

## IMPACT & IMPLEMENTATION REPORT – SUMMARY SECTION

<b>Issue Number</b>	IN040/16		
<b>Impacted Jurisdiction (s)</b>	All		
<b>Proponent</b>	Danny McGowan	<b>Company</b>	AEMO
<b>Affected Gas Markets(s)</b> <ul style="list-style-type: none"> <li>▪ Retail</li> <li>▪ Wholesale</li> <li>▪ Bulletin Board</li> <li>▪ STTM</li> </ul>	Retail	<b>Consultation process (Ordinary or Expedited)</b>	Expedited
<b>Industry Consultative forum(s) used</b>	GRCF	<b>Date Industry Consultative forum(s) consultation concluded</b>	13 January 2017
<b>Short Description of change(s)</b>	Add further clarity to the FRC Hub Terms and Condition regarding the subscribers response time for a service interruption during non-business hours if the next day is a Saturday, Sunday or a Public Holiday.		
<b>Procedure(s) or Documentation impacted</b>	FRC Hub Operational Terms and Conditions.		
<b>Summary of the change(s)</b>	<p>An amendment to the current subscriber’s response time for a service interruption during non-business hours if the next day is a Saturday, Sunday or a Public Holiday is proposed.</p> <p>Attachment A is an extract from the relevant section of the FRC Hub Operational Terms and Conditions showing the marked up change. See section 1 of this IIR for a more detailed explanation of the changes.</p>		
<b>I&amp;IR Prepared By</b>	Danny McGowan	<b>Approved By</b>	Violette Mouchaileh
<b>Date I&amp;IR published</b>	27 January 2017	<b>Date Consultation under 135EE or 135EF concludes</b>	17 February 2017
<b>Contact address for written responses</b>	Danny McGowan, Australian Energy Market Operator, GPO Box 2008, Melbourne VIC 3001		
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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><b>Reasons why the proposed changes are needed:</b></p> <p>In mid-October 2016 the APA group contacted AEMO seeking clarification on FRC Hub Operational Terms and Conditions (FRC HUB T&amp;C) in relation to Table 4 contained within the subscribers responsibilities section. Table 4, outlines the timeframes a notification must be sent in, as a result of a subscriber becoming aware of a service interruption. For Non-Business Hours (Mon-Fri) it indicates that the notification time is within 1 hour of the commencement of the next Business Day.</p> <p>An interruption that is identified at 10pm on a Friday requires a notification prior to 7am on the Monday (assuming not a public holiday) some 33 hours later, yet an interruption identified at 2am on a Saturday requires a notification within 4hrs.</p> <p>Using the 10pm Friday example, the 33 hour lapsed time is not keeping Participants informed of any subscribers service interruption, therefore a change to the FRC HUB T&amp;C is required to add clarity to the subscribers response time for a service interruption during non-business hours if the next day is a Saturday, Sunday or a Public Holiday.</p> <p><b>Description of the proposed changes:</b></p> <p>An amendment to the current subscriber’s response time for a service interruption during non-business hours if the next day is a Saturday, Sunday or a Public Holiday is proposed to resolve the response time anomaly. Attachment A is an extract from the relevant section of the FRC Hub Operational Terms and Conditions showing the marked up change.</p> <p>No changes are required to gas retail market IT systems of AEMO and market participants.</p> <p>Subject to the appropriate approval being obtained, the proposed amendments are to be published in a new version 9.0 of the FRC Hub Operational Terms and Conditions that is targeted for an effective date of 31/03/17.</p>
<p>2. Reference documentation</p> <ul style="list-style-type: none"> <li>▪ Procedure Reference</li> <li>▪ GIP/Specification Pack Reference</li> <li>▪ Other Reference</li> </ul>	<p>FRC Hub Operational Terms and Conditions (Version 8.0).</p>

<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"> <li>▪ A comparison of the existing operation of the Procedures to the proposed change to the operation of the Procedures</li> <li>▪ A marked-up version of the Procedure change (see Attachment A)</li> </ul>	<p>As indicated in section 1, the proposed change in this IIR is to add further clarity to the FRC Hub Operational Terms and Conditions.</p> <p>The precise amendments are detailed in Attachment A.</p>
<p>4. Explanation regarding the order of magnitude of the change</p> <p>(e.g.: material, non-material or non-substantial)</p>	<p>A Proposed Procedure Change (PPC) was issued to the Gas Retail Consultative Forum (GRCF) for consultation on 15 December 2016. Within the PPC, AEMO put forward its view that the changes proposed are non-substantial and are documentation changes only. Participants were invited to provide feedback on this proposal to AEMO by 13 January 2017.</p> <p>AEMO received responses from APA, AGL and Origin Energy. None of those responses opposed AEMO's view that the changes are non-substantial.</p> <p>AEMO has concluded that the changes do not have a material commercial impact on AEMO or participants and are non-substantial.</p>

