

# Decision on Gas Retail Market Scheme Procedure Change Proposals IN004/18W and IN004/19W

Submitted by the Australian Energy Market Operator

28 August 2019

Economic Regulation Authority

WESTERN AUSTRALIA

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## Decision

On 28 June 2019, the Economic Regulation Authority received a submission from the Australian Energy Market Operator (AEMO) seeking approval of amendments to the scheme in procedure change proposals IN004/18W and IN004/19W.

The procedure change proposal IN004/18W sought to implement the requirement for a complete central Meter Installation Registration Number (MIRN) database in the Western Australian market. This would allow retailers to immediately cross-check information provided by a customer on their MIRN and associated address in the Western Australian market. A complete MIRN listing already exists in the retail gas markets of Victoria, Queensland, South Australia and New South Wales. The registration of AGL, Origin Energy and Simply Energy in the Western Australian gas retail market has created greater customer choice and movement of customers between retailers. This increased gas retail activity has created the need for a central MIRN database allowing immediate identification of a MIRN and associated address.

The procedure change proposal IN004/19W sought to remove the requirement in clause 5.5 of the Western Australian Gas Retail Market Agreement for the ERA to approve the registration of new parties to the Agreement. The requirement for the ERA to determine whether to approve the registration of a new participant is costly and redundant, given the requirement for AEMO to assess new participants in clauses 5.1 and 5.2 of the Agreement. The ERA also notes that there is no requirement for the ERA to approve membership of the scheme in *the Energy Coordination Act 1994*.

In accordance with section 11ZOM of the Act, the ERA approves the amendments in procedure change proposals IN004/18W and IN004/19W submitted by AEMO on 28 June 2019.

## Reasons

### 1.1 Background

The Western Australian gas retail market scheme comprises AEMO, the Western Australian Retail Market Agreement and the Market Rules. AEMO is the formal entity responsible for the operation of the scheme. The Agreement<sup>1</sup> is the main agreement between gas market participants,<sup>2</sup> obliging all members to comply with the market rules, which include:

- The Retail Market Procedures, which govern the major interactions between gas market participants in the gas retail market.
- The Specification Pack, which is a suite of documents supporting the operation of the market procedures.
- The Full Retail Contestability (FRC) Hub Operational Terms and Conditions, which govern the communication protocol within the information system provided by AEMO, known as the FRC Hub.

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<sup>1</sup> Section 11ZOF of the Energy Coordination Act 1994 (WA) (ECA) requires the Scheme to consist of one or more agreements made between persons who are gas market participants in relation to that system (WA Gas Retail Market Agreement).

<sup>2</sup> Market participants include users (i.e. retailers) and the network operator, which is currently ATCO GAS AUSTRALIA.

Section 11ZOL of the Act specifies that members of an approved retail market scheme may prepare an amendment to the scheme and submit the amendment to the ERA for approval under section 11ZOM of the Act.

### 1.1.1 *Legislative requirements for the ERA's approval*

Where an amendment to the Western Australian gas retail market scheme is submitted to the ERA, the ERA is to:

- approve it
- request that it be changed and approve it in a changed form, or
- refuse to approve it.<sup>3</sup>

The ERA may approve an amendment to the scheme if it is satisfied that:

- If the amendment is made, the scheme will:
  - Comply with the Act.
  - Be suitable for the purposes of ensuring that the retail gas market supplied through a distribution system is regulated and operates in a manner that is:
    - open and competitive
    - efficient
    - fair to gas market participants and their customers.<sup>4</sup>
- Any other principle, criterion, or requirement that is prescribed for the purposes of this paragraph in the Act has been met.

Participants are not to submit rule amendments for a distribution system scheme without consulting potentially affected scheme members, including:

- A gas transmission operator whose pipeline is used to transport gas into that system.
- A prescribed person, including any shipper, swing service provider or self-contracting user.<sup>5</sup>

The ERA may approve retail market rule amendments only if it is satisfied that such consultation has taken place and:

- Each person required to be consulted has agreed to the amendment.
- 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.<sup>6</sup>

When determining whether or not to give an approval, the ERA is to have regard to:

- Any principles, criteria, or requirements that are prescribed for the purposes of this paragraph in the Act.

<sup>3</sup> In accordance with section 11ZOM of the Energy Coordination Act 1994 ([online](#)).

<sup>4</sup> See section 11ZOB of the Energy Coordination Act 1994 ([online](#)).

<sup>5</sup> See section 11ZOI (3) of the Energy Coordination Act 1994 ([online](#)).

<sup>6</sup> See section 11ZOO (2) of the Energy Coordination Act 1994 ([online](#)).

- Such other matters as the ERA considers relevant.<sup>7</sup>

## 1.2 Discussion

### 1.2.1 AEMO's proposal

On 28 June 2019, the ERA received a submission from AEMO seeking approval of amendments to the scheme in procedure change proposals:

- IN004/18W – Complete Meter Installation Registration Number (MIRN) listing (Version 2.0)<sup>8</sup>
- IN004/19W – Minor Changes to the Agreement<sup>9</sup>

These proposals are described in detail below.

AEMO proposed that the changes in IN004/18W and IN004/19W take effect on 20 September 2019 and 3 September 2019 respectively. AEMO has requested that the ERA consider, endorse and publish the approval for these changes in the Gazette by 3 September 2019. This will allow AEMO to make system changes for IN004/18W and publish the amended Agreement, Western Australian Retail Market Procedure and artefacts of the Specification Pack by 20 September 2019.

