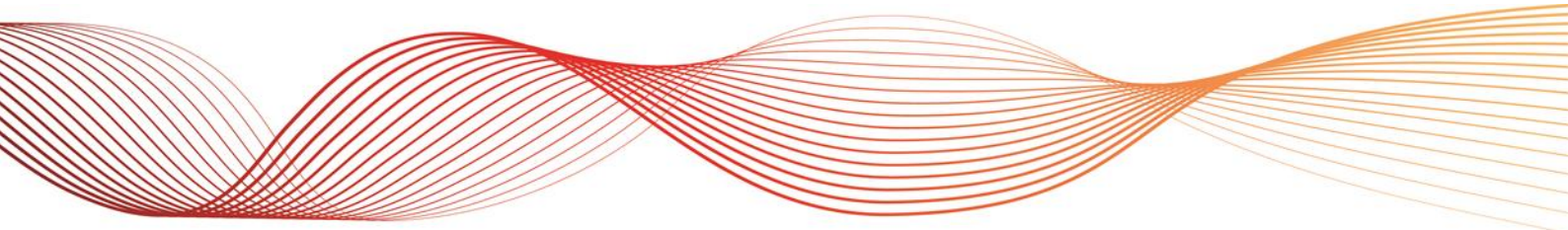




# NETWORK SERVICE PROVIDER CLASSIFICATION AND EXEMPTION GUIDE

FOR THE NATIONAL ELECTRICITY MARKET

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## IMPORTANT NOTICE

### Purpose

AEMO has prepared this document to provide information about network service provider registration and exemption, as at the date of publication.

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## 1. PURPOSE

This is a guide to assisting any person seeking to register with AEMO as a network service provider (NSP).

Information about National Electricity Market participant categories is set out in Chapter 2 of the **National Electricity Rules (the Rules)**. Where there is a discrepancy between the information in this document and the Rules, the Rules take precedence.

Italicised terms are defined in the Rules.

For more information about registration, please contact AEMO's **Information and Support Hub** (Support.Hub@aemo.com.au) or call 1300 236 600.

## 2. GENERAL

When registering as an NSP, indicate whether the application relates to a *transmission system* or *distribution system*. In addition, you must specify whether:

- Any of your network services are a prescribed transmission service or a prescribed distribution service and if so, provide evidence of this status; and
- You are seeking to classify any of your network services as market network services to earn revenue from the spot market rather than receive a regulated income, and if so, you must indicate that you satisfy the conditions in clause 2.5.2(a) of the Rules, namely that the:
  - Network service is to be provided by network elements that comprise a two-terminal link and do not provide any prescribed transmission service or prescribed distribution service.
  - NSP is registered or to be registered in respect of the network elements that will provide the network service.
  - Network service has never been a prescribed transmission service or prescribed distribution service or is ineligible to be such a service.
  - Connection points of the two-terminal link are assigned to different regional reference nodes.
  - Two-terminal link through which the network service is provided does not form part of a network loop, is independently controllable and has power transfer capability of at least 30 MW.

All conditions must be satisfied or have a derogation from the Australian Energy Market Commission (AEMC) for the application to be approved. The evidence that conditions have been satisfied should include relevant documentation from government authorities and the NSPs whose *network services* are connected to the *two-terminal link* on the *market network services*.

An existing NSP that wishes to register a new asset as a *market network service* needs to submit a fresh application so that AEMO can formally classify the new asset as a scheduled *market network service*. A new regulated asset that connects to existing assets does not require a new application, as it does not need to be separately classified.

As part of your registration application you will need to provide details of the location and assets that make up the system.

You must also indicate your association (owner, controller or operator) with your network systems and whether you will be acting as an *intermediary* for a third party.

## 2.1 Special participant classification

Under clause 4.3.3 of the Rules, AEMO may engage an NSP as an agent or appoint it as a delegate to carry out, on AEMO's behalf, some or all of AEMO's rights, functions and obligations under Chapter 4 of the Rules. Where this occurs, AEMO will also register the NSP as a *System Operator*.

If registering a *prescribed distribution service*, AEMO will also register the NSP as a *Distribution System Operator* to carry out certain obligations contained in clause 4.10 of the Rules.

For more details about special participants, see clause 2.6 and Chapter 4 (Power System Security) of the Rules.

## 2.2 General exemption

Under clause 2.5.1(d) of the Rules, the AER may exempt any person or class of persons from the requirement to register as a NSP where an exemption is not inconsistent with the *national electricity objective*.

The AER has published **Exemption Guidelines** that contain the principles that will be applied to assess each application on their website at [www.aer.gov.au](http://www.aer.gov.au).

Applicants seeking an exemption from registration as a NSP should contact the AER.

## 2.3 Intermediary exemption

A person ordinarily required to register as an NSP, may also apply to the AER for an exemption from the requirement to register if they notify the AER that they are appointing an intermediary instead.

The AER must allow the exemption where both of the following conditions are true:

- The *intermediary* consents to act as an *intermediary*, in a form reasonably acceptable to the AER; and
- The applicant establishes to AEMO's reasonable satisfaction that, from a technical perspective, the *intermediary* can be treated for the purpose of the Rules, as the applicant with respect to the relevant *distribution system* or *transmission system*.

To establish that the *intermediary* can be treated as the applicant, AEMO requires the *intermediary* to apply for registration as an NSP.

In addition, each party seeking an exemption is to provide relevant evidence in relation to the technical perspective referred to above, which may include confirmation of a connection agreement, joint venture agreement, or related information.

Where a *distribution system* or *transmission system* involves multiple parties in ownership, control, and operator roles, one of them is appointed the *intermediary*, and the remaining parties apply for exemption from registration.

To apply for exemption from registration when an *intermediary* is appointed, the party or parties ordinarily required to register must first contact the AER.

For more details, see clause 2.9.3 of the Rules.