

IMPACT & IMPLEMENTATION REPORT – SUMMARY SECTION

Issue Number	IN001/16		
Impacted Jurisdiction (s)	NSW-ACT		
Proponent	Deep Juneja	Company	AEMO
Affected Gas Markets(s) <ul style="list-style-type: none"> ▪ Retail ▪ Wholesale ▪ Bulletin Board ▪ STTM 	Retail	Consultation process (Ordinary or Expedited)	Ordinary
Industry Consultative forum(s) used	GRCF	Date Industry Consultative forum(s) consultation concluded	5 October 2016
Short Description of change(s)	NSW-ACT RMP changes for Shoalhaven contestability		
Procedure(s) or Documentation impacted	<ul style="list-style-type: none"> ▪ Retail Market Procedures (NSW-ACT) (see attachment A) ▪ Participant Build Pack 5 (see attachment B) ▪ Register of Balancing Arrangements (see attachment C) 		
Summary of the change(s)	The changes involve removing the exemption for this network from the NSW-ACT Retail Gas Market Procedures (Procedures) obligations to facilitate contestability in the NSW Shoalhaven gas network.		
I&IR Prepared By	Nandu Datar	Approved By	Ruth Guest
Date I&IR published	19 October 2016	Date Consultation under 135EE or 135EF concludes	16 November 2016
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IMPACT & IMPLEMENTATION REPORT – DETAILED REPORT SECTION

CRITICAL EXAMINATION OF PROPOSAL

<p>1. Description of change(s) and reasons for change(s)</p>	<p>The Shoalhaven network (aka Nowra) has been recognised as a non-contestable network in the Procedures since the start of Full Retail contestability in NSW-ACT.</p> <p>The network currently has approximately 3000 MIRNs that are serviced by ActewAGL Retail (managed by AGL), while ActewAGL Distribution (managed by Jemena) is the responsible network operator. All the data pertaining to this network is currently managed by Jemena, with no interaction with AEMO systems.</p> <p>In late October 2015, AEMO received a letter from the NSW Minister for Industry, Resources and Energy, requesting AEMO to incorporate Shoalhaven as a contestable network in time to support NSW price de-regulation, scheduled for 1 July 2017.</p> <p>Since receiving this letter, AEMO has undertaken several discussions on this topic with the participants and service providers, noted above, and the NSW Department for Industry, Resources and Energy (NSW Department).</p> <p>AEMO provided a high level impact assessment of the related changes to the NSW Department on 8 February 2016, this included assessments provided by impacted NSW and ACT Market Participants. In accordance with this assessment, it was agreed with the NSW Department that AEMO would commence the necessary changes to the Procedures via consultation with the PPC being released in August 2016 and with AEMO releasing the final decision in December 2016. The system implementation is proposed to be completed in late March 2017 in time to support price deregulation by 1 July 2017.</p> <p>At the time of preparing this IIR no Participant has advised AEMO that it would not be in a position to be able to incorporate these changes in time for the proposed 29th March 2017 system implementation.</p>
<p>2. Reference documentation</p> <ul style="list-style-type: none"> ▪ Procedure Reference ▪ GIP/Specification Pack Reference ▪ Other Reference 	<ul style="list-style-type: none"> ▪ Retail Market Procedures (NSW-ACT) (see attachment A) ▪ Participant Build Pack 5 (see attachment B) ▪ Register of Balancing Arrangements (see attachment C)

<p>3. The high level details of the change(s) to the existing Procedures</p> <p>This includes:</p> <ul style="list-style-type: none"> ▪ A comparison of the existing operation of the Procedures to the proposed change to the operation of the Procedures ▪ A marked-up version of the Procedure change (see Attachment A) 	<p>This initiative will entail a Procedure change consultation to:</p> <ol style="list-style-type: none"> 1. Remove Procedures clause 1.1.1(b) pertaining to the exemption for Shoalhaven from the Procedures. 2. Update NSW-ACT specific Participant Build Pack 5 to add reference to the Shoalhaven network. 3. Update NSW-ACT Register of Balancing arrangements to include Shoalhaven as a 'No-Balancing' network section. <p>The proposed documentation changes have been included in attachment B, C and D of this document. The changes contemplated in this IIR also require IT system changes for AEMO and Retailers and the Network Operator. System changes identified to-date would include:</p> <ol style="list-style-type: none"> 1. AEMO systems to create Shoalhaven as a new No-Balancing network section and corresponding Network Receipt Point(s), and assigning ActewAGL Distribution as the Network Operator. 2. ActewAGL Distribution to convert non-standard Shoalhaven MIRNs to the standard MIRN range used by ActewAGL Distribution. 3. ActewAGL Distribution to provide Shoalhaven MIRNs and associated historical bulk standing data to AEMO, and AEMO to validate and upload this data in its systems. 4. AEMO to update relevant market reports with the new network section. 5. ActewAGL Distribution to update their systems contestability compliant for Shoalhaven. <p>Retailers to update their systems to ensure they can identify the Shoalhaven network and send and receive transactions for this network using AEMO's FRC Hub for business to business (B2B)¹ and business to market operator (B2M)² transactions.</p>
<p>4. Explanation regarding the order of magnitude of the change</p> <p>(e.g.: material, non-material or non-substantial)</p>	<p>The proposed changes to documentation are minor in nature.</p> <p>AEMO envisages the AEMO associated system-related changes are not extensive as NSW-ACT market currently has another 41 No-Balancing networks.</p> <p>The changes are required in order to give effect to a NSW government policy decision to ensure full retail contestability is applied in all areas of the State from 1 July 2017.</p>