### 1.2.2 IN004/18W – Complete Meter Installation Registration Number listing

#### 1.2.2.1 Rationale and proposal for a complete Meter Installation Registration Number listing

Unlike other Australian jurisdictions, the Western Australian gas retail market does not have a central MIRN database, allowing retailers to immediately cross-check information provided by a customer on their MIRN and associated address.

Procedure change proposal IN004/18W seeks to implement the requirement for a complete MIRN listing in the Western Australian market. This will require:

- Inclusion of a new clause (74A) in the Retail Market Procedure<sup>10</sup> that places an obligation on:
  - The network operator, ATCO Gas Australia, to generate the MIRN list<sup>11</sup> each month and send to AEMO via an agreed transfer method.
  - AEMO to develop an automated process that will transfer the MIRN list to the designated area of each registered retailer in that market. Only users from each

<sup>7</sup> See section 11ZOP of the Energy Coordination Act 1994 ([online](#)).

<sup>8</sup> A MIRN is the unique alphanumeric identifier assigned to a meter by the network operator or meter manufacturer.

<sup>9</sup> Western Australian Gas Retail Market Agreement ([online](#))

<sup>10</sup> Retail Market Procedure (WA) ([online](#))

<sup>11</sup> The network operator ATCO Gas Australia must make available to Users a listing of all distribution metering supply points that have a MIRN assigned and a MIRN status of either Registered (up stand installed), commissioned (meter installed) or Decommissioned (meter removed).

registered retailer that have Market Information Bulletin Board access privileges requiring a username and password will be able to access the MIRN list.

- The retailer to only access the list to confirm a customer’s address and MIRN details, and only after the retailer has received the customer’s explicit informed consent.
- Changes to the Retail Market Procedure to insert clause reference 74A into clauses 350(2)<sup>12</sup> and Appendix 6(i)<sup>13</sup>.
- Changes to the Specification pack, in particular to the FRC B2B System Interface Definition document<sup>14</sup>, to include a new transaction type ‘T299 (Complete MIRN Listing)’ in ‘Appendix E – Non-Automated Electronic Files’ and add a description of the format of the MIRN listing and how it is generated and made available to the retailers.

In the Western Australian Retail Market Procedures, the MIRN discovery process enables a retailer to request and receive information regarding a delivery point at which a network operator delivers gas to a retailer for immediate on-delivery to a customer.

The discovery process is important for customers transferring between retailers, allowing retailers to cross-check information provided by a customer for accuracy.

The current MIRN discovery process is not immediate, as the retailer must submit a MIRN discovery request transaction to the network operator. Depending on the information provided by the customer and the discovery response, a transaction may fail. A failed MIRN discovery request affects:

- The network operator, as it must analyse and respond to a failed request.
- The retailer, as it must review and request the necessary information and contact the customer a second time.
- The customer, with delays in consumer transactions while the failure is responded to and the transaction is completed. This may require conversations between the customer and retailer to establish the correct details of the associated address and MIRN.

This process is different to the process used in other markets, such as Victoria, Queensland, South Australia and New South Wales/Australian Capital Territory. In these markets, each network operator generates a list of all MIRNs and addresses within their distribution area every month and provides it to AEMO to distribute to retailers registered in that market.

To date in the Western Australian market, given limited retail activity, the MIRN discovery process has sufficed. The Western Australian market is now experiencing increased retail activity, with the entry of AGL, Origin Energy and Simply Energy, increasing the number of MIRN discovery requests.

AEMO considered that, while the complete MIRN listing would not remove the need for some MIRN discovery requests, it would substantially lower the number of requests submitted to the network operator. In this way, it would substantially reduce the resources required for generating responses. AEMO considered that the likely effect of the changes were:

<sup>12</sup> Retail Market Procedure (WA) Clause 350 Audit of explicit informed consent, P.236 ([online](#))

<sup>13</sup> Retail Market Procedure (WA) Appendix 6(i). Requirements for explicit informed consent, P.294 ([online](#))

<sup>14</sup> The FRC B2B System Interface Definition document is part of the AEMO Specification Pack. Its purpose is to define the behaviour of the business and information technology systems and identify the manner in which participants will communicate with each other to manage their day-to-day business. It focuses on the specific aseXML interfaces to be used in business to business transactions.

- A one-off cost, incurred by the network operator, of developing the full MIRN discovery report and delivering it to AEMO. It would also incur the cost of sending a file to AEMO each month, a process which could be automated.
- A reduced wait time for MIRN discovery, allowing retailers to manage the next stage in the process directly. Retailers would also require fewer resources dedicated to managing MIRN discovery and failure processes.
- An improvement in customer service through a reduction in the number of failures and faster transfer between retailers.

### 1.2.2.2 *Classification and consultation on a complete Meter Installation Registration Number listing*

On 27 November 2018, the ERA received a submission from AEMO seeking approval of amendments to the scheme in procedure change proposal IN004/18W Complete MIRN listing.<sup>15</sup>

The ERA was not satisfied that AEMO had met the requirements under the Act and rejected the procedure change proposal.<sup>16</sup> The ERA found that clause 350(2) of the Retail Market Procedures - that requires explicit informed consent to be audited - had not been updated in the procedure change proposal IN004/18W. This exclusion meant that there would be no regulatory oversight of the process and outcomes used to obtain explicit informed consent as part of the changes proposed by IN004/18W. The ERA determined that the amendments in procedure change proposal IN004/18W were not sufficient to ensure customer protection or competition in the market and therefore, did not meet the requirements for the ERA's approval.

