions of the rules listed below. The Commission expects that all proposed drafting will need to be reviewed immediately prior to implementation to factor in any other changes to the energy laws and rules from the date of publication of the final report to the commencement day.

The proposed revisions to Chapters 8 and 10 of the National Electricity Rules are tracked on version 123 of the NER.

The proposed revisions to Parts 1 and 12 of the National Energy Retail Rules are tracked on version 17 of the NERR.

The proposed revisions to the National Gas Rules are tracked on version 49 of the NGR.

The above rules have, for convenience, been reduced in length by removing parts of the NER, NERR or NGR (as applicable) for which no changes are recommended.

The document covers recommended changes to:

1. Chapter 8 of the National Electricity Rules
2. Chapter 10 of the National Electricity Rules
3. Part 1 of the National Energy Retail Rules
4. Part 12 of the National Energy Retail Rules
5. The National Gas Rules.

# 1. Amendments to Chapter 8 of the NER

## Chapter 8. Administrative Functions

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### Part J Trial waivers, trial Rules and trial projects

#### 8.13 Purpose

- (a) The purpose of this Part J is to make provision for:
- (1) the granting of *trial waivers* by the *AER* to enable *trial projects* to be carried out;
  - (2) the information that is required to be provided to the *AEMC* in an application for the making of a *trial Rule*; and
  - (3) oversight and monitoring by the *AER* of *trial projects* that are carried out under *trial waivers* or *trial Rules*.
- (b) For the purposes of this Part J:
- (1) **explicit informed consent** to participation in a *trial project* is given by a *retail customer* to a person carrying out, or involved in the carrying out, of a *trial project* where:
    - (i) the person, or another person acting on behalf of that person, has clearly, fully and adequately disclosed all matters relevant to the consent of the customer, including each specific purpose or use of the consent; and
    - (ii) the customer gives consent to participating in the *trial project*:
      - (A) in writing signed by the customer; or
      - (B) by electronic communication generated by the customer; or
      - (C) verbally, so long as the verbal consent is recorded in such a way that it can be verified and made the

subject of a record under subparagraph (2).

- (2) Whenever a person is required to obtain explicit informed consent of a *retail customer* under this Part or under the *Trial Projects Guidelines*, the person must:
- (i) create a record of each explicit informed consent in such format and including such information as will enable:
    - (A) the AER to verify the person's compliance with the relevant requirements under this Part or under the *Trial Projects Guidelines* relating to explicit informed consent; and
    - (B) the person to answer enquiries from a *retail customer* relating to the customer's explicit informed consent; and
  - (ii) retain that record for at least 2 years; and
  - (iii) on request by a *retail customer* and at no charge, provide the customer with access to a copy of the record of any explicit informed consent -given by that customer.

## **8.14 The Trial Projects Guidelines**

- (a) The AER must make and *publish Trial Projects Guidelines* that specify:
- (1) the approach the AER proposes to follow in considering and granting *trial waivers*, including:
    - (i) the timeline within which the AER will determine applications for *trial waivers*;
    - (ii) the AER's proposed approach to assessing whether the applicant has satisfied the *information requirements* and the *eligibility requirements*;
    - (iii) consumer protection measures that the AER may require as a condition of granting a *trial waiver*; and
    - (iv) reporting obligations that the AER may require as a condition of granting a *trial waiver*;
  - (2) the approach that the AER proposes to follow in overseeing the conduct and outcomes of *trial projects*; and

- (3) each of the other matters required or permitted under this Part to be specified in the *Trial Projects Guidelines*;
- (4) any matters required or permitted under the *National Energy Retail Rules* or the *National Gas Rules* to be specified in the *Trial Projects Guidelines*; and
- (5) any other matter that the AER considers appropriate in relation to the grant of *trial waivers* and the monitoring of *trial projects* conducted under *trial waivers* or *trial Rules*.

(b) The AER:

- (1) must develop and make the *Trial Projects Guidelines*; and
- (2) may amend the *Trial Projects Guidelines* from time to time, in accordance with the *Rules consultation procedures*.

(c) The AER may make minor and administrative amendments to the *Trial Projects Guidelines* under paragraph (b)(2) without complying with the *Rules consultation procedures*.

