

Decision on gas retail market scheme: Procedure change proposal IN018/20

Submitted by the Australian Energy Market Operator

July 2021

Economic Regulation Authority

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Decision

On 6 May 2021, the Economic Regulation Authority received a submission from the Australian Energy Market Operator seeking approval of amendments to the Western Australian gas retail market scheme as outlined in procedure change proposal IN018/20.

In accordance with section 11ZOM(a) of the *Energy Coordination Act 1994* (WA), the ERA approves the amendments in procedure change proposal IN018/20 as submitted by the Australian Energy Market Operator (AEMO).

In accordance with clause 386(2) of the Retail Market Procedures (WA), the approved amendments will take effect on Monday 29 November 2021 as specified by the ERA in the *Western Australian Government Gazette*.

1. Background

The Western Australian gas retail market scheme covers the gas distribution systems operated by ATCO Gas Australia Pty Ltd and has the following elements:

- The WA Gas Retail Market Agreement, which is the agreement between AEMO (the retail market operator) and gas market participants.^{1, 2}
- The Retail Market Procedures, which govern the requirements and process for gas full retail contestability (FRC) in the distribution systems covered by the scheme.
- FRC Hub Operational Terms and Conditions, which is the communication infrastructure operated by AEMO through which market participants can deliver and receive messages using defined protocols and formats.
- AEMO Specification Pack, which includes a set of documents that provide the technical specifications for how AEMO and market participants are to implement business processes to transfer information between each other's systems. These include:
 - *AEMO Specification Pack Usage Guidelines*, which present an overview and the purpose of the various documents that form the AEMO Specification Pack.
 - *FRC Business to Business (B2B) System Interface Definitions*, which define the necessary interfaces required by market participants to build and test their internal information technology systems.
 - *B2B Service Order Specifications – Part 1* and *B2B Service Order Specifications – Part 2*, which define how transactions are used to determine the work requirement and priority.

The ERA is responsible for approving amendments to the gas retail market scheme in accordance with Part 2B of the *Energy Coordination Act 1994 (WA)* and Chapter 9 of the Retail Market Procedures (WA).

The Gas Retail Consultative Forum (GRCF), comprising of AEMO and market participants, facilitates formal consultation on procedure changes. The ERA is an observer on the GRCF. In consultation with GRCF, AEMO prepares an amendment to the gas retail market scheme and submits the amendment to the ERA for approval.

1.1 Legislative requirements for the ERA's approval

The *Energy Coordination Act 1994 (WA)* outlines the ERA's obligations in approving an amendment to the gas retail market scheme.

Section 11ZOL of the Act outlines the criteria that market participants and AEMO must consider before submitting an amendment to the ERA for approval:

- (1) The members for the time being of an approved retail market scheme may —
 - (a) prepare an amendment to the scheme; and
 - (b) submit the amendment to the Authority for approval.

¹ A retail market scheme for a distribution system must consist of one or more agreements made between gas market participants; a retail market operator; and a set of retail market rules. *Energy Coordination Act 1994 (WA)*, s11ZOF(1), ([online](#)).

² Market participants include users (i.e., retailers) and the network operator (currently ATCO Gas in WA).

- (2) An amendment to a retail market scheme is not to be submitted under subsection (1) unless the provisions of the scheme relating to proposals for amendment of the scheme have been complied with.
- (3) An amendment to the retail market rules made as part of a scheme for a distribution system is not to be submitted under subsection (1) 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 section 11ZOD(1)(b).
- (4) Consultation is required under subsection (3) with a person referred to in subsection (3)(b) only to the extent that the person —
 - (a) is required by the regulations to be consulted under that subsection; or
 - (b) meets any criteria in relation to the requirement for consultation that are prescribed for the purposes of this paragraph.
- (5) In this section and in section 11ZOM — **amendment** includes a replacement for the whole or part of the retail market scheme.