Given the benefits of implementing access to users of a complete MIRN listing, the ERA requested that AEMO revisit the Retail Market Procedures to ensure that all customer protection mechanisms were updated to reflect the requirements in the new procedure 74A and that competition was safeguarded, before resubmitting the proposal to the ERA for approval.

On 28 June 2019, the ERA received an updated submission from AEMO seeking approval of procedure change proposal IN004/18W Complete MIRN listing Version 2.<sup>17</sup> This updated proposal included an audit requirement of customers' explicit informed consent for accessing and using the Complete MIRN Listing to ensure that all customer protection mechanisms were updated.

The sections below discuss the classification of, and consultation on, AEMO's original and updated submissions to the ERA.

#### **Summary of the classification and consultation of the original proposal**

AEMO classified procedure change proposal IN004/18W as non-substantial requiring, an ordinary procedure change process, rather than an expedited process. In its initial procedure

<sup>15</sup> Australian Energy Market Operator, 2018, *Application to the Economic Regulation Authority for Approval of amendment to the Retail Market Scheme – Procedure Changes IN002/18W, IN003/18W, IN004/18W and IN005/18W* ([online](#))

<sup>16</sup> Economic Regulation Authority, 2019, *Decision on Gas Retail Market Scheme Procedure Change Proposals IN002/18W, IN003/18W, IN004/18W and IN005/18W* ([online](#)).

<sup>17</sup> Australian Energy Market Operator, 2019, *Approval of amendment to the Retail Market Scheme – Procedure Changes IN004/18W and IN004/19W* ([online](#))

change request submitted to AEMO, AGL explained that the order of magnitude of the changes was non-substantia. AGL also noted that:<sup>18</sup>

- Western Australian gas retail participants that currently did not have access to AEMO's Market Information Bulletin Board would need to organise access.
- The network operator would need to make system changes to generate the complete MIRN listing.
- AEMO would need to develop an automated process similar to other jurisdictions to transfer the list from the network operators' area on the Market Information Bulletin Board to all registered retailers' areas.

AEMO's classification of the proposal as non-substantial was published on 29 August 2018, when it released the procedure change request for comment by 27 September 2018. There was no dissent to AEMO's classification of this proposal.

AEMO received submissions from AGL and Origin Energy supporting the procedure change proposal. AGL noted that it had prepared the request for a procedure change and would like to see it delivered as quickly as possible to minimise any customer transfer problems.

Both AGL and Origin noted that many of the fields in the proposed T299 transaction were listed as "optional" and considered that these fields should be "required" so that the information was provided if it was available. Origin Energy considered that this could be denoted by the letter "R".

AEMO acknowledged these comments but advised that the suggested value of R was not allowed in the program, which would only accept values of mandatory (M) or optional (O). If a field type is mandatory and there is no value in it, it will result in an error. If a field type is optional, a value may not always be present. Optional fields in a MIRN listing may not always be available and the program will not raise an error when this occurs.

To address AGL and Origin Energy's concerns, AEMO amended the description of the format of the Complete MIRN Listing (T299) document to make it clear that the network operator must ensure that all data fields in Transaction 299 available in the network database are transferred to the Complete MIRN listing:

The Network Operator must ensure that all data fields as per Transaction 299 that are available in their database are transferred to the Complete MIRN listing.

AGL suggested that AEMO's wording could be clearer and proposed the following text:

The Network Operator must ensure that all data fields as per Transaction 299 that are available in their database are transferred to the Complete MIRN listing irrespective of whether the data field is designated as O (optional) in the table for T299.

AEMO acknowledged AGL's feedback and advised that the description of the format of the complete MIRN listing was updated to reflect the requests from this change. However, the amendment was not updated in the final proposal.

AGL suggested further minor edits, capitalising certain terms throughout the description, which AEMO included in the final proposal.

AEMO published an Impact and Implementation Report for IN004/18W on its website on 12 October 2018 and invited each participant, pipeline operator, prescribed person and

<sup>18</sup> AGL, 2018, *Procedure Change Request WA IN004/18W – Complete MIRN Listing*, P.3 ([online](#))

interested person to lodge an objection to the proposed amendment by 12 November 2018. AEMO did not receive any objections.

AEMO notified the market that it had submitted the procedure change proposal to the ERA for approval on 27 November 2018 and invited submissions by 8 January 2019. The ERA received one submission from AGL, supporting the proposal.

### **Summary of the classification and consultation on the updated proposal**

The ERA rejected the initial proposal on 22 February 2019. On 8 March 2019 AEMO published an updated procedure change request on its website. AEMO's classification of procedure change proposal IN004/18W remained as non-substantial, requiring an ordinary procedure change process. AEMO amended the original request to include an audit requirement for customer explicit informed consent for accessing and using the complete MIRN listing. The additional changes proposed in this revised request included:

- Inserting the clause reference 74A Complete MIRN Listing to clauses 350(2) Audit of explicit informed consent and Appendix 6(i) Records of explicit informed consent in Retail Market Procedures (WA).
- Amending the following text under the section "Complete MIRN Listing (T299)" in FRC B2B System Interface Definition that was proposed by AGL but not updated in the procedure change proposal provided to the ERA on 27 November 2018. The text was amended from:

The Network Operator must ensure that all data fields as per Transaction 299 that are available in their database are transferred to the Complete MIRN listing.

to,

The Network Operator must ensure that all data fields as per Transaction 299 that are available in their database are transferred to the Complete MIRN listing irrespective of whether the data field is designated as O (optional) in the table for T299.