## **8.15 Trial waivers**

### **8.15.1 Application for a trial waiver**

- (a) An application for the grant of a *trial waiver* must be made to the AER in the form (if any) prescribed in the *Trial Projects Guidelines*.
- (b) An application must contain the following information (the ***information requirements***):
  - (1) details of the particular sections of the *Law* and/or provisions of the *Rules* in respect of which the person seeks a *trial waiver*;
  - (2) identification of the *trial project confidential information*; and
  - (3) any other information specified in the *Trial Projects Guidelines*.
- (c) After receiving an application for the grant of a *trial waiver*, the AER may, by notice in writing, request the applicant to provide, by a specified date, such further information as the AER may require in connection with the proposed *trial project* and the requested *trial waiver*.
- (d) For the purposes of Part 3 Division 6 of the *Law*, information provided by an applicant to the AER in, or in connection with, an application for a *trial*

waiver that is not identified as *trial project confidential information* is not information given to the AER in confidence.

### **8.15.2 Initial consideration of a proposed trial waiver**

- (a) Subject to paragraph (b), after receiving an application for the grant of a *trial waiver*, the AER may terminate its consideration of the application at any time if:
- (1) the AER considers that the application does not comply with the information requirements;
  - (2) the applicant does not respond to a request for further information under rule 8.15.1(c) by the specified date, or the AER considers that the applicant has not provided a sufficient response to such a request;
  - (3) the AER considers that the proposed *trial project* can be carried out satisfactorily without a *trial waiver*; or
  - (4) the AER otherwise considers that the application is misconceived or lacking in substance.
- (b) If, having regard to the matters set out in paragraph (a), the AER considers that it should terminate its consideration of an application, the AER:
- (1) must notify the applicant in writing that it has, and the reasons why it has, formed that view, and invite the applicant to make submissions or to provide further information within 7 days; and
  - (2) must take account of any submissions or information so provided by the applicant before deciding to terminate its consideration of the application.

### **8.15.3 Consultation regarding a proposed trial waiver**

- (a) Subject to paragraph (c), the AER must carry out public consultation in relation to a proposed *trial waiver*, unless it is satisfied that the proposed *trial waiver*:
- (1) is unlikely to have an impact on other *registered participants*; and
  - (2) is unlikely to have a direct impact on *retail customers* other than those who provide explicit informed consent to participate in the *trial project*.

- (b) The AER must consult AEMO in relation to a proposed trial waiver unless the AER is satisfied that the proposed trial waiver and trial project will not affect AEMO's operation of the power system and the market.
- (c) The AER must carry out public consultation in relation to a proposed trial waiver for which AEMO is the applicant, and may consult further with AEMO about the proposed trial waiver.
- (d) The Trial Projects Guidelines must specify the procedures by which the AER will carry out public consultation in relation to a proposed trial waiver.

#### **8.15.4 Eligibility requirements**

- (a) The AER may only grant a trial waiver if it is satisfied that, in addition to the matter specified in section 16A(2) of the Law:
  - (1) the trial project is genuinely innovative;
  - (2) the trial project has the potential to lead to better services and outcomes for consumers;
  - (3) the trial project is unable to be conducted without a trial waiver;
  - (4) the trial waiver will be appropriately limited in time, scope and scale;
  - (5) adequate consumer protections will be maintained in connection with the trial project; and
  - (6) that any other eligibility requirement specified in the Trial Projects Guidelines has been satisfied,

(the eligibility requirements).
- (b) In considering whether to grant a trial waiver, the AER must have regard to:
  - (1) whether the carrying out and monitoring of the trial project is likely to contribute to the development of regulatory and industry experience;
  - (2) whether the trial project may have an adverse effect on the safety, reliability or security of supply of electricity and the measures that the applicant will take to avoid or mitigate such risks; and

(3) whether the extent and nature of the *trial project confidential information* claimed by the applicant may impair:

(i) the *AER's* ability to provide appropriate public transparency in relation to the conduct and outcomes of *trial projects*; or

(ii) the appropriate development of regulatory and industry experience arising from the *trial project*.

(c) In considering whether to grant a *trial waiver*, the *AER* may have regard to any other matter it considers relevant, including (but not limited to) any relevant consideration that may be specified in the *Trial Projects Guidelines*.

#### **8.15.5 Extension of a trial waiver**

(a) The *AER* may extend a *trial waiver* for a further specified period if the *AER* remains satisfied of:

(1) the matter specified in [section 16A\(2\)](#) of the *Law*; and

(2) the *eligibility requirements*.

(b) The *Trial Projects Guidelines* may provide for any additional mandatory requirements and any relevant considerations for the extension of a *trial waiver*.

(c) If it extends a *trial waiver*, the *AER* may impose such further conditions, or modify or retain the existing conditions of the *trial waiver*, as it considers appropriate.

#### **8.15.6 Evidence of a trial waiver**

A certificate signed by a member of the *AER* certifying that a person named in the certificate has been granted a *trial waiver*, and setting out:

(a) the extent and duration of the *trial waiver*; and

(b) any conditions subject to which the *trial waiver* was granted,

is evidence of the *trial waiver*.

