



Australian Energy Market Commission

CONSULTATION PAPER

National Electricity Amendment (Review Frequency for the Template for Generator Compliance Programs) Rule 2015

Rule Proponent(s)

Reliability Panel

29 October 2015

RULE
CHANGE

Inquiries

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About the AEMC

The AEMC reports to the Council of Australian Governments (COAG) through the COAG Energy Council. We have two functions. We make and amend the national electricity, gas and energy retail rules and conduct independent reviews for the COAG Energy Council.

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1 Introduction

On 15 September 2015, the Reliability Panel submitted a rule change request to the Commission seeking to amend the frequency with which generator compliance templates are required to be reviewed from at least every three years, to at least every five years. This consultation paper has been prepared to facilitate public consultation on the rule change proposal.

1.1 Background and current arrangements

Under the National Energy Rules (NER), the Reliability Panel must periodically undertake a review of the template for generator compliance programs. The template is designed to assist registered participants who own or operate plant to which performance standards apply, generally generators, with developing and designing their compliance programs to meet the relevant performance standard. It is also intended to assist the Australian Energy Regulator with the enforcement and monitoring of the generators' compliance with the technical requirements under the Rules. Performance standards are intended to specify an enforceable expected level of performance for generators. Effective compliance with performance standards contributes to the delivery of reliable and secure electricity to customers in the National Electricity Market.

Clause 8.8.3(ba) of the NER requires the Reliability Panel to conduct a review of the template “at least every 3 years” from the date the template is determined, and at such other times as the AEMC may request.

Significant stakeholder engagement has already taken place as part of the Review of the Template for Generator Compliance Programs 2015, which among other issues raised the question of whether the current frequency of template reviews is optimal. The Reliability Panel invited stakeholder submissions on an issues paper which was published on 13 November 2014. Four submissions were received. The Reliability Panel also facilitated a stakeholder workshop on 18 February 2015. On 26 March 2015, the Reliability Panel published its draft report for this review. Stakeholders were invited to make submissions on the draft report by 7 May 2015. Four submissions were received from stakeholders. The three submissions which mentioned the issue supported the proposal to amend the frequency of generator compliance template reviews.

1.2 Issues raised in the rule change request

The generator compliance template needs to be updated at intervals in order to stay fit-for-purpose in a changing environment. However, there is a trade-off between keeping the template current, and the administrative burden on stakeholders involved with the reviews. The rule change proponent considers that under the status quo this trade-off is not being optimised, as it is possible to reduce administrative costs without compromising the reliability, safety and security of the national electricity system. This

will tend to support efficient investment in, and operation and use of, electricity services for the long term interests of consumers, as unnecessary costs for stakeholders will be avoided. At the same time, there will be no reduction in registered participants' regulatory obligations in respect of performance standards compliance.

1.3 Proposed solution

The proposed rule change aims to extend the length of time between generator compliance template reviews undertaken by the Reliability Panel.

If made, the rule would have the effect of extending the frequency of generator compliance template reviews from at least every three, to at least every five years.

At the same time, there would be retention of the current wording, "and at such other times as the AEMC may request", as this allows for an earlier review of the template if necessary, for example, as a result of a material change to the NER, technology or performance standards.

Copies of the rule change request may be found on the AEMC website, www.aemc.gov.au.

1.4 Issues for consultation

The questions outlined below are provided as guidance to address these issues. Stakeholders are encouraged to comment on these issues as well as any other aspect of the rule change request or this paper.

Question 1 Are there any objections to proceeding with the rule change through the expedited process?

Question 2 Are there any stakeholders who would be disadvantaged as a result of the proposed rule?

Question 3 Is every five years an appropriate minimum frequency for reviews of the generator compliance template?

Question 4 Are there any issues with this rule change that we have not considered?

2 Process for this rule change

2.1 Treatment as a non-controversial rule change

We consider that the rule change request is a request for a non-controversial rule because it is unlikely to have a significant impact on the national electricity market¹. There would be no reduction in registered participants' regulatory obligations in respect of performance standards compliance. In addition, under the proposed rule change, the AEMC will retain the ability to call for an earlier review of the template if necessary. This would allow for flexibility in the case of unforeseen circumstances.

As stated above, significant stakeholder engagement has already taken place as part of the Template for Generator Compliance Programs Review 2015. Among other issues, stakeholders were invited to make submissions on the question of whether the current review frequency is optimal. Of the four submissions received, three expressed the view that the Reliability Panel is best placed to determine the ideal minimum frequency of reviews, supported by industry and AER feedback. The fourth submission did not express any view as to the optimal review frequency.

Rule changes that are considered to be non-controversial may be processed under an expedited (faster) process under which there is only one round of consultation and the AEMC must publish its final rule determination within six weeks of commencing the rule change process². We propose to use this expedited process to consider the rule change request provided that we do not receive any valid requests not to use the expedited process by 12 November 2015. To be valid, an objection should set out the reasons why the rule change request will have a significant impact on the national electricity market.

2.2 Key dates

Submissions are invited in relation to the matters identified above, and any other relevant issue.

The **key dates** for stakeholders in this process are as follows:

- Commencement of this rule change process: 29 October 2015
- Objections to an expedited process to be received by: 12 November 2015
- Submissions to the proposal to be received by: 26 November 2015
- Final decision to be published under an expedited process by: 3 December 2015

¹ Section 87 of the National Electricity Law.

² The AEMC has published a notice under sections 95 and 96 of the National Electricity Law to commence and assess this rule change request as a non-controversial rule.

3 Submissions

3.1 Lodging a submission to this rule change request

Written submissions on the rule change request must be lodged with Commission by 26 November 2015, either online or by mail, in accordance with the requirements specified below.

Where practicable, submissions should be prepared in accordance with the Commission's guidelines for making written submissions on rule change requests³. Please note that the Commission publishes all submissions on its website, subject to a claim of confidentiality.

3.2 Lodging a submission electronically

Electronic submissions, or requests not to make a rule under the expedited process, must be lodged online via the Commission's website, www.aemc.gov.au, using the "lodge a submission" function and selecting the project reference code: ERC0194.

The request or submission must be on letterhead (if submitted on behalf of an organisation), signed and dated.

Upon receipt of the electronic request or submission, the Commission will issue a confirmation email. If this confirmation email is not received within three business days, it is the submitter's responsibility to ensure the request or submission has been delivered successfully.

3.3 Lodging a submission by mail or fax

The submission must be on letterhead (if submitted on behalf of an organisation), signed and dated. The request or submission should be sent by mail to:

Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

The envelope must be clearly marked with the project reference code: ERC0194.

Alternatively, the submission may be sent by fax to (02) 8296 7899.

Except in circumstances where the submission has been received electronically, upon receipt of the hardcopy submission the Commission will issue a confirmation letter.

If this confirmation letter is not received within 3 business days, it is the submitter's responsibility to ensure successful delivery of the submission has occurred.

³ This guideline is available on the Commission's website.

For information contact:

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Media: Communication Manager, **Prudence Anderson** 0404 821 935 or (02) 8296 7817

Abbreviations

AEMC	Australian Energy Market Commission
Commission	See AEMC
NEO	National Electricity Objective
NER	National Electricity Rules