Section 11ZOB of the Act outlines the purpose of the retail market scheme:

The purpose of a retail market 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.³

Section 11ZOM of the Act outlines the options available to the ERA in considering an application to amend the gas retail market scheme:

Where an amendment is submitted under section 11ZOL, the Authority is to, in accordance with sections 11ZOO and 11ZOP —

- (a) approve it;
- (b) request that it be changed and approve it in a changed form; or
- (c) refuse to approve it.⁴

Section 11ZOO of the Act outlines the criteria that the ERA must consider in approving an amendment:

The Authority may approve an amendment to a retail market scheme under section 11ZOM only if the Authority is satisfied that —

- (a) if the amendment is made the provisions of the scheme —
 - i) will comply with this Act; and
 - ii) be suitable for the purposes of section 11ZOB;
- (b) any other principle, criterion or requirement that is prescribed for the purposes of this paragraph has been met.

³ *Energy Coordination Act 1994* (WA), s11ZOB, ([online](#)).

⁴ *Ibid*, s11ZOM.

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.⁵

Section 11ZOP of the Act outlines any other matters the ERA must consider when making its decision:

The Authority is also to have regard to —

- (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,
- when determining whether or not to give an approval under section 11ZOM.⁶

⁵ Ibid, s11ZOO.

⁶ Ibid, s11ZOP.

2. Discussion

On 12 February 2021, the ERA approved several procedure change proposals that changed the internal business processes and information technology (IT) systems of gas market participants in WA.⁷ These amendments will take effect on 29 November 2021 as gazetted by the ERA.

On 6 May 2021, AEMO sought approval for procedure change proposal IN018/20 to amend the gas retail market scheme.⁸ The proposal IN018/20 include several functional or minor editorial changes to ensure that the amendments already approved by the ERA in February 2021 will work efficiently and to ensure the documentation will be clear for market participants. Some of the amendments were excluded from AEMO's earlier February 2021 application to the ERA as they were raised too late in the consultation process to be adequately addressed by AEMO. These amendments have been compiled into procedure change proposal IN018/20.

AEMO asked the ERA to consider, endorse and publish its approval of the proposed amendments in IN018/20 by 30 July 2021 with an effective commencement date of 29 November 2021. This timeframe was endorsed by market participants. A summary of the proposed timeline is available in Appendix 1.

The amendments proposed in IN018/20 are summarised below.

2.1 Update transactions used to exchange information regarding customer site works

In February 2021, the ERA approved the use of two new transaction types in the WA gas retail market: the *CustomerDetailsNotification* (CDN) and *CustomerDetailsRequest* (CDR) transactions. These two transaction types will be used by the network operator and retailers to exchange customer contact information when conducting site works at a customer's premises.

In May 2021, AEMO proposed two amendments relating to the CDN and CDR transactions:

1. The process diagram outlining the practical details of how and when these transactions can be triggered was not updated in the technical documents as part of the changes approved in February 2021. IN018/20 will rectify this omission by amending Figure 4-68 in the *FRC B2B System Interface Definitions* document.
2. When a transaction is triggered, prescribed event codes are used to convey certain situations. For example, in response to a request for customer contact information, a retailer would send event code "201" to the network operator to convey that the existing

⁷ ERA, 2020, *Decision on gas retail market scheme: Procedure change proposals IN003/20W, IN002/15W, IN009/19W and IN010/20W*, ([online](#)). The amendments approved by the ERA in February 2021 were:

IN003/20W: This proposal added two transactions to market participants' IT systems to allow retailers and the network operator to exchange information regarding customer contact details for the purpose of conducting site works.

IN002/15W: This proposal added two transaction types to market participants' IT systems to allow retailers and the network operator to exchange information regarding a customer's meter disconnection or reconnection.

IN009/19W and IN010/20W: These proposals amended several transaction types to add further information regarding the status of a customer's meter.

⁸ AEMO, 2021, *Approval of amendment to the Retail Market Scheme – Procedure Change IN018/20*, ([online](#)).

data is invalid. However, the format of the event codes added for the two new transaction types is incompatible with latest IT system software upgrade. AEMO has proposed replacing the event codes to ensure the event codes are consistent across all jurisdictions and compatible with the upgraded IT systems in WA. This will require editing the allowable event codes in Table 4.6.2.1 of the *FRC B2B System Interface Definitions* document.