#### **8.16 Request for a trial Rule**

(a) For the purposes of [section 96B\(3\)\(a\)](#) of the *Law*, a request for the making of a *trial Rule* must contain the following information:

(1) the name and address of the person making the request;

- (2) a detailed outline of the proposed *trial project*;
- (3) an explanation of how the proposed *trial project* will or is likely to lead to the achievement of the national electricity objective;
- (4) an explanation of the expected benefits and costs of the *trial project* for consumers and other market participants and the innovation that it may lead to;
- (5) a description of the proposed *trial Rule*;
- (6) a summary of the person's previous engagement with the *AER*, *AEMO* or any *jurisdictional regulator* in relation to the *trial project*;
- (7) an explanation why the *trial Rule* is needed in order to conduct the *trial project*;
- (8) an explanation of how consumer protections will be maintained under the *trial Rule*, including whether and how the explicit informed consent of *retail customers* participating in the *trial project* will be obtained;
- (9) the applicant's approach to consumer engagement and dispute management;
- (10) an explanation of how risks to the safety, reliability and security of the supply of electricity will be avoided or mitigated;
- (11) evidence that the person has the operational and financial ability to carry out the *trial project*;
- (12) identification of the *trial project confidential information*;
- (13) an outline of the trial closure process, and how participating *retail customers* will revert to their pre-existing supply arrangements after closure of the *trial project*; and
- (14) any other information specified in the *Trial Projects Guidelines*.

(b) For the purposes of section 24 of the *Australian Energy Market Commission Establishment Act 2004 (SA)* (as applied by section 31 of the *Law*), information provided by an applicant to the *AEMC* in, or in connection with, a request for the making of a *trial Rule* that is not identified as *trial project confidential information* is not information given to the *AEMC* in confidence.



## **8.17 Monitoring of trial projects**

### **8.17.1 Application**

This Rule applies in relation to *trial projects* conducted under *trial waivers* and *trial Rules*.

### **8.17.2 Compliance monitoring**

- (a) A person to whom a *trial waiver* is granted must comply with all conditions upon which the *trial waiver* is granted.

#### **Note**

The AEMC will be recommending to the COAG Energy Council that this clause be classified as a civil penalty provision under the National Electricity (South Australia) Regulations.

- (b) A person who applies for the making of a *trial Rule* must comply with the *trial Rule*.

#### **Note**

The AEMC will be recommending to the COAG Energy Council that this clause be classified as a civil penalty provision under the National Electricity (South Australia) Regulations.

- (c) The AER must monitor compliance with:

- (1) any conditions on which a *trial waiver* is granted; and
- (2) the provisions of a *trial Rule*.

### **8.17.3 Early termination and opting out of trial projects**

The *Trial Projects Guidelines* must provide for processes by which and grounds upon which:

- (1) a *retail customer* participating in a *trial project* may apply to the AER to opt out of a *trial project*; and
- (2) the AER may:
  - (i) terminate a *trial waiver* before its scheduled expiry; or
  - (ii) recommend to the AEMC that the AEMC repeal a *trial Rule* before its scheduled expiry,

including provision for the AER to do so either on its own motion, or upon application by a *retail customer* affected by the *trial project*, a *consumer organisation* or AEMO.

## 2. Amendments to Chapter 10 of the NER

### 10. Glossary

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#### consumer organisation

An association or body (whether incorporated or unincorporated) that:

- (a) represents and promotes the interests of its members in relation to the provision of electricity services; or
- (b) has, as an object or purpose, representing and promoting the interests of persons (including *retail customers*) who acquire or intend to acquire electricity for consumption purposes.

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#### eligibility requirements

The requirements for grant of a *trial waiver*, as specified in clause 8.15.4(a).

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#### information requirements

The information that is required to be contained in an application for a *trial waiver* in accordance with clause 8.15.1(b).

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#### National Gas Law

Means the *National Gas Law* set out in the Schedule to the *National Gas (South Australia) Act 2008* of South Australia.

#### National Gas Rules

Has the same meaning as in the *National Gas Law*.

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#### trial project

Has the meaning given in the *National Electricity Law*.

#### trial project confidential information

Information regarding a *trial project* and submitted to:

(a) the AER in, or in connection with, an application for a *trial waiver*; or

(b) the AEMC in, or in connection with, a request for the making of a *trial Rule*,

that is identified by the applicant as being confidential.

*Trial Projects Guidelines*

Guidelines made and published by the AER under rule 8.14.