Registered participants and interested stakeholders were invited to make submissions on the updated procedure change request by 22 March 2019. AEMO received submissions from Alinta, AGL, Kleenheat and ATCO Gas Australia supporting the proposal. ATCO Gas Australia proposed further amendments to Complete MIRN Listing Transaction 299 in the FRC B2B System Interface Definition. ATCO Gas Australia's submission highlighted incorrect wording in Appendix E:

The Network Operator must make available to Users a listing of all distribution metering supply points that have a MIRN assigned and a MIRN status of either Registered (up stand installed), Commissioned (meter installed) or Decommissioned (meter removed).

ATCO Gas Australia proposed the following amendment to Complete MIRN Listing Transaction 299:

The Network Operator must make available to AEMO a listing of all distribution metering supply points that have a MIRN assigned and a MIRN status of either Registered (up stand installed), Commissioned (meter installed) or Decommissioned (meter installed but delivery point is disconnected).

AEMO advised ATCO Gas Australia that the text change from "Users" to "AEMO" should not proceed as the listing was made available to the users. An automated process run by AEMO forwards the listing to registered users after it is received from the network operator. AEMO does not access this listing. ATCO Gas Australia accepted AEMO's response.

AEMO agreed with ATCO Gas Australia's submission to revise the wording for the amendment to Transaction 299 from decommissioned "meter removed" to decommissioned "meter installed but delivery point is disconnected" as it adds further clarity.

Kleenheat's submission fully supported the intention of including a new clause 74A(c) in the Western Australian Retail Market Procedure. However, it was concerned with how this would interact with the explicit informed consent audit provision in clause 350(2) of the Retail Market Procedure. Kleenheat was also interested to know how, in practice, an auditor would be expected to audit retailers against clause 74A(c). Kleenheat expected there to be some guidance for gas market participants around how compliance with subclause (c) would be assessed.

AEMO acknowledged Kleenheat's feedback. AEMO's response stated that each retailer was responsible for designing control mechanisms to access the Complete MIRN Listing and an Auditor will review controls put in place to ensure their compliance with the procedures.<sup>19</sup> Kleenheat accepted AEMO's response.

Kleenheat's submission also noted that in the Retail Market Procedures there was currently no requirement for AEMO to carry out an annual explicit informed consent audit in other states. Kleenheat sought clarity from AEMO as to how retailers in other states were being audited on their explicit informed consent requirements, especially when accessing the complete MIRN listing, and if that differed from the intended approach in Western Australia and, if so, why that was the case.

AEMO acknowledged Kleenheat's concerns and responded by stating that per the Retail Market Procedures of Victoria, Queensland, South Australia and New South Wales/Australian Capital Territory, the retailers were not required to provide a report of annual explicit informed consent audit to AEMO. These retailers may still be organising an internal audit of the explicit informed consent as a good compliance practice. Kleenheat accepted AEMO's response.

AEMO published an updated Impact and Implementation Report version 2 for IN004/18W on its website on 10 May 2019 and invited each participant, pipeline operator, prescribed person and interested person to lodge an objection to the proposed amendment by 7 June 2019. AEMO received no objections.

AEMO notified the market that it had submitted the updated procedure change proposal for IN004/18W to the ERA for approval on 28 June 2019 and invited submissions by 9 August 2019. The ERA received one submission from AGL, supporting this proposal.

### **1.2.3 The ERA's assessment of the proposal for a complete MIRN listing**

#### ***Summary of the ERA's assessment of the original proposal***

The ERA did not approve AEMO's original procedure change proposal IN004/18W submitted on 27 November 2018. The ERA noted that, while the amendment in IN004/18W contained clauses requiring that the complete MIRN listing was accessed and used solely to confirm customer address and MIRN details, and that explicit informed consent was obtained from the customer, there was no requirement for audit of this process.

Other clauses in the Retail Market Procedures that require users to obtain explicit informed consent do have audit requirements. For example, clause 55A requires users to obtain explicit

<sup>19</sup> Australian Energy Market Operator, 2019, *Impact Implementation Report (IIR) IN004/18W Complete MIRN Listing – Version 2*, P. 15 ([online](#))

informed consent before lodging a request with AEMO for historical AEMO standing data for a delivery point relating to a period for which the user was not the current user. Without the need for audit of this explicit informed consent process, there is no regulatory oversight to ensure that there are no negative consequences for customers or that competition in the market is not adversely affected.

In approving an amendment to a retail market scheme, the ERA must be satisfied that if the amendment is made, the provisions of the scheme will comply with the Act, and ensure that the retail gas market that is supplied through that system is regulated and operates in a manner that is open and competitive, efficient and fair to gas market participant and their customers. For the reasons set out above, the ERA was not satisfied that the requirements under the Act had been met for proposal IN004/18W.

The ERA requested that AEMO revisit the Retail Market Procedures to ensure that all customer protection mechanisms were updated to reflect the requirements in the new procedure clause 74A and that competition was safeguarded, before resubmitting the proposal to the ERA.

