

Decision to Approve Amendments to the Retail Market Scheme - Rule Changes C03/14S, C04/14R and C01/15R

Submitted by the Retail Energy Market Company

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Economic Regulation Authority

WESTERN AUSTRALIA

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Contents

Decision	1
Reasons	1
Background	1
Discussion	1
Legislative Requirements for the Authority's Approval	1
Rule Change C03/14S – Bulk Energy History Requests	3
Rule Change C04/14R – Withdrawal of Transfer Requests under Rule 79(4)	4
Rule Change C01/15R – Clarification of Rule 149(5)	4
Conclusion	5

Decision

1. Pursuant to section 11ZOM of the *Energy Coordination Act 1994 (Act)*, the Economic Regulation Authority (**ERA**) approves the proposed amendments in Rule Changes C03/14S, C04/14R and C01/15R, submitted to the ERA by the Retail Energy Market Company (**REMCo**) on 16 March 2015.

Reasons

Background

2. Under section 11ZOL of the Act, REMCo may prepare an amendment to its Retail Market Scheme (**Scheme**) and submit the amendment to the ERA for approval under section 11ZOM of the Act.
3. The REMCo Scheme includes the Retail Market Rules (**Rules**), the Specification Pack (**Spec Pack**)¹, the REMCo Constitution, and the FRC Hub Operational Conditions.²
4. On 16 March 2015, the ERA received a submission from REMCo seeking approval of amendments to the REMCo Rules. The submission details the rationale for three Rule Changes, including C03/14S, C04/14R and C01/15R, and REMCo's assessment of these amendments in meeting the prerequisites for approval under the Act.

Discussion

Legislative Requirements for the Authority's Approval

5. Section 11ZOM of the Act provides that where an amendment is submitted under section 11ZOL of the Act, the Authority is to, in accordance with section 11ZOO and section 11ZOP of the Act:
 - a) approve it;
 - b) request that it be changed and approve it in a changed form; or
 - c) refuse to approve it.
6. Pursuant to section 11ZOO(1)(a) of the Act, the Authority may approve an amendment to the Scheme if it is satisfied that if the amendment is made, the scheme will:

¹ The Spec Pack is a suite of documents that supports the operation of the Rules.

² The FRC Hub is the information system provided by REMCo for the transmission of aseXML messages under the Rules. The FRC Hub Operational terms and conditions govern the communication protocol within the FRC Hub. Whilst the ERA is required to approve amendments to the Rules, Specification Pack and the Constitution, it is not required to approve amendments to the FRC Hub Operational terms and conditions.

- i. comply with the Act; and
 - ii. be suitable for the purposes of section 11ZOB of the Act.
7. Section 11ZOB of the Act states that the purpose of the Scheme for a distribution system is to ensure that the retail gas market that is supplied through that system is regulated and operates in a manner that is:
 - a) open and competitive;
 - b) efficient; and
 - c) fair to gas market participants and their customers.
8. Pursuant to section 11ZOO(1)(b) of the Act, the Authority may approve an amendment to a retail market scheme if it is satisfied that any other principle, criterion, or requirement that is prescribed for the purposes of this paragraph in the Act has been met.
9. Section 11ZOL(3) requires that an amendment to the Rules that is made as part of a scheme for a distribution system is not to be submitted, unless the members of the scheme have consulted in relation to the amendment with any of the following who would be affected by the amendment if it is approved:
 - a) a gas transmission operator whose pipeline is used to transport gas into that system; and
 - b) a prescribed person within the meaning in 11ZOD(1)(b), which includes any Shipper, SSP or Self Contracting User.
10. Pursuant to section 11ZOO(2) of the Act, the Authority may approve an amendment to any retail market rules under section 11ZOM only if the Authority is satisfied that the consultation required by section 11ZOL(3) has taken place and:
 - a) each person required to be consulted has agreed to the amendment; or
 - b) if any person required to be consulted has not so agreed, that person has been given a reasonable opportunity in the course of the consultation to provide reasons for not agreeing and any reasons so provided have been considered.
11. Additionally, under 11ZOP, when determining whether or not to give an approval under section 11ZOM, the matters to which the Authority is also to have regard include:
 - a) any principles, criteria, or requirements that are prescribed for the purposes of this paragraph; and
 - b) such other matters as the Authority considers relevant.