*trial Rule*

A Rule made by the AEMC under section [96B] of the *National Electricity Law*.

*trial waiver*

A waiver granted by the AER under section [16A] of the *National Electricity Law*.

## 3. Amendments to Part 1 of the NERR

### Part 1 Preliminary

#### Division 1 Introduction and definitions

##### 1 Citation

These Rules may be cited as the *National Energy Retail Rules*.

##### 2 Commencement

These Rules come into operation on [insert date on which the NERL is to commence in the first participating jurisdiction].

##### 3 Definitions

###### Note—

Words and expressions used in these Rules have the same meanings as they have, from time to time, in *the Law* or relevant provisions of *the Law*, except so far as the contrary intention appears in these Rules. See clause 13 of Schedule 2 to the NGL (as applied by section 8 of *the Law*).

In these Rules—

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*consumer organisation* means an association or body (whether incorporated or unincorporated) that:

- (a) represents and promotes the interests of its members in relation to the provision of energy services; or
- (b) has, as an object or purpose, representing and promoting the interests of persons (including customers) who acquire or intend to acquire energy for consumption purposes;

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*eligibility requirements* means the requirements for grant of a trial waiver, as specified in rule 178(1);

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*information requirements* means the information that is required to be contained in an application for a trial waiver in accordance with rule 175(2);

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*trial project confidential information* means information regarding a trial project and submitted to:

- (a) the AER in, or in connection with, an application for a trial waiver; or
- (b) the AEMC in, or in connection with, a request for the making of a trial Rule,

that is identified by the applicant as being confidential;

*Trial Projects Guidelines* means guidelines of that name made and published by the AER under the NER;

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*unplanned interruption*—see rule 88.

*void transfer* means the transfer of a small customer from a retailer to another retailer which is void under section 41(1) of *the Law*.

*void transfer date*- means the date of the *void transfer*.

### **3A Savings and Transitional Rules**

Schedule 3 applies.

## 4. Amendments to Part 12 of the NERR

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### Part 13 Trial waivers, trial Rules and trial projects

#### Division 1 Preliminary

#### 174 Purpose

- (1) The purpose of this Part 13 is to make provision for:
  - (a) the granting of trial waivers by the AER to enable trial projects to be carried out;
  - (b) the information that is required to be provided to the AEMC in an application for the making of a trial Rule; and
  - (c) oversight and monitoring by the AER of trial projects that are carried out under trial waivers or trial Rules.
- (2) For the purposes of this Part 13:
  - (a) explicit informed consent to participation in a trial project is given by a retail customer to a person carrying out, or involved in the carrying out, of a trial project where:
    - (i) the person, or another person acting on behalf of that person, has clearly, fully and adequately disclosed all matters relevant to the consent of the customer, including each specific purpose or use of the consent; and
    - (ii) the customer gives consent to participating in the trial project:
      - (A) in writing signed by the customer; or
      - (B) by electronic communication generated by the customer; or
      - (C) verbally, so long as the verbal consent is recorded in such a way that it can be verified and made the subject of a record under paragraph (b).
  - (b) Whenever a person is required to obtain explicit informed consent of a retail customer under this Part or under the *Trial Projects Guidelines*, the person must:
    - (i) create a record of each explicit informed consent in such format and including such information as will enable:
      - (A) the AER to verify the person's compliance with the relevant requirements under this Part or under the *Trial Projects Guidelines* relating to explicit informed consent; and
      - (B) the person to answer enquiries from a retail customer relating to the customer's explicit informed consent; and
    - (ii) retain that record for at least 2 years; and

(iii) on request by a retail customer and at no charge, provide the customer with access to a copy of the record of any explicit informed consent given by that customer.

(c) **retail customer** means a person who is a customer of a retailer.

## **Division 2 Trial waivers**

### **175 Application for a trial waiver**

- (1) An application for the grant of a trial waiver must be made to the AER in the form (if any) prescribed in the *Trial Projects Guidelines*.
- (2) An application must contain the following information (the **information requirements**):
  - (a) details of the particular sections of the *Law* and/or provisions of these Rules in respect of which the person seeks a trial waiver;
  - (b) identification of the *trial project confidential information*; and
  - (c) any other information specified in the *Trial Projects Guidelines*.
- (3) After receiving an application for the grant of a trial waiver, the AER may, by notice in writing, request the applicant to provide, by a specified date, such further information as the AER may require in connection with the proposed trial project and the requested trial waiver.
- (4) For the purposes of Part 8 Division 3 of the *Law*, information provided by an applicant to the AER in, or in connection with, an application for a trial waiver that is not identified as *trial project confidential information* is not information given to the AER in confidence.