The ERA notified AEMO on 22 February 2019 of its decision to not approve the proposed implementation of IN004/18W Complete MIRN Listing (Version 1.0).<sup>20</sup>

### ***Summary of the ERA's assessment of the updated proposal***

AEMO submitted an application to the ERA for the approval of procedure change proposal IN004/18W Complete MIRN Listing (Version 2.0) on 28 June 2019.<sup>21</sup>

The amendment to IN004/18W will implement a tested process, the use of a MIRN listing, for ensuring successful transfer of customers between retailers that is already employed in other jurisdictions. The provision of a complete MIRN listing has been employed in Victoria, Queensland, South Australia and New South Wales/Australian Capital Territory. In those jurisdictions, the network operator generates a list of all MIRNs and addresses every month and sends this list to AEMO via an agreed transfer method. AEMO then transfers the MIRN list to the designated area of each registered Retailer in that market via an automated process. The retailer only accesses the list to confirm a customer's address and MIRN details, and only after the retailer has received the customer's explicit informed consent. The complete MIRN listing allows a retailer to immediately cross-check the information provided by the customer. This is currently not possible in the Western Australian market. In a growing market, implementing this process will create efficiencies in the time and resources needed to undertake the MIRN discovery process, benefitting the network operator, retailers and customers. The amendment aligns with the objectives of the scheme.

AEMO's updated procedure change proposal IN004/18W strengthened customer protection mechanisms when retailers accessed the MIRN listing to check a customer's MIRN and address. Inclusion of the new clause 74A provided for the MIRN listing to be generated and made available to retailers. However, the clause also required the retailer to obtain the customer's explicit informed consent before accessing the MIRN listing. Inserting clause reference 74A into clauses 350(2) and Appendix 6(i) of the Retail Market Procedures required retailers to have the processes and documentation used to obtain customers' explicit informed consent, audited.

<sup>20</sup> Economic Regulation Authority, 2019, *Decision on Gas Retail Market Scheme Procedure Change Proposals IN002/18W, IN003/18W, IN004/18W and IN005/18W* ([online](#)).

<sup>21</sup> Australian Energy Market Operator, 2019, *Application to the Economic Regulation Authority for Approval of amendment to the Retail Market Scheme – Procedure Changes IN004/18W and IN004/19W* ([online](#)).

The changes minimise negative consequences for customers and safeguard retail competition. A customer's information cannot be used for purposes other than the actions consented to by the customer. Auditing explicit informed consent processes and documentation should ensure retailers are not accessing the MIRN listing without obtaining explicit informed consent from customers and for purposes other than cross-checking customer information.

The required consultation occurred with each participant, pipeline operator, prescribed person and interested person. There has not been any dissent to the proposed amendments. The ERA therefore considers that each person has agreed to the amendments proposed under IN004/18W.

Given the benefits of implementing access to users of a complete MIRN listing, the ERA considers that the scheme will continue to comply with the Act following implementation of a complete MIRN listing. The ERA is satisfied that, through the amendments proposed under IN004/18W, the provisions of the scheme will continue to ensure regulation of the market and that market operation is open and competitive, efficient, and fair to gas market participants and their customers.

## **1.2.4 IN004/19W – Minor changes to the Western Australian Gas Retail Market Agreement**

### **1.2.4.1 Rationale and proposal for the minor changes to the Western Australian Gas Retail Market Agreement**

Prior to October 2016, the Western Australian retail gas market scheme was administered by the Retail Energy Market Company (REMCo) and was the main agreement between gas market participants required under section 11ZOF(1)(a) of the Act.<sup>22</sup>

On 22 September 2016, REMCo submitted a scheme change proposal to the ERA proposing to transition responsibility for operation of the Western Australian gas retail market scheme from REMCo to AEMO. This scheme change proposal also included replacing the REMCo Constitution<sup>23</sup> with the Agreement<sup>24</sup>. The ERA noted in its Decision to Approve Transition of Operation of WA Gas Retail Market Scheme to AEMO, published on 21 October 2016, that the Agreement was a suitable replacement for the REMCo Constitution.<sup>25</sup>

A new gas market participant may apply to become a party to the Agreement by submitting an Admission Note in accordance with Clause 5.2 of the Agreement.<sup>26</sup> AEMO must accept an Admission Note if the applicant meets the eligibility criteria listed in clause 5.1 of the

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<sup>22</sup> See section 11ZOF of the Energy Coordination Act 1994 ([online](#)).

<sup>23</sup> From 31 May 2004, the formal entity responsible for the administration of the scheme was the Retail Energy Market Company (REMCo). The main agreement between gas market participants, obligating all members to comply with the market rules, was the REMCo Constitution.

<sup>24</sup> This agreement is the new WA Gas Retail Market Agreement for the purposes of section 11ZOF(1)(a) of the Energy Coordination Act 1994 between persons who are gas market participants in relation to the WA Gas Retail Market.

<sup>25</sup> Economic Regulation Authority, 2016, *Decision to Approve Transition of Operation of WA Gas Retail Market Scheme to AEMO*, PP. 7-8 ([online](#))

<sup>26</sup> Under Clause 5.2 of the Agreement an application by a New Participant under clause 5.1 of the Agreement must be in the form of an admission note as annexed in the Annexure and must meet the eligibility criteria set out in clause 5.2 ([online](#)).

Agreement.<sup>27</sup> Under clause 5.5 of the Agreement, approval of the addition of a new party to the Agreement is subject to the ERA's approval.<sup>28</sup>

Procedure change proposal IN004/19W was initiated because three gas retail participants, AGL, Origin Energy and Simply Energy, had entered and were operating in the Western Australian market without the approval from the ERA required under clause 5.5. The failure of AEMO to comply with clause 5.5 of the agreement was initially an oversight identified by an AEMO staff member. AEMO considered that the requirement for approval by the ERA of membership of new participants to the scheme was separate to the requirement in the Act to seek approval for amendment of the scheme, and therefore did not require the ERA to undertake the usual lengthy procedure change process, involving consultation with the current Market Participants.

