

PROCEDURE CHANGE REQUEST (PCR)

Summary Section

Issue Number	IN004/19W		
Impacted Jurisdiction(s)	Western Australia.		
Proponent	Danny McGowan/Nandu Datar	Company	AEMO
Proponent e-mail	grcf@aemo.com.au	Proponent phone #	
Date proposal (GMI) sent to AEMO	Friday, 22 February 2019	Date PCR issued/received	Friday, 8 March 2019
Short Issue Title	Minor changes to the Western Australian Gas Retail Market Agreement		

Other key contact information

VERSION #	PRESENTED TO	DATE
1.0	GRCF	8 March 2019



PROCEDURE CHANGE REQUEST (PCR) – DETAILED REPORT SECTION

1. DESCRIPTION OF CHANGES AND REASONS FOR CHANGES

Reasons why the proposed changes are needed:

Prior to October 2016, the Western Australian (WA) retail gas market scheme was administered by Retail Energy Market Company (REMCo). The REMCo Constitution was the main agreement between gas market Participants. This agreement is required under section 11ZOF(1)(a) of the Energy Coordination Act 1994.

In 2016 REMCo submitted a scheme change proposal to the Economic Regulation Authority (ERA) proposing to transition responsibility for operation of the WA gas retail market scheme from REMCo to the Australian Energy Market Operator (AEMO). That scheme change proposal included several changes to scheme artefacts including introduction of the WA Gas Retail Market Agreement (WAGRMA) to replace the REMCo Constitution. Click [here](#) to view the WAGRMA.

In its determination to approve the scheme changes, ERA noted that the WAGRMA was a suitable replacement for the REMCo Constitution. Click [here](#) to review ERA determination.

Under the current version of the WAGRMA, a new gas market Participant may apply to become a party to the WAGRMA by submitting an Admission Note in accordance with clause 5.2 of the WAGRMA. AEMO must accept an Admission Notice if the applicant meets the eligibility criteria listed in clause 5.1 of the WAGRMA. Under clause 5.5 of the WAGRMA, approval of the addition of a new party to the WAGRMA is subject to approval of the ERA.

In correspondence with AEMO, ERA has indicated that it considers that the requirement for it to make a determination to either approve or reject membership of a new Participant is costly and redundant, given the requirement for AEMO to assess new participants in the WAGRMA (clauses 5.1 and 5.2). The ERA also notes that there is no requirement for the ERA to approve membership of the scheme in the *Energy Coordination Act 1994*.

ERA has asked AEMO run a procedure change consultation (Chapter 9 of the Retail Market Procedures) to remove the requirement in clause 5.5 of the WAGRMA for the ERA to approve the addition of new parties to the WAGRMA.

Description of the proposed changes:

The proposed change involves minor amendments to sub clause 5.5 and clause 11 of the WAGRMA. The amendments are:

- i. Deleting reference to ERA approval in clause 5.5.
- ii. Amending clause 5.5 to remove the prescribed period for assessment of applications to allow AEMO more time and to clarify that the date on which the new party is added to the WAGRMA will be in AEMO's written confirmation.
- iii. Amending clause 11 to clarify that adding a new party to the WAGRMA does not require ERA approval.

Refer to Attachment A for the marked-up version of the relevant sub clauses of the WAGRMA.

Feedback on this PCR:

Stakeholders or any other interested parties are invited to provide feedback on the proposed changes to the WAGRMA as described in Attachment A. Submissions for this stage of consultation close on Friday 22 March 2019. Please send your submissions to grcf@aemo.com.au



2. REFERENCE DOCUMENTATION

This PCR makes reference to the Western Australian Gas Retail Market Agreement (WAGRMA). Click [here](#) to view the WAGRMA.

3. THE HIGH LEVEL DETAILS OF THE CHANGE TO THE EXISTING PROCEDURES

Refer to Attachment A that shows marked-up changes to the WAGRMA.

4. EXPLANATION REGARDING THE ORDER OF MAGNITUDE OF THE CHANGES

This initiative will require minor changes to sub clause 5.5 and clause 11 of the WAGRMA. There are no system changes. AEMO considers the order of magnitude of this change is 'non-material'.

5. LIKELY BENEFITS FOR INDUSTRY AS A WHOLE

More efficient and streamlined process for new participants entering the WA gas retail market.