### **176 Initial consideration of a proposed trial waiver**

- (1) Subject to subrule (2), after receiving an application for the grant of a trial waiver, the AER may terminate its consideration of the application at any time if:
  - (a) the AER considers that the application does not comply with the information requirements;
  - (b) the applicant does not respond to a request for further information under rule 175(3) by the specified date, or the AER considers that the applicant has not provided a sufficient response to such a request;
  - (c) the AER considers that the proposed trial project can be carried out satisfactorily without a trial waiver; or
  - (d) the AER otherwise considers that the application is misconceived or lacking in substance.
- (2) If, having regard to the matters set out in subrule (1), the AER considers that it should terminate its consideration of an application, the AER:

- (a) must notify the applicant in writing that it has, and the reasons why it has, formed that view, and invite the applicant to make submissions or to provide further information within 7 days; and
- (b) must take account of any submissions or information so provided by the applicant before deciding to terminate its consideration of the application.

### **177 Consultation regarding a proposed trial waiver**

- (1) Subject to subrule (3), the AER must carry out public consultation in relation to a proposed trial waiver, unless it is satisfied that the proposed trial waiver:
  - (a) is unlikely to have an impact on other regulated entities; and
  - (b) is unlikely to have a direct impact on retail customers other than those who provide explicit informed consent to participate in the trial project.
- (2) The AER must consult AEMO in relation to a proposed trial waiver unless the AER is satisfied that the proposed trial waiver and trial project will not affect AEMO's operation of the national electricity system, any gas pipeline or any wholesale electricity or gas market.
- (3) The AER must carry out public consultation in relation to a proposed trial waiver for which AEMO is the applicant, and may consult further with AEMO about the proposed trial waiver.
- (4) The *Trial Projects Guidelines* must specify the procedures by which the AER will carry out public consultation in relation to a proposed trial waiver.

### **178 Eligibility requirements**

- (1) The AER may only grant a trial waiver if it is satisfied that, in addition to the matter specified in section 205A(2) of the *Law*:
  - (a) the trial project is genuinely innovative;
  - (b) the trial project has the potential to lead to better services and outcomes for consumers;
  - (c) the trial project is unable to be conducted without a trial waiver;
  - (d) the trial waiver will be appropriately limited in time, scope and scale;
  - (e) adequate consumer protections will be maintained in connection with the trial project; and
  - (f) that any other eligibility requirement specified in the *Trial Projects Guidelines* has been satisfied,  
(the *eligibility requirements*).
- (2) In considering whether to grant a trial waiver, the AER must have regard to:
  - (a) whether the carrying out and monitoring of the trial project is likely to contribute to the development of regulatory and industry experience;



- (b) whether the trial project may have an adverse effect on the safety, reliability or security of supply of energy and the measures that the applicant will take to avoid or mitigate such risks; and
- (c) whether the extent and nature of the *trial project confidential information* claimed by the applicant may impair:
  - (i) the AER's ability to provide appropriate public transparency in relation to the conduct and outcomes of trial projects; or
  - (ii) the appropriate development of regulatory and industry experience arising from the trial project.
- (3) In considering whether to grant a trial waiver, the AER may have regard to any other matter it considers relevant, including (but not limited to) any relevant consideration that may be specified in the *Trial Projects Guidelines*.

### **179 Extension of a trial waiver**

- (1) The AER may extend a trial waiver for a further specified period if the AER remains satisfied of:
  - (a) the matter specified in section 205A(2) of the *Law*; and
  - (b) the *eligibility requirements*.
- (2) The *Trial Projects Guidelines* may provide for any additional mandatory requirements and any relevant considerations for the extension of a trial waiver.
- (3) If it extends a trial waiver, the AER may impose such further conditions, or modify or retain the existing conditions of the trial waiver, as it considers appropriate.

### **180 Evidence of a trial waiver**

A certificate signed by a member of the AER certifying that a person named in the certificate has been granted a trial waiver, and setting out:

- (a) the extent and duration of the trial waiver; and
- (b) any conditions subject to which the trial waiver was granted,

is evidence of the trial waiver.