¹ B2B means transaction exchanged between Retailers and the Network Operator or vice versa.

² B2M means transaction exchanged between Retailers or Network Operator and the Market Operator being AEMO or vice versa.

ASSESSMENT OF LIKELY EFFECT OF PROPOSAL

<p>5. Overall Industry Cost / benefit (tangible / intangible / risk) analysis and/or cost estimates</p>	<p>As prescribed in the “Approved Process”, registered participants and interested stakeholders were invited to make a submissions to the Proposed Procedure Change (PPC). Submissions closed on 5 October 2016. AEMO received submissions from AGL, Jemena/ActewAGL Distribution and Origin Energy (see attachment D).</p> <p>As a result of NSW government policy decision, AEMO and industry participants have agreed to implement these changes. Some of the likely benefits to the industry are as follows:</p> <ol style="list-style-type: none"> 1. Provide an efficient market outcome for Retailers and the Network Operator (ActewAGL Distribution), whereby they can utilise standardised business process and IT systems to transact for Shoalhaven. 2. Enabling Shoalhaven distribution network to become a contestable network is expected to enhance retail competition for consumers and support price de-regulation. 3. Ensures regulatory compliance with NSW Minister’s request to make Shoalhaven a contestable network.
<p>6. The likely implementation effect of the change(s) on stakeholders (e.g. Industry or end-users)</p>	<p>These proposed changes are likely to improve industry system reliability and support for participants in managing end customers, as standardised business processes are likely to ensure improved reliability and integrity of data update and delivery processes.</p>
<p>7. Testing requirements</p>	<p>As a minimum, AEMO recommends impacted Participants recertify their IT systems prior to go live.</p> <p>Participants will need to consider independently if they will need to organise and participate in bi-lateral testing.</p>
<p>8. AEMO's preliminary assessment of the proposal's compliance with section 135EB:</p> <ul style="list-style-type: none"> - consistency with NGL and NGR, - regard to national gas objective - regard to any applicable access arrangements 	<p><u>Consistency with NGL and NGR:</u></p> <p>AEMO’s view is that the proposed Victorian RMP changes is consistent with the NGL and cover matters that the RMP may deal with under Section 135EA(1) of the NGR.</p> <p><u>National Gas Objective</u></p> <p><i>“Promote efficient investment in, and efficient operation and use of, natural gas services for the long term interests of consumers of natural gas with respect to price, quality, safety, reliability and security of supply of natural gas.”</i></p> <p>It is AEMO's view that the proposed changes for IN001/16 will assist to facilitate the efficient operation of the retail gas market in</p>

	<p>NSW-ACT, and are in the long-term interests of consumers as it promotes retail competition.</p> <p><u>Applicable Access Arrangements</u></p> <p>AEMO's view is that the proposed changes for IN001/16 are not in conflict with existing Access Arrangements. The Distributor did not raise concerns with the proposed amendments in relation to their Access Arrangement.</p>
<p>9. Consultation Forum Outcomes</p> <p>(e.g. the conclusions made on the change(s) whether there was unanimous approval, any dissenting views)</p>	<p>On 23 August 2016 AEMO published on its website a Proposed Procedure Change (PPC) that recommended minor documentation changes as described in attachment A, B and C. Registered participants and interested stakeholders were invited to make submissions which closed on 5 October 2016.</p> <p>AEMO received submissions from AGL, Jemena/ActewAGL Distribution and Origin Energy.</p>

