



Retail Energy Market Company Limited
ABN 15 103 318 556
228 Adelaide Terrace
Perth WA 6000.
Telephone: (618) 6212 1829
Facsimile: (618) 6212 1038
www.remco.net.au

8 July 2011

Mr Lyndon Rowe
Chairman
Economic Regulation Authority
Level 6, Governor Stirling Tower
197 St Georges Terrace
PERTH WA 6000

Dear Mr ~~Rowe~~ *Wana*

Re: Approval of Amendments to the REMCo Retail Market Scheme – Rule Change C05/11R

Under section 11ZOL of the *Energy Coordination Act 1994* (the "Act"), Retail Energy Market Company Ltd ("REMCo") may prepare an amendment to its Retail Market Scheme (the "Scheme"), and submit the amendment to the Economic Regulation Authority (the "Authority") for approval. The Authority is to approve amendments to the Scheme under section 11ZOM of the Act.

The Scheme is defined to include, amongst other things, the REMCo Retail Market Rules (the "Rules").

REMCo is applying to the Authority for the following amendment to the Scheme:

C05/11R Amendment to the definition of Street/Suburb Combination

This Retail Market Rules (the "Rules") change proposal seeks to amend the definition of "*street/suburb combination*" under Rule 2.

The proposed Rule change is required to facilitate the addition of two new columns to the Street/Suburb table showing the sub-network (receipt point) in name and in code form.

The Rule Change Committee (the "Committee") discussed the proposed Rule change at its meeting on 29 June 2011. The Committee then voted on Rule change C05/11R via e-mail, and received unanimously agreement to endorse the proposed change as a "non-substantial" Rule change as of 1 July 2011.

Rule 396A requires REMCo to submit any Rule change that the Committee considers to be non-substantial to the Authority for approval. Therefore, REMCo is required to submit Rule Change C05/11R to the Authority for approval.

REMCo would like to implement the revised Version 6.2 of the Rules on 1 August 2011. As a result, REMCo would appreciate it if the Authority could consider, approve, and publish the approvals for Rule Change C05/11R in the Gazette by this date.

Once the Authority approves Rule Change C05/11R, REMCo will post the revised version of the Rules on its website, including both a clean copy and a copy with the changes marked.


Section 11ZOO of the Act specifies the criteria that the Authority is to consider in determining whether to approve an amendment to the Scheme. A table is provided in Attachments 1 to this letter that lay out the requirements that the Authority is to consider under section 11ZOO for Rule Change C05/11R. This table also provides REMCo's commentary as to why it believes these criteria have been met.

In addition to Attachment 1, the Rule Change Recommendation Report that relates to Rule Change C05/11R is enclosed to assist the Authority in its deliberations on this matter.

Applications for Rule changes usually also contain an "Impact and Implementation Report" for the proposed change. However, such a report is not required for Rule Changes C05/11R because this is a non-substantial Rule change.

I am available on (08) 6212 1829 or on 0421 093 598 if you would like set up a meeting to discuss this application, or if have any questions or need any further information.

Yours sincerely



STEPHEN ELIOT
Chief Executive Officer

Copy: Ms Wana Yang, Assistant Director, Markets

Attachment 1 – Rationale for Rule Change C05/11R Meeting the Requirements for Rule Change under the Act

Section	Requirement	REMCo Comment
11ZOO(1)	The Authority may approve an amendment to the Scheme if it is satisfied that:	
	(a) if the amendment is made, the provisions of the Scheme:	
	(i) will comply with the Act; and	<p>The changes in Rule Change C05/11R will allow the Network Operator to provide additional information to the market that will assist Users (i.e. retailers) and the Network Operator in correctly identifying the address of end-use customers.</p> <p>As such, since the Scheme currently complies with the Act, REMCo submits that the Scheme will continue to comply with the Act if the Authority approves these changes.</p>
	(ii) be suitable for the purposes of section 11ZOB;	<p>Section 11ZOB indicates that the purpose of the Scheme is to ensure that the retail gas market is regulated and is operated in a manner that is:</p> <ul style="list-style-type: none"> (a) open and competitive; (b) efficient; and (c) fair to gas market participants and their customers. <p>REMCo submits that the amendments to the Scheme under C05/11R are administrative in nature will have no impact on whether the Scheme meets the above criteria.</p>
	(b) any other principle, criterion, or requirement that is prescribed for the purposes of this paragraph has been met.	REMCo is not aware of any regulations under section 11ZOO(b), so this section of the Act is not applicable.
11ZOO(2)	<p>The Authority may approve an amendment to the Scheme under section 11ZOM only if it is satisfied that the consultation required by section 11ZOL(3) has taken place and:</p> <ul style="list-style-type: none"> (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 consultation to provide reasons for not agreeing, and any reasons so provided have been considered. 	<p>REMCo submitted C05/11R to the Committee for consideration on 29 June 2011, and determined under Rule 396A that it is a non-substantial Rule change because it:</p> <ul style="list-style-type: none"> • has no effect on operations of REMCo, participants, interested persons, or prescribed persons; and • provides additional information to the market to assist with operation of the market. <p>Following its determination that C05/11R is a non-substantial Rule change, and in accordance with Rule 396A, the Committee submitted a Rule Change Recommendation Report on Rule Change C05/11R to REMCo. In accordance with Rule 396A, REMCo is to submit non-substantial Rule changes to the Authority once it received the Rule Change Recommendation Report.</p> <p>As a result, REMCo submits that it has met all of the consultation requirements for the amendments proposed in C05/11R, and that each person required to be consulted has agreed to the amendment.</p>