## **Division 3 Trial Rules**

### **181 Request for a trial Rule**

- (1) For the purposes of section 253A(3)(a) of the *Law*, a request for the making of a trial Rule must contain the following information:
  - (a) the name and address of the person making the request;
  - (b) a detailed outline of the proposed trial project;

- (c) an explanation of how the proposed trial project will or is likely to lead to the achievement of the national energy retail objective;
  - (d) an explanation of the expected benefits and costs of the trial project for consumers and other market participants and the innovation that it may lead to;
  - (e) a description of the proposed trial Rule;
  - (f) a summary of the person's previous engagement with the AER, AEMO or any jurisdictional regulator in relation to the trial project;
  - (g) an explanation why the trial Rule is needed in order to conduct the trial project;
  - (h) an explanation of how consumer protections will be maintained under the trial Rule, including whether and how the explicit informed consent of customers participating in the trial project will be obtained;
  - (i) the applicant's approach to consumer engagement and dispute management;
  - (j) an explanation of how risks to the safety, reliability and security of supply of energy will be avoided or mitigated;
  - (k) evidence that the person has the operational and financial ability to carry out the trial project;
  - (l) identification of the *trial project confidential information*;
  - (m) an outline of the trial closure process, and how participating customers will revert to their pre-existing supply arrangements after closure of the trial project; and
  - (n) any other information specified in the *Trial Projects Guidelines*.
- (2) For the purposes of section 24 of the *Australian Energy Market Commission Establishment Act 2004* (SA) (as applied by section 223 of the *Law*), information provided by an applicant to the AEMC in, or in connection with, a request for the making of a trial Rule that is not identified as *trial project confidential information* is not information given to the AEMC in confidence.

## **Division 4 Monitoring of trial projects**

### **182 Application**

This Division applies in relation to trial projects conducted under trial waivers and trial Rules.

## **183 Compliance monitoring**

- (1) A person to whom a trial waiver is granted must comply with all conditions upon which the trial waiver is granted.

### **Note**

The AEMC will be recommending to the COAG Energy Council that this clause be classified as a civil penalty provision under the National Energy Retail Regulations.

- (2) A person who applies for the making of a trial Rule must comply with the trial Rule.

### **Note**

The AEMC will be recommending to the COAG Energy Council that this clause be classified as a civil penalty provision under the National Energy Retail Regulations.

- (3) The AER must monitor compliance with:

- (a) any conditions on which a trial waiver is granted; and
- (b) the provisions of a trial Rule.

## **184 Early termination and opting out of trial projects**

The *Trial Projects Guidelines* must provide for processes by which and grounds upon which:

- (a) a customer participating in a trial project may apply to the AER to opt out of a trial project; and
- (b) the AER may:
  - (i) terminate a trial waiver before its scheduled expiry; or
  - (ii) recommend to the AEMC that the AEMC repeal a trial Rule before its scheduled expiry,

including provision for the AER to do so either on its own motion, or upon application by a customer affected by the trial project, a *consumer organisation* or AEMO.

## 5. Amendments to the NGR

### Part 1 Preliminary

#### 1 Citation

These rules may be cited as the *National Gas Rules 2008*

#### 2 Commencement

[Deleted]

#### 3 Interpretation

In these rules:

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*consumer organisation* means an association or body (whether incorporated or unincorporated) that:

- (a) represents and promotes the interests of its members in relation to the provision of natural gas services; or
- (b) has, as an object or purpose, representing and promoting the interests of persons (including *retail customers*) who acquire or intend to acquire natural gas for consumption purposes.

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*information requirements* means the information that is required to be contained in an application for a *trial waiver* in accordance with rule 135M(2).

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*trial project* has the same meaning as in the *NGL*.

*trial project confidential information* means information regarding a *trial project* and submitted to:

- (a) the AER in, or in connection with, an application for a *trial waiver*; or
- (b) the AEMC in, or in connection with, a request for the making of a *trial Rule*,

that is identified by the applicant as being confidential.

*Trial Projects Guidelines* means guidelines of that name made and published by the AER under the *NER*.

*trial Rule* means a Rule made by the AEMC under section [305A] of the *NGL*.

*trial waiver* means a waiver granted by the AER under section [28A] of the *NGL*.

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## Part 15E      Trial waivers, trial Rules and trial projects

### Division 1      Preliminary

#### 135L      Purpose

- (1) The purpose of this Part 15E is to make provision for:
- (a) the granting of *trial waivers* by the AER to enable *trial projects* to be carried out; and
  - (b) the information that is required to be provided to the AEMC in an application for the making of a *trial Rule*; and
  - (c) oversight and monitoring by the AER of *trial projects* that are carried out under *trial waivers* or *trial Rules*.
- (b) For the purposes of this Part 15E:
- (a) **explicit informed consent** to participation in a *trial project* is given by a *retail customer* to a person carrying out, or involved in the carrying out, of a *trial project* where:
    - (i) the person, or another person acting on behalf of that person, has clearly, fully and adequately disclosed all matters relevant to the consent of the customer, including each specific purpose or use of the consent; and
    - (ii) the customer gives consent to participating in the *trial project*:
      - (A) in writing signed by the customer; or
      - (B) by electronic communication generated by the customer; or
      - (C) verbally, so long as the verbal consent is recorded in such a way that it can be verified and made the subject of a record under paragraph (b).
  - (b) Whenever a person is required to obtain explicit informed consent of a *retail customer* under this Part or under the *Trial Projects Guidelines*, the person must:
    - (i) create a record of each explicit informed consent in such format and including such information as will enable:

(A) the AER to verify the person's compliance with the relevant requirements under this Part or under the *Trial Projects Guidelines* relating to explicit informed consent; and

(B) the person to answer enquiries from a *retail customer* relating to the customer's explicit informed consent; and

(i) retain that record for at least 2 years; and

(ii) on request by a *retail customer* and at no charge, provide the customer with access to a copy of the record of any explicit informed consent -given by that customer.

## **Division 2 Trial waivers**

### **135M Application for a trial waiver**

(1) An application for the grant of a *trial waiver* must be made to the AER in the form (if any) prescribed in the *Trial Projects Guidelines*.

(2) An application must contain the following information (the *information requirements*):

(a) details of the particular sections of the *National Gas Law* and/or provisions of the *Rules* in respect of which the person seeks a *trial waiver*;

(b) identification of the *trial project confidential information*; and

(c) any other information specified in the *Trial Projects Guidelines*.

(3) After receiving an application for the grant of a *trial waiver*, the AER may, by notice in writing, request the applicant to provide, by a specified date, such further information as the AER may require in connection with the proposed *trial project* and the requested *trial waiver*.

(4) For the purposes of Chapter 10, Part 2, Division 1 of the *Law*, information provided by an applicant to the AER in, or in connection with, an application for a *trial waiver* that is not identified as *trial project confidential information* is not information given to the AER in confidence.

### **135MA Initial consideration of a proposed trial waiver**

(1) Subject to subrule (2), after receiving an application for the grant of a *trial waiver*, the AER may terminate its consideration of the application at any time if:

- (a) the AER considers that the application does not comply with the information requirements;
  - (b) the applicant does not respond to a request for further information under subrule 135M(3) by the specified date, or the AER considers that the applicant has not provided a sufficient response to such a request;
  - (c) the AER considers that the proposed *trial project* can be carried out satisfactorily without a *trial waiver*; or
  - (d) the AER otherwise considers that the application is misconceived or lacking in substance.
- (2) If, having regard to the matters set out in subrule (1), the AER considers that it should terminate its consideration of an application, the AER:
- (a) must notify the applicant in writing that it has, and the reasons why it has, formed that view, and invite the applicant to make submissions or to provide further information within 7 days; and
  - (b) must take account of any submissions or information so provided by the applicant before deciding to terminate its consideration of the application.

### **135MB Consultation regarding a proposed trial waiver**

- (1) Subject to subrule (3), the AER must carry out public consultation in relation to a proposed *trial waiver*, unless it is satisfied that the proposed *trial waiver*:
- (a) is unlikely to have an impact on other Registered participants; and
  - (b) is unlikely to have a direct impact on *retail customers* other than those who provide *explicit informed consent* to participate in the *trial project*.
- (2) The AER must consult *AEMO* in relation to a proposed *trial waiver* unless the AER is satisfied that the proposed *trial waiver* and *trial project* will not affect *AEMO*'s operation of the power system and the market.
- (3) The AER must carry out public consultation in relation to a proposed *trial waiver* for which *AEMO* is the applicant, and may consult further with *AEMO* about the proposed *trial waiver*.
- (4) The *Trial Projects Guidelines* must specify the procedures by which the AER will carry out public consultation in relation to a proposed *trial waiver*.

### **135MC Eligibility requirements**

- (1) The AER may only grant a *trial waiver* if it is satisfied that, in addition to the matter specified in section 28A(2) of the *Law*:

- (a) the *trial project* is genuinely innovative;
- (b) the *trial project* has the potential to lead to better services and outcomes for consumers;
- (c) the *trial project* is unable to be conducted without a *trial waiver*;
- (d) the *trial waiver* will be appropriately limited in time, scope and scale;
- (e) adequate consumer protections will be maintained in connection with the *trial project*; and
- (f) that any other eligibility requirement specified in the *Trial Projects Guidelines* has been satisfied,  
(the *eligibility requirements*).