6. THE LIKELY IMPLEMENTATION EFFECT OF THE PROPOSAL ON INDUSTRY IN GENERAL AND/OR ANY IDENTIFIED PARTIES

AEMO and ERA processes are both impacted in a positive way. There are also likely to be benefits to future Participants that will no longer be required to seek ERA approval, resulting in a expedited process for new gas retail market Participants entering the.

7. TESTING REQUIREMENTS

Not applicable.

8. SUPPORTING DOCUMENTATION

A marked-up version of sub clause 5.5 and clause 11 is included in Attachment A.

9. A PROPOSED EFFECTIVE DATE FOR THE PROPOSED CHANGED PROCEDURES TO TAKE EFFECT AND JUSTIFICATION FOR THAT TIMELINE.

Subject to all necessary approval's, AEMO is targeting to implement this initiative in late June 2019.

To achieve this AEMO proposes the following timeline.

- Issue PCR 8 March 2019.
- Submission on PCR close 22 March 2019.
- Issue IIR 28 March 2019.
- Submission on IIR close 18 April 2019.
- AEMO decision on whether to submit the change to ERA late April 2019.
- Target effective date late June 2019.



ATTACHMENT A – DOCUMENTATION CHANGES (SEE SECTION 3)

Blue represents additions Red and strikethrough represents deletions – Marked up changes

Extract from the WA Gas Retail Market Agreement (WAGRMA)

5. New Participants

5.1 A person that is not a Party to this Agreement may apply to AEMO to become a Party to this Agreement (**New Participant**) if it is eligible to do so. A New Participant will be eligible only if the person:

- (a) is a WA Gas Retail Market Participant who is lawfully entitled to carry on that business;
- (b) honestly and accurately provides to AEMO the information required under clause 5.2;
- (c) is not being wound up in accordance with the *Corporations Act 2001* (Cth);
- ▲ (d) is not immune from liabilities incurred under this Agreement or as a Scheme Participant;
- (e) is capable of being sued in its own name in a court of competent jurisdiction; and
- (f) agrees in writing to become bound by the terms and conditions of this Agreement.

(Eligible)

5.2 An application by a New Participant under clause 5.1 must be in the form of an admission note as annexed in the Annexure and must:

- (a) specify the name and ABN (if applicable) of the New Participant;
- (b) specify whether the New Participant is a Gas Distribution Operator, a Retail Gas Operator or a Self-Contracting User;
- (c) state that the New Participant is applying to become a Party to this Agreement; and
- (d) be signed by an authorised officer of the New Participant.

(Admission Note).

5.3 An Admission Note is an offer from the New Participant to the Parties (being each WA Gas Retail Market Participant who was initially a Party to this Agreement and each WA Gas Retail Market Participant subsequently joining this Agreement under this clause 5) to amend this Agreement to add the New Participant as one of the Parties.

5.4 AEMO must accept an Admission Notice if the New Participant is Eligible. If AEMO is not satisfied a New Participant is Eligible (acting reasonably), it may reject or defer consideration of an Admission Note.

5.5 If a New Participant provides AEMO with an Admission Note, and AEMO provides written confirmation to the New Participant ~~before 5:00 PM on the 10th Business Day after the notice is given (Deadline)~~ that the Admission Note has been accepted, then the Parties are deemed by this clause 5.6 to have agreed irrevocably to the offer referred to in clause 5.3, and ~~subject to approval of the ERA,~~ this Agreement is amended from the ~~Deadline or such~~ date as ~~approved by the ERA specified in AEMO's confirmation~~ to add the New Participant as one of the Parties.

6. Registration

6.1 WA Gas Market Participants that are Parties to this Agreement will be registered with AEMO as a Scheme Participant for the WA Gas Retail Market.

6.2 Gas Distribution Operators and Retail Gas Operators that are parties to this Agreement are members of the Scheme for the purposes of Part 2B of the ECA.

6.3 AEMO will maintain a register of all current Scheme Participants.

6.4 Subject to the AEMO Constitution, Scheme Participants may apply to become AEMO Members.

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11. Amendments

This Agreement may only be varied by agreement in writing between the Parties ~~if required by the ECA, with the approval of the ERA under section 11ZOM of the ECA, and with the approval of the ERA under section 11ZOM of the ECA.~~

~~[Note: The ERA is not required to approve the addition of a new party to this Agreement under clause 5]~~