Rule Change Final Recommendation Report

Amendment to the definition of Street/Suburb Combination (C05/11R)

Date of Rule Change Committee Meeting: 29 June 2011

Prepared By	Tim Sheridan
Approved By	Stephen Eliot

Executive Summary

As required under Rule 399(1), REMCo published the following endorsed Rule change for consultation on 22/06/11:

- C05/11R – Amendment to the definition of Street/Suburb Combination

Under Rule 396A, the Rule Change Committee (the “Committee”) can agree to prepare a report recommending to REMCo that it treat the Rule change as a non-substantial Rule change and submit it for approval to the Economic Regulation Authority (the “ERA”) under Rule 396A. REMCo has prepared a draft of such a report on behalf of the Committee for its endorsement as set out in **Attachment 1**.

Recommendation

It is recommended that the Committee pass the following decision:

That under Rule 396(A), the Committee endorses the draft report set out in Attachment 1 for submission to REMCo in relation to the following non-substantial Rule change:

- C05/11R – Amendment to the definition of Street/Suburb Combination

Introduction

a) Final Report

This report has been prepared by REMCo under Rule 396A on behalf of the Rule Change Committee (the “Committee”) following its meeting on 29/06/11.

b) Purpose of Report

The purpose of this report is to enable REMCo to determine, in respect of Rule change C05/11R, whether to adopt the endorsed rule change for approval by the ERA.

Information relating to Rule Change C05/11R is set out in **Schedule A**.

c) Consultation

In accordance with Rule 399A(3), participants, pipeline operators, prescribed persons and interested persons were invited to make submissions on the endorsed Rule change.

REMCo received no objections or submissions of support in relation to Rule Change C05/11R.

C05/11R – Amendment to the definition of Street/Suburb Combination

Rule Change Description	<p>This Retail Market Rules (the “Rules”) change proposal seeks to amend the definition of “<i>street/suburb combination</i>” under Rule 2.</p> <p>The proposed Rule change is required to facilitate the addition of two new columns to the Street/Suburb table showing the sub-network (receipt point) in name and in code form.</p> <p>The precise changes that form part of Rule Change C05/11R are detailed in Attachment A.</p>
Rule Change Development	<p>The proposed changes contained in Rule Change C05/11R were raised for consideration of the Committee at its meeting on 29/06/11.</p> <p>It was recommended that the Committee consider Rule Change C05/11R to be ‘non-substantial’ as there are no operational or systematic impacts for REMCo or any other market participants.</p> <p>The Committee then voted on Rule Change C05/11R via e-mail, and received unanimously agreement to endorse the proposed change as a “non-substantial” Rule change as of 01/07/11.</p>
Market Participants Affected	<p>This Rule change is considered to be non-substantial and no market participants are expected to, or have indicated they will be materially affected by the changes.</p>
Market Participants Consultation	<p>REMCo circulated a Gas Market Issue (“GMI”) on the proposed changes to the following participants on the 23/06/11:</p> <ol style="list-style-type: none"> WA Gas Networks, as the network operator; Alinta Sales, as a user, shipper and swing service provider; APA, as a pipeline operator and swing service provider; DBP, as a pipeline operator; Premier Power Sales, as a user; Perth Energy, as a user; and Synergy as a user, shipper and swing service provider.
Consultation Outcomes	<p>At the RCC meeting on 29/06/11, the RCC reviewed the GMI and endorsed the proposed change to the definition of “<i>street/suburb combination</i>” as a non-substantial Rule change.</p>
Legal Review	<p>The ACCC authorisation is for Chapters 5 and 6, and Appendices 7 to 10 of the Rules. As a result, the Rule change does not impact the ACCC authorisation; and no external legal review is required.</p>
Implementation Considerations	<p>The proposed change to the definition of “<i>street/suburb combination</i>” does not have any impacts to REMCo’s Gas Retail Market System (“GRMS”) so there are no system costs to implement these changes.</p> <p>Subject to Economic Regulation Authority (“ERA”) approval, Rule Change C01/11S is targeted for an effective date of 01/08/11.</p>
Details of Change	<p>The details of the changes are provided in Attachment A.</p>

Attachment A

REMCo Rule Change C05/11R

All amendments to the Rules are change marked, where underlining (blue) represents an addition, and strike (red) through represents a deletion.

Amend Rule 2 as follows:

“street/suburb combination” means a combination of a:

- (a) street name; and
 {For example: “Rundle” or “Murray”.)}
- (b) street type code; and
 {For example: “St”, “Rd”, “Ave”, or “Blvd”.)}
- (c) street suffix; and {For example: “N”, “S”, “E” or “W”.)}
- (d) the suburb, place or locality in which the street is located; and
 {For example: “Adelaide”, “Mosman Park” or “Kippa-ring”.)}
- (e) *State/Territory*; and
 {For example: “WA”.)}
- (f) post code; and
- (g) sub-network; and
 {For example: “Metro North” or “Metro South”.)}
- (h) *gas zone code*.
 {For example: “1106” or “1107”.)}