#### ASSESSMENT OF LIKELY EFFECT OF PROPOSAL

<p>5. Overall Industry Cost / benefit (tangible / intangible / risk) analysis and/or cost estimates</p>	<p>AEMO will not incur any implementation cost or ongoing cost associated with the proposed procedure change. Further, none of the submissions noted in section 3 of this IIR indicated incurred costs as a result of this change.</p> <p>AEMO considers a benefit for industry because the change will result in more clear and concise processes and procedures.</p>
<p>6. The likely implementation effect of the change(s) on stakeholders</p> <p>(e.g. Industry or end-users)</p>	<p>There is no impact on any Market Participant as this is a documentation change only.</p> <p>Should the change be approved, AEMO will update FRC Hub Operational Terms and Conditions and publish the new version on its website.</p>
<p>7. Testing requirements</p>	<p>There are no testing requirements.</p>
<p>8. AEMO's preliminary assessment of the proposal's compliance with section 135EB:</p>	<p><u>Consistency with NGL and NGR:</u></p> <p>AEMO's view is that the proposed Victorian RMP changes are consistent with the NGL and cover matters that the RMP may deal with under Section 135EA(1) of the NGR.</p>

<p>- consistency with NGL and NGR, - regard to national gas objective - regard to any applicable access arrangements</p>	<p><u>National Gas Objective</u>  <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 IN040/16 will facilitate the efficient operation of the retail gas market and are in the long-term interests of consumers as they promote retail competition.</p> <p><u>Applicable Access Arrangements</u>  AEMO's view is that the proposed changes for IN040/16 are not in conflict with existing Access Arrangements. The Distributors did not raise concerns with the proposed amendments in relation to their Access Arrangement.</p>
<p>9. Consultation Forum Outcomes  (e.g. the conclusions made on the change(s) whether there was unanimous approval, any dissenting views)</p>	<p>On 16 December 2016 AEMO published on its website a Proposed Procedure Change (PPC) that recommended minor documentation changes as described in attachment A. Registered participants and interested stakeholders were invited to make submissions which closed on 13 January 2017.</p> <p>AEMO received responses from APA, AGL and Origin Energy. None of those responses opposed the changes. AGL and APA feedback proposed further changes. AEMO's assessment and subsequent outcome from the feedback provided is described in attachment B.</p> <p>AEMO also conducted a review of the proposed change during this round of consultation. This review revealed that the reference to “Sunday” in the second row of the table is superfluous given that only a Saturday can follow a Friday therefore the word “Sunday” should be removed. This change has been made in Attachment A.</p>

<b>RECOMMENDATION(S)</b>	
<p>10. Should the proposed Procedures be made, (with or without amendments)?</p>	<p>AEMO recommends that the proposed amendments as described in this IIR should be made without further amendments.</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 31 March 2017 with publication of documents referenced in attachments A. The consultation dates are:</p> <ul style="list-style-type: none"> <li>• <b>27 January 2017</b> – IIR issued for consultation.</li> <li>• <b>17 February 2017</b> – Consultation closes for IIR.</li> <li>• <b>9 March 2017</b> – AEMO publishes Notice of Decision</li> <li>• <b>31 March 2017</b> – Effective date notification</li> </ul> <p>Feedback on the proposed changes to the documentation as described in attachment A is to be emailed to AEMO (<a href="mailto:GRCF@aemo.com.au">GRCF@aemo.com.au</a>) before COB <b>17 February 2017</b>. Please use the response template provided.</p>

**ATTACHMENT A – DOCUMENTATION CHANGES (SEE SECTION 3)**  
**Blue represents additions Red and strikeout represents deletions – Marked up changes**

As per clause 378B(a) of the RMP, the following is the proposed procedure change and any applicable alternative amendments as marked-up changes to the text of the procedures.

~~Red strikeout~~ means delete and blue underline means insert

- 4.1.3 Where a *Subscriber* becomes aware of any service interruption associated with their gateway, the *Subscriber* must deliver a notice identifying the issue via the FRC relay notification facility at the earliest opportunity but at least within the timeframes set out in Table 4.

**TABLE 4**

PERIOD	RESPONSE TIME (HOURS)
Business Hours Mon -Fri (excluding Public Holidays)	1
Non-Business Hours Mon – Fri <u>(excluding Public Holidays)</u>	Within 1 hour of the commencement of the next Business Day.  <u>Exception: 4 hours if after 7pm and the next day is Saturday or a Public Holiday.</u>
Sat, Sun, (starting 0:00 Sat and finishing 7:00 am Mon) Public Holidays	4

Business Hours are defined as 7am to 7pm Monday to Friday.

Non-Business Hours are defined as 7pm to 7am Monday to Thursday, 7pm to 11:59pm Friday.