Rule Change C03/14S – Bulk Energy History Requests

12. ATCO, as the Network Operator, receives requests from Users³ for energy history data for end-use customers, for the period before they became the current User for that customer. Market Rule 167 requires ATCO to provide energy history data for a reasonable number of such requests within five business days.
13. Previously, the volume of energy history data requests has been small and a simple manual extraction process was sufficient to meet ATCO's requirements. However, the frequency and volume of these requests has increased substantially since February 2013, when competition commenced for residential and small business customers. ATCO's current extraction process is unable to meet the Users' delivery requirements and consequently, ATCO has developed an automated process for responding to bulk energy history requests for basic meters, for all Users, under Market Rule 167.
14. Rule Change C03/14S proposes amending the FRC business to business (**B2B**) System Interface Definitions and the Specification Pack User Guidelines (both of which form part of the Spec Pack) to create a new B2B electronic file transaction that Users send to the Network Operator for bulk basic-metered energy history requests. These changes will allow ATCO and Users to make use of the new automated process and will specify how ATCO and Users communicate for bulk energy history data requests i.e., how to request, send, and read the data.
15. The Authority considers that the Scheme will continue to comply with the Act if the proposed Rule Change is implemented. The Authority considers that the use of the automated bulk energy history request process will allow ATCO to meet the requirement to provide historical metering data to a reasonable number of requests within five business days more efficiently than would occur using a manual one-off process. Additionally, the Authority notes that all Users will have equal access to bulk energy history data. The Authority is therefore satisfied that the requirements under section 11ZOO(1)(a) of the Act have been met.
16. The ERA notes that REMCo submitted Rule Change C03/14S to the Rule Change Committee (**Committee**) for consideration, and the Committee unanimously agreed that the proposed change is a low impact Rule Change. The Rule Change proposal was circulated to a network operator, two pipeline operators (one of whom is also a swing service provider), two self-contracting users, and four retailers (all of whom are also shippers, and two of whom are also swing service providers). REMCo did not receive any submissions or objections to the Rule Change proposal.
17. It is the Authority's view that each person required to be consulted has been consulted and can be deemed to have agreed to the amendments proposed under C03/14S. The Authority thus considers that the requirements under sections 11ZOL(3) and 11ZOO(2) of the Act have been satisfied.
18. The Authority is not aware of any other principle, criterion or requirement that is prescribed for the purposes of section 11ZOP of the Act that would prevent approval of the proposed amendments under section 11ZOM of the Act.

³ Users are otherwise known as 'retailers.'

Rule Change C04/14R – Withdrawal of Transfer Requests under Rule 79(4)

19. Currently, before lodging a customer transfer request with REMCo, an incoming User must obtain the transferring customer's Explicit Informed Consent (**EIC**) to the lodgement.⁴ However, if the customer changes its mind and cancels its EIC to transfer, Rule 79(4) requires Users to withdraw the relevant customer transfer request, but is not specific on how long Users have to withdraw the transfer.
20. Rule Change C04/14R proposes an amendment to Rule 79(4) to establish a two-business day timeframe for Users to withdraw a transfer request where a customer has cancelled its EIC to transfer. The two business day timeframe has been selected to balance the needs of Users (i.e., providing sufficient time for them to meet their obligations) and customers (i.e., ensuring there are no undue delays and that customers' requests are actioned in a timely manner).
21. The Authority considers that the Scheme will continue to comply with the Act if the proposed Rule Change is implemented. The Authority considers that the amendment to Rule 79(4) will provide clarity for Users on their rights and obligations for withdrawal of transfer requests if a customer's EIC ceases to apply, and will enable a smoother transfer process for customers. Additionally, the Authority agrees with REMCo that the market will be more efficient if the rules on withdrawal of a transfer request are more clear and auditable. The Authority is therefore satisfied that the requirements under section 11ZOO(1)(a) of the Act have been met.
22. The ERA notes that REMCo submitted Rule Change C04/14R to the Committee for consideration, and the Committee unanimously agreed that the proposed change is a low impact Rule Change. The Rule Change proposal was circulated to a network operator, two pipeline operators (one of whom is also a swing service provider), two self-contracting users, and four retailers (all of whom are also shippers, and two of whom are also swing service providers). REMCo received one submission supporting the Rule Change proposal, and no objections to the Rule Change proposal.
23. It is the Authority's view that each person required to be consulted has been consulted and can be deemed to have agreed to the amendments proposed under C04/14R. The Authority thus considers that the requirements under sections 11ZOL(3) and 11ZOO(2) of the Act have been satisfied.
24. The Authority is not aware of any other principle, criterion or requirement that is prescribed for the purposes of section 11ZOP of the Act that would prevent approval of the proposed amendments under section 11ZOM of the Act.

Rule Change C01/15R – Clarification of Rule 149(5)

25. Rule Change C01/15R proposes an amendment to Rule 149(5) to correct a typographical error that incorrectly refers to Rule 149(3), rather than Rule 149(4).
26. The Authority considers that the Scheme will continue to comply with the Act if the proposed Rule Change is implemented. The Authority considers that the Proposed

⁴ Market Rule 81(1)(c) notes that an earliest transfer day must be no earlier than five business days after the date on which the transfer request is lodged (except where the requested transfer is a move in) and within the allowable period).

Rule change is a simple typographic change to fix a referencing error, which will add clarity to the Rules, and will not materially impact on the Scheme meeting the criteria of Section 11ZOB.

27. The ERA notes that REMCo submitted Rule Change C01/15R to the Committee for consideration, and the Committee unanimously agreed that the proposed change is a non-substantial Rule Change, as it has no effect on the operations of REMCo, Users and the Network Operator. Under the provisions of Rule 396A, where the Committee unanimously agrees that a Rule Change is non-substantial, the Committee must recommend that REMCo submits the Rule Change to the Authority for approval. The Authority therefore considers that the consultation requirements have been met and each person required to be consulted can be deemed as having agreed to the amendments proposed under Rule Change C01/15R.
28. The Authority is not aware of any other principle, criterion or requirement that is prescribed for the purposes of section 11ZOP of the Act that would prevent approval of the proposed amendments under section 11ZOM of the Act.

Conclusion

29. The ERA considers that the proposed amendments to the REMCo Scheme in Rule Changes C03/14S, C04/14R and C01/15R meet the requirements for approval, in accordance with sections 11ZOO and 11ZOP of the Act.
30. Pursuant to section 11ZOM of the Act, the ERA approves the amendments proposed in Rule Changes C03/14S, C04/14R and C01/15R.