The ERA agrees that the requirement to determine whether to approve membership of a new participant is costly and redundant, especially given the requirement under Agreement clauses 5.1 and 5.2 for AEMO to assess new participants. There is also no requirement for the ERA to approve membership of the scheme in the Act.

The ERA asked AEMO to run a procedure change consultation to remove the requirement in clause 5.5 of the Agreement for the ERA to approve the addition of new parties to the Agreement.

Procedure change proposal IN004/19W involves minor amendments to sub clauses 5.4, 5.5 and clause 11 of the Agreement. The amendments are:

- Amending clause 5.4 to include an obligation on AEMO to provide written notice specifying reasons for rejecting or deferring consideration of a New Participant's Admission Note.<sup>29</sup>
- Deleting the reference to ERA approval in clause 5.5.
- 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 Agreement will be in AEMO's written confirmation.
- Amending clause 11 to clarify that adding a new party to the Agreement does not require ERA approval.

Appendix 1 below details the approved changes of the relevant sub clauses of the Agreement.

#### *1.2.4.2 Classification and consultation on the minor changes to the Western Australian Gas Retail Market Agreement*

AEMO classified procedure change proposal IN004/19W as non-material, requiring an ordinary procedure change process. The consultation underpinning the procedure change process determined that the amendments for IN004/19W were non-material, since the proposed amendments:

<sup>27</sup> Under Clause 5.1 of the Agreement a person that is not a Party to this Agreement may apply to AEMO to become a Party to this Agreement if it is eligible to do so as set out in clause 5.1.

<sup>28</sup> Under Clause 5.5 of the Agreement if a New Participant provides AEMO with an Admission Note and AEMO provides written confirmation to the New Participant before the deadline that the Admission Note has been accepted, then the Parties are deemed to have agreed to the offer and, subject to approval of the ERA, this Agreement is amended to add the New Participant as one of the Parties.

<sup>29</sup> Western Australian Gas Retail Market Agreement, P 7, ([online](#))

- Would have no effect on the information technology systems.
- Involved only minor changes to the Agreement.

AEMO's classification of the proposal as non-material was published on the AEMO website on 8 March 2019. Registered participants and interested stakeholders were invited to make submissions by 22 March 2019. There was no dissent to AEMO's classification of this proposal.

AEMO received submissions from Alinta, AGL, Origin and ATCO Gas Australia supporting the procedure change request. Alinta, AGL and Origin also proposed further amendments.

Alinta's submission sought further clarification from AEMO as to whether amending clause 11 of the Agreement would affect how the Agreement works. For example, the proposed amendments suggested that the Agreement could only be amended if required by the Act. Alinta also questioned what would happen when there were proposed amendments to the Agreement not required by the Act. AEMO agreed with Alinta's comments and proposed the following text for clause 11:

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

AGL's submission proposed inserting in clause 5.4 of the Agreement a requirement for written notice setting out AEMO's reasons within a time period. AEMO agreed with AGL's suggestions and amendments to clause 5.4 of the Agreement. AGL proposed the following text:

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 and must provide written notice to this effect to the New Participant within a reasonable period of time, including any reasons for its decision to reject or defer the New Participant's Admission Note.

Both AGL and Origin Energy's submissions recognised an error in clause numbers. Both participants questioned the changes to clause 5.6, however no clause 5.6 existed in the Agreement. AEMO agreed that the clause reference should have been 5.5 and this was a copy and paste error while including the text in the Procedure Change Request document. AEMO also clarified that the clause number was 5.5 in the original version of the Agreement.

AEMO published a final Impact and Implementation Report for IN004/19W on its website on 10 May 2019. As per clause 383(1) of the Western Australian Retail Market Procedure, each participant, pipeline operator, prescribed person and interested person was invited to submit written comments to the proposed amendments for IN004/19W by 7 June 2019. AEMO received no objections.

AEMO notified the market that it had submitted the procedure change proposal to the ERA for approval on 28 June 2019 and invited submissions by 9 August 2019. The ERA received one submission from AGL supporting this proposal.

### **1.2.5 The ERA's assessment of the proposal for minor changes to the Western Australian Gas Retail Market Agreement**

AEMO submitted an application to the ERA for the approval of procedure change proposal IN004/19W Minor changes to the Agreement on 28 June 2019.

The amendment to IN004/19W will remove the requirement for the ERA to approve membership of the scheme, which will result in a more efficient and streamlined process for

new participants entering the Western Australian gas retail market. The implementation of IN004/19W will allow AEMO to assess a new participant's eligibility as per the Agreement and, if appropriate, approve their entry to the Western Australian gas retail market without having to request an additional endorsement from the ERA.

Clauses 5.1 and 5.2 of the Agreement require AEMO to assess new participants in the Agreement. The ERA considers that the current requirement in clause 5.5 of the Agreement for the ERA to approve the addition of new parties is both costly and redundant. The ERA also notes that there is no requirement for the ERA to approve membership of the scheme in the Act. The implementation of IN004/19W will remove the reference to ERA approval in clause 5.5 of the Agreement creating benefits to the market such as an expedited process for new gas retail market participants entering the market.

The required consultation occurred with each participant, pipeline operator, prescribed person and interested person. There has not been any dissent to the proposed amendments. The ERA therefore considers that each person has agreed to the amendments proposed under IN004/19W.