Public Holidays include National Public Holidays and those defined in the *Public Holidays Act 1993* (Vic). (Note: this does not include Melbourne Metropolitan holidays such as Melbourne Cup Day).

*For the avoidance of doubt Business Hours refers to the business hours of the market jurisdiction in which the Subscriber is active and are the business hours specified in the market impacted by the service interruption. For example an issue in a market based on Eastern Standard Time (Vic or Qld) would precede a market based in Central Standard Time (SA).*

**ATTACHMENT B – Consolidated List of Stakeholder Feedback to Proposed Procedure Change**

**IN040-16 (Add further clarity to the FRC Hub T&Cs) - Consolidated list of comments with AEMO response**

Review comments submitted by: AGL

Date: 11 Jan 2017

Contact Person: Mark Riley

***Participants are to complete the relevant columns below in order to record their response.***					
RMP or GIP/SP or FRC HUB T&Cs ?	Clause/ Section ref	Issue / Comment	Proposed text <del>Red-strikeout</del> means delete and <u>blue underline</u> means insert	Rating <sup>1</sup> (H/M/L)	AEMO Response (AEMO only)
	Table 4 – notes	The issue of clarity of times is becoming more important with participants operating over multiple jurisdictions and time zones.  For extended clarity given the T & Cs cover multiple time zones, should the hours be specified as AEST for the Eastern states (including SA), and AWST for WA rather than the market jurisdictional hours ?		L - M	<i>AEMO does not support AGL's suggestion to specify the time zone reference (AEST). Section 3.3.5 of the FRC HUB T&amp;C, notes that the "time" for business hours in Table 4 is the business hours for that market jurisdiction therefore the referencing AEST, AWST is not warranted.</i>

<sup>1</sup> L = Low: - Not critical. Issues / Comments are minor. They add clarity to the document. No major concern if not included in any further revisions  
M = Medium: - Important. Strong case that issue / comments should be consider and an update to the document is desirable, but not critical.  
H = High – Critical. The issue / comments are fundamental and failure to make necessary changes has the potential to impact consensus.

**\*\*\*Participants are to complete the relevant columns below in order to record their response.\*\*\***

RMP or GIP/SP or FRC HUB T&Cs ?	Clause/ Section ref	Issue / Comment	Proposed text <del>Red</del> <del>strikeout</del> means delete and <u>blue underline</u> means insert	Rating <sup>1</sup> (H/M/L)	AEMO Response (AEMO only)
		For instance during summer time, Brisbane is 1 hour from Melbourne and Sydney time.			
	Table 4 – Notes	Should the statements regarding public holidays be updated to reference National Energy public Holidays and remove the reference to Vic.		L	<i>AEMO does not support AGL's suggestion namely because a National Energy Public Holiday calendar that covers all AEMO jurisdictions (including WA gas retail) does not exist. An initiative of this nature to establish a National Energy Public Holiday calendar is not within the scope of the minor change.</i>

**\*\*\* Use this section to raise points that aren't specific to a RMP / GIP/ SP / FRCF Hub T&Cs section**

Review comments submitted by: *APA - Rick Abbott*

Date: 13/01/2017

Contact Person: *Ashley Smith*

<b>***Participants are to complete the relevant columns below in order to record their response.***</b>					
<b>RMP or GIP/SP or FRC HUB T&amp;Cs ?</b>	<b>Clause/Section ref</b>	<b>Issue / Comment</b>	<b>Proposed text</b> <i>Red <del>strikeout</del> means delete and blue <u>underline</u> means insert</i>	<b>Rating<sup>2</sup> (H/M/L)</b>	<b>AEMO Response (AEMO only)</b>
FRC HUB T&Cs	Section 4.1.3 (Table 4)	'Period' column in table 4 (row 1 and 2) wording inconsistent. Row one specifies 'Excluding Public Holidays' and row 2 does not.	Add ' <u>(Excluding Public Holidays)</u> ' to 'Period' column in row 2 under existing words 'Non-Business Hours Mon – Fri'.	M	<i>AEMO supports APA's suggestion namely because it make it consistent with tables 1 and 3. This further change is highlighted in yellow (see Attachment A)</i>

**\*\*\* Use this section to raise points that aren't specific to a RMP / GIP/ SP / FRCF Hub T&Cs section**

GMI IN040-16 Add further clarity to FRC HUB T and C document (Section 2 'Reference Documentation') - FRC HUB Terms and Conditions version number not provided on GMI document. Add document version number please.

<sup>2</sup> L = Low: - Not critical. Issues / Comments are minor. They add clarity to the document. No major concern if not included in any further revisions  
M = Medium: - Important. Strong case that issue / comments should be consider and an update to the document is desirable, but not critical.  
H = High – Critical. The issue / comments are fundamental and failure to make necessary changes has the potential to impact consensus.



**AEMO Response:** - AEMO supports the suggestion and will include the version number.