RECOMMENDATION(S)	
<p>10. Should the proposed Procedures be made, (with or without amendments)?</p>	<p>AEMO recommends that the changes be made as proposed in attachments A, B and C</p>
<p>11. If applicable, a proposed effective date for the proposed change(s) to take effect and justification for that timeline.</p>	<p>AEMO proposes that the changes take effect on 29 March 2017 with publication of documents referenced in attachments A, B and C.</p> <p>The consultation dates are:</p> <ul style="list-style-type: none"> • 19 October 2016 – IIR issued for consultation. • 16 November 2016 – Consultation closes for IIR. • 14 December 2016 – AEMO publishes Notice of Decision • 8 March 2017 – Effective date notification • 29 March 2017 – Target date for go-live of systems and the effective date for the documentation changes. <p>Feedback on the proposed changes to the documentation as described in attachment A, B and C is to be emailed to AEMO (GRCF@aemo.com.au) before COB 16 November 2016. Please use the response template provided.</p>

ATTACHMENT A

Proposed changes: NSW-ACT RETAIL MARKET PROCEDURES

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1.1.1 Excluded network sections

These Procedures apply to the *network sections* situated in all local government areas referred to in any reticulator's authorisation granted under the *Gas Supply Act 1996* of New South Wales, and all areas referred to in any licence to supply or distribute *gas* under the *Utilities Act 2000* of the Australian Capital Territory, except for:

~~(a)~~ the local government areas in which the distribution systems (as defined in the *Gas Supply Act*) for Albury and Tweed Shire are situated; ~~and~~

~~(b) — the Shoalhaven network section.~~

ATTACHMENT B

Proposed changes: PARTICIPANT BUILD PACK 5 - NSW-ACT

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blue underline means insert

4. Reference to applicable Network Operator and treatment of multiple meters

NetworkID	Network	Network known as
ACTCANBERRA	ACTEW	ACT gas network
<u>NSWNOWRA</u>	<u>ACTEW</u>	<u>NSW gas network</u>
NSWCOOMA	COUNTRY	Australian Gas Networks Limited (AGNL)
...		

ATTACHMENT C

Proposed changes: NSW-ACT Register of Balancing Arrangements

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NSW AND ACT GAS RETAIL MARKET

SCHEDULE 1

Register of Balancing Arrangements as required under Clause 8.2 of Retail Market Procedures (NSW and ACT)

NetworkSectionId	NetworkId	Balancing Arrangement	Effective Date
ACTCANTBERRA	ACTEW	Balanced – No OBA	1 February 2004
NSWCOOMA	COUNTRY	No Balancing	1 January 2002
...			
NSWSALLYSCNR	AGLGN	No Balancing	1 January 2002
<u>NSWNOWRA</u>	<u>ACTEW</u>	<u>No Balancing</u>	<u>29 March 2017</u>
NSWTAMWORTH	NSWCR	No Balancing	15 May 2006
....			

ATTACHMENT D – Consolidated List of Stakeholder Feedback to Proposed Procedure Change

STAKEHOLDER	CLAUSE/SECTION REF.	ISSUE/COMMENT	PROPOSED TEXT RED STRIKEOUT MEANS DELETE AND <u>BLUE UNDERLINE</u> MEANS INSERT	AEMO RESPONSE
Origin Energy	General Comment	Origin accepts the proposed changes as indicated in PPC – IN001/16		AEMO acknowledges Origin Energy's support of the proposed changes.
AGL	RMP clause 1.1.1	AGL has no objection to the proposed change		AEMO acknowledges AGL's support of the proposed changes.
AGL	PBP5 clause 4	AGL has no objection to the proposed change		AEMO acknowledges AGL's support of the proposed changes.
AGL	Register of Balancing Arrangements Sch 1	AGL has no objection to the proposed change		AEMO acknowledges AGL's support of the proposed changes.
Jemena/ActewAGL Distribution	PBP5 clause 4 and Register of Balancing Arrangements Sch 1	Propose to utilise AAD existing Network ID NSWNOWRA. The existing network ID for Shoalhaven is NSWNOWRA. Unlike making updates to the DPI where our internal ID is different, the network ID	<u>In relation to the proposed PBP5 and Register of Balancing Arrangements amendments:</u> NSWSHOALHAVN <u>NSWNOWRA</u>	<u>In relation to the PBP5 and Register of Balancing Arrangements amendments:</u> The suggested amendments proposed by Jemena are non-contentious and reduces effort by utilising existing network id. AEMO has no issue in including these suggested changes without any amendments.

STAKEHOLDER	CLAUSE/SECTION REF.	ISSUE/COMMENT	PROPOSED TEXT RED STRIKEOUT MEANS DELETE AND <u>BLUE UNDERLINE</u> MEANS INSERT	AEMO RESPONSE
		NSW NOWRA is utilized throughout all AAD internal systems and environments. We've estimated an additional 20 days effort to complete an impact analysis and change the existing Network ID. Such a change also introduces additional complexity and risk into the project.		