(2) In considering whether to grant a *trial waiver*, the AER must have regard to:

- (a) whether the carrying out and monitoring of the *trial project* is likely to contribute to the development of regulatory and industry experience;
- (b) whether the *trial project* may have an adverse effect on the safety, reliability or security of supply of natural gas and the measures that the applicant will take to avoid or mitigate such risks; and
- (c) whether the extent and nature of the *trial project confidential information* claimed by the applicant may impair:
  - (i) the AER's ability to provide appropriate public transparency in relation to the conduct and outcomes of *trial projects*; or
  - (ii) the appropriate development of regulatory and industry experience arising from the *trial project*.

(3) In considering whether to grant a *trial waiver*, the AER may have regard to any other matter it considers relevant, including (but not limited to) any relevant consideration that may be specified in the *Trial Projects Guidelines*.

### **135MD Extension of a trial waiver**

(1) The AER may extend a *trial waiver* for a further specified period if the AER remains satisfied of:

- (a) the matter specified in s 28A(2) of the *Law*; and
- (b) the *eligibility requirements*.



- (2) The *Trial Projects Guidelines* may provide for any additional mandatory requirements and any relevant considerations for the extension of a *trial waiver*.
- (3) If it extends a *trial waiver*, the AER may impose such further conditions, or modify or retain the existing conditions of the *trial waiver*, as it considers appropriate.

### **135ME Evidence of a trial waiver**

A certificate signed by a member of the AER certifying that a person named in the certificate has been granted a *trial waiver*, and setting out:

- (a) the extent and duration of the *trial waiver*; and
- (b) any conditions subject to which the *trial waiver* was granted,
- is evidence of the *trial waiver*.

## **Division 3 Trial Rules**

### **135N Request for a trial Rule**

- (1) For the purposes of section 305A(3)(a) of the *Law*, a request for the making of a *trial Rule* must contain the following information:
- (a) the name and address of the person making the request;
- (b) a detailed outline of the proposed *trial project*;
- (c) an explanation of how the proposed *trial project* will or is likely to lead to the achievement of the national gas objective;
- (d) an explanation of the expected benefits and costs of the *trial project* for consumers and other market participants and the innovation that it may lead to;
- (e) a description of the proposed *trial Rule*;
- (f) a summary of the person's previous engagement with the AER, AEMO or any jurisdictional regulator in relation to the *trial project*;
- (g) an explanation why the *trial Rule* is needed in order to conduct the *trial project*;
- (h) an explanation of how consumer protections will be maintained under the *trial Rule*, including whether and how the *explicit informed consent* of retail customers participating in the *trial project* will be obtained;

- (i) the applicant's approach to consumer engagement and dispute management;
  - (j) an explanation of how risks to the safety, reliability and security of supply of natural gas will be avoided or mitigated;
  - (k) evidence that the person has the operational and financial ability to carry out the *trial project*;
  - (l) identification of the *trial project confidential information*;
  - (m) an outline of the trial closure process, and how participating *retail customers* will revert to their pre-existing supply arrangements after closure of the *trial project*; and
  - (n) any other information specified in the *Trial Projects Guidelines*.
- (2) For the purposes of section 24 of the *Australian Energy Market Commission Establishment Act 2004 (SA)* (as applied by section 71 of the *Law*), information provided by an applicant to the AEMC in, or in connection with, an request for the making of a *trial Rule* that is not identified as *trial project confidential information* is not information given to the AEMC in confidence.

## **Division 4            Monitoring of trial projects**

### **1350            Application**

This Division applies in relation to *trial projects* conducted under *trial waivers* and *trial Rules*.

### **1350A          Compliance monitoring**

- (1) A person to whom a *trial waiver* is granted must comply with all conditions upon which the *trial waiver* is granted.

**Note**

The AEMC will be recommending to the COAG Energy Council that this clause be classified as a civil penalty provision under the National Gas (South Australia) Regulations.

- (2) A person who applies for the making of a *trial Rule* must comply with the *trial Rule*.

**Note**

The AEMC will be recommending to the COAG Energy Council that this clause be classified as a civil penalty provision under the National Gas (South Australia) Regulations.

(3) The AER must monitor compliance with:

(a) any conditions on which a *trial waiver* is granted; and

(b) the provisions of a *trial Rule*.

### **1350B Early termination and opting out of trial projects**

The *Trial Projects Guidelines* must provide for processes by which and grounds upon which:

(a) a *retail customer* participating in *trial project* may apply to the AER to opt out of a *trial project*; and

(b) the AER may:

(i) terminate a *trial waiver* before its scheduled expiry; or

(ii) recommend to the AEMC that the AEMC repeal a *trial Rule* before its scheduled expiry,

including provision for the AER to do so either on its own motion, or upon application by a *retail customer* affected by the *trial project*, a *consumer organisation* or *AEMO*.