Given the benefits of removing the costly and redundant process requirements for the ERA to either approve or reject membership of a new participant, the ERA considers that the scheme will continue to comply with the Act following implementation of these minor amendments to the Agreement. The ERA is satisfied that, through the amendments proposed under IN004/19W, the provisions of the scheme will continue to ensure regulation of the market and that market operation is open and competitive, efficient, and fair to gas market participants and their customers.

## Conclusion

The ERA determines that the proposed amendments to the scheme in procedure change proposals IN004/18W and IN004/19W meet the requirements for approval in accordance with sections 11ZOO and 11ZOP of the Act<sup>30</sup>. In accordance with section 11ZOM of the Act<sup>31</sup>, the ERA approves the amendments proposed in procedure change proposals IN004/18W and IN004/19W.

The ERA is satisfied that the proposed amendments in procedure change proposal IN004/18W adequately protect customers. The ERA is also satisfied that the proposed amendments ensure that competition is safeguarded.

The ERA is satisfied that the proposed amendments in procedure change proposal IN004/19W remove the costly and redundant process for the ERA to determine whether to approve the registration of new gas retail participants in the Agreement. This proposal will result in a more efficient and streamlined process for new participants entering the Western Australian gas retail market. AEMO and all relevant gas retail market participants agreed on the amendments that were proposed within the consultation period.

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<sup>30</sup> Energy Coordination Act 1994 (WA) s11ZOO and s11ZOP ([online](#))

<sup>31</sup> Energy Coordination Act 1994 (WA) s11ZOM ([online](#))

## Appendix 1 ERA Approved Changes to Procedure Change Proposals IN004/18W and IN004/19W

The ERA approves the below changes to procedure change proposals IN004/18W and IN004/19W.

### **IN004/18W**

#### **Retail Market Procedures (WA)**

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

Grey highlight represents additional changes to the original proposal.

Yellow highlight represents additional changes post the PCR consultation.

#### **74A ~~There is no clause 74A~~ Complete MIRN Listing**

- (a) Each network operator must use its best endeavours to update, format and deliver a new complete MIRN listing in accordance with the AEMO Specification Pack which is to be made available to AEMO by 5pm on the fifth business day after the end of the calendar month or as otherwise agreed from time to time by all relevant parties.
- (b) AEMO must make each complete MIRN listing available to all users after it is received from the network operator.
- (c) The user must ensure that the complete MIRN listing is accessed and used solely to confirm the relevant discovery address/MIRN details of the customer.
- (d) The user must ensure that the customer has provided explicit informed consent to access and use the complete MIRN listing to confirm the relevant discovery address/MIRN details of the customer in relation to the delivery point.

### **Part 7.2– Audit**

#### **350 Audit of explicit informed consent**

- (1) There is no Clause 350(1).
- (2) For each calendar year, a user must appoint an auditor, having regard to clause 353, to undertake a negative assurance audit of the user's compliance during the year with clauses 55A, 72(1), 72(4), 74A, 79(1), 79(4), 166A and 349.

## Appendix 6– Requirements for explicit informed consent

### Requirements for explicit informed consent

A *customer's* consent will be *explicit informed consent* if the consent is given:

- (a) expressly; and
- (b) orally or in writing; and
- (c) after the *user* has in plain language appropriate to that *customer* disclosed all matters materially relevant to the giving of the consent, including each specific purpose for which the consent will be used; and
- (d) by a person competent or authorised to give it on the *customer's* behalf.

### Records of explicit informed consent

A *user* must:

- (e) create a record of each *explicit informed consent* received.
- (f) *maintain* the record for a period of at least 2 years from the date of the *explicit informed consent*.
- (g) provide a copy of the record to *AEMO* within 10 *business days* after *AEMO* requests it.

A record under clause (e) must:

- (h) be in a form capable of examination by *AEMO* under clause 75 and of audit under clause 350;
- (i) include such information as enables *AEMO* or the auditor to verify the *user's* compliance with clauses 55A, 72(1), 72(4), [74A](#), 79(1), 79(4), 166A and 349 and this Appendix 6.

## FRC B2B System Interface Definition

Blue represents additions ~~Red~~ and strikeout represents deletions – Marked up changes

Grey highlight represents additional changes to the original proposal.

### Appendix E Non-Automated Electronic Files

#### Overview

The following sections specify the format of those B2B 'electronic file' transactions (not aseXML) which use CSV components. The CSV component will be incorporated into a file, compressed and then communicated via an e-mail or on a disk.

The CSV file name shall be constructed as described in the CSV File Format Specification Document. If the CSV file is attached to an e-mail, the subject line must be constructed as defined in CSV File Format Specification Document. The transaction name must be taken from the table below.

This document covers CSV details for the following transactions.

Transaction number	Transaction Type Description	CSV File Name / e-Mail Subject Component Name
45	Energy History Request	ENERGYHISTORYREQUEST
45A	Bulk Basic-Metered Energy History Request	BULKBASICHISTORYREQUEST
46	Energy History Response	ENERGYHISTORYRESPONSE
	Interval Meter Energy History Response	INTERVALHISTORYRESPONSE
71	Amend Customer Details	AMENDCUSTOMERDETAILS
74	Annual Meter Reading Schedule	METERREADINGSCCHEDULE
75	Meter Reading Route Change	READINGROUTECHANGE
136	Time Expired Meters Notification	TIMEEXPIREDMETERS
289	Standing Data Change From DB	STANDINGDATACHANGE
298	Refresh of New Street Listing for MIRN Discovery	NEWSTREETLISTING
<a href="#">299</a>	<a href="#">Complete MIRN Listing</a>	<a href="#">distributor_ccyymmddhhmiss.zip</a>
330	Notification of Planned Outage	SERVICERENEWAL
333	Meter Range Updates	METERRANGEUPDATE
	Interval Meter Data	INTERVALMETERDATA

Note, the order of columns designators/headers in CSV files described by this document is fixed and is as defined in this specification.

## Complete MIRN Listing (T299) (For WA)

The Network Operator must make available to Users a listing of all distribution metering supply points that have a MIRN assigned and a MIRN status of either Registered (up stand installed), Commissioned (meter installed) or Decommissioned (meter removed installed but delivery point is disconnected). The Network Operator must ensure that all data fields as per Transaction 299 that are available in their database are transferred to the Complete MIRN listing irrespective of whether the data field is designated as O (optional) in the table for T299.

The Network Operator must ensure that the Complete MIRN Listing file is encrypted and compressed (see section 4.4 for allowable compression formats) in a way that when the User retrieves the file it can be decrypted and uncompressed using the “WinZip” utility.

The Network Operator will utilise the CSV fields and formats consistent with the fields and formats that are used in the aseXML schema applicable for a MIRN Discovery Response which is defined in FRC B2B Systems Interface Definitions, section 4.3.2.3 (NMIDiscoveryResponse).

The Complete MIRN Listing is to be refreshed after the end of the calendar month by the Network Operator and the Network Operator must FTP the refreshed files to their existing designated folder on GRMS. AEMO will transfer the Complete MIRN Listing to the existing designated folder for each User on GRMS.

The following file naming convention is to be used:

\_distributor\_ccyymmddhhmiss.zip

Note: Reference to “Network Operator” and “User” refer to the Hub participant ID.

<u>Transaction 299</u>		
<u>Heading/Column designator</u>	<u>Mandatory/Optional</u>	<u>Comment</u>
<u>MIRN</u>	<u>M</u>	<u>Must be present</u>
<u>MIRNChecksum</u>	<u>M</u>	<u>Must be present</u>
<u>FlatOrUnitType</u>	<u>O</u>	
<u>FlatOrUnitNumber</u>	<u>O</u>	
<u>FloorOrLevelType</u>	<u>O</u>	
<u>FloorOrLevelNumber</u>	<u>O</u>	
<u>BuildingOrPropertyName1</u>	<u>O</u>	
<u>BuildingOrPropertyName2</u>	<u>O</u>	
<u>LocationDescriptor</u>	<u>O</u>	
<u>HouseNumber1</u>	<u>O</u>	
<u>HouseNumber2</u>	<u>O</u>	
<u>HouseNumberSuffix1</u>	<u>O</u>	
<u>HouseNumberSuffix2</u>	<u>O</u>	
<u>LotNumber</u>	<u>O</u>	
<u>StreetName1</u>	<u>O</u>	
<u>StreetName2</u>	<u>O</u>	
<u>StreetType1</u>	<u>O</u>	
<u>StreetType2</u>	<u>O</u>	

<b>Transaction 299</b>		
<b><u>Heading/Column designator</u></b>	<b><u>Mandatory/Optional</u></b>	<b><u>Comment</u></b>
<a href="#"><u>StreetSuffix1</u></a>	<a href="#"><u>O</u></a>	
<a href="#"><u>StreetSuffix2</u></a>	<a href="#"><u>O</u></a>	
<a href="#"><u>PostalDeliveryType</u></a>	<a href="#"><u>O</u></a>	
<a href="#"><u>PostalDeliveryNumberPrefix</u></a>	<a href="#"><u>O</u></a>	
<a href="#"><u>PostalDeliveryNumberValue</u></a>	<a href="#"><u>O</u></a>	
<a href="#"><u>PostalDeliveryNumberSuffix</u></a>	<a href="#"><u>O</u></a>	
<a href="#"><u>SiteAddressCity</u></a>	<a href="#"><u>O</u></a>	
<a href="#"><u>SiteAddressState</u></a>	<a href="#"><u>O</u></a>	
<a href="#"><u>SiteAddressPostcode</u></a>	<a href="#"><u>O</u></a>	
<a href="#"><u>SiteAddressDPID</u></a>	<a href="#"><u>O</u></a>	
<a href="#"><u>GasMeterNumber</u></a>	<a href="#"><u>O</u></a>	
<a href="#"><u>Address1</u></a>	<a href="#"><u>O</u></a>	
<a href="#"><u>Address2</u></a>	<a href="#"><u>O</u></a>	
<a href="#"><u>Address3</u></a>	<a href="#"><u>O</u></a>	

[Refer Appendix A Data Dictionary – CSV Data Elements for the description of the address elements from the table above](#)

### **Password exchange process**

[The Complete MIRN Listing password exchange process is as follows:](#)

- [User to nominate an email address to send password. These details are sent to Network Operators;](#)
- [Password to change each 90 days; and](#)
- [Network Operators to email password details to user prior to it being used.](#)

**IN004/19W****Western Australia Gas Retail Market Agreement**

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

Grey highlight represents additional changes post the PCR consultation.

**1 Interpretation**

1.1 In this Agreement, unless the context requires otherwise, the following expressions have the following meanings:

**Admission Note** has the meaning given to it in clause ~~5.4~~ 5.2 of this Agreement.

**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 AEMO and 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~~ Note 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 and must provide written notice to this effect to the New Participant within a reasonable period of time, including any reasons for its decision to reject or defer the New Participant's 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 5.5 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 written confirmation to add the New Participant as one of the Parties.

## 11. Amendments

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

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