2.2 Amend data dictionary in Appendix 1 of the *FRC B2B System Interface Definitions* document

The values allowed to be used in certain transaction types do not align with the number of values the system can accommodate. For example, the technical documents allow for any number of customer email addresses to be provided, but the IT system only permits a maximum of two email addresses to be recorded. AEMO has proposed amending the wording of the technical documents to clarify that up to two values can be provided.

This will require editing the description and allowed values for a customer's business contact name, email address and phone number in the data dictionary (Appendix 1) of the *FRC B2B System Interface Definitions* document.

2.3 Allow empty string for unknown customer titles

Where a customer's title such as "Mr." or "Ms." is unknown, AEMO has proposed populating the title field (*NameTitle*) with an empty string rather than leaving it blank. This will identify that the customer has not provided this information and aid in accurate record keeping.

Therefore, proposal IN018/20 will edit the usage description for *NameTitle* in the data dictionary (Appendix 1) in the *FRC B2B System Interface Definitions* document to state that "where no title is available to populate *NameTitle*, an empty string should be used to populate it instead".

2.4 Consultation process

The Retail Market Procedures require AEMO to invite market participants to provide feedback to the ERA on the procedure change proposals submitted by AEMO:

If the decision is to submit the proposed procedures for approval by the approving body where the approving body's approval to procedure change is required by law, AEMO must:

- (a) subject to any requirements of the approving body otherwise, provide each participant, pipeline operator, prescribed person, and interested person with the following information:
 - i) instructions on how participants, pipeline operators, prescribed persons and interested persons can make a submission on the proposed procedures to the approving body; and
 - ii) the closing date for submissions to the approving body by participants, pipeline operators, prescribed persons and interested persons, which must be at least 10 business days after the publication of the decision on AEMO's website; and

- (b) submit the proposed procedures to the approving body.^{9 10}

Prior to approving any amendment, the ERA is required under the Act to ensure that each person required to be consulted has agreed to the amendment:

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

On 14 May 2021, AEMO advised market participants that it had submitted proposal IN018/20 to the ERA for approval and provided information on how to make a submission to the ERA by 25 June 2021.

The ERA received two submissions from Alinta Energy and AGL Energy supporting all amendments proposed by AEMO. The submissions are available in Appendix 2 of this paper. There was no objection to AEMO's proposed amendments.

In the absence of any submissions opposing the amendments, the ERA accepts that each person who is required to agree with the amendments set out in proposal IN018/20 has agreed and that the requirements under section 11ZOO(2) of the Act and section 384(4) of the Procedures have been satisfied. AEMO has completed the consultation process required by the Act and Procedures.

⁹ Retail Market Procedures (WA), 3 August 2020, s383(4), ([online](#)).

¹⁰ The *approving body* is the ERA. An *interested person* is a government representative, the ERA, or any person that the ERA or AEMO considers has a legitimate interest in the matter or should be consulted in relation to the matter. A *prescribed person* includes a swing service provider, a shipper or a self-contracting retailer. Retail Market Procedures (WA), 3 August 2020, section 2, ([online](#)).

¹¹ *Energy Coordination Act 1994* (WA), s11ZOO(2), ([online](#)).

3. The ERA's assessment

To approve an amendment, the ERA must be satisfied that the retail market scheme will:

- comply with the Act
- be regulated and operate in a manner that is:
 - open, competitive, and efficient
 - fair to gas market participants and their customers.

The ERA is satisfied with evidence provided by AEMO that the amendments will minimise manual work and increase operational efficiency as market participants will be able to share information more quickly and accurately using technology.

AEMO has indicated that implementing these amendments will not create any additional costs beyond the costs already incurred in implementing the proposals approved by the ERA in February 2021.¹² AEMO does not anticipate any costs to gas market customers in implementing these amendments. No market participant disputed AEMO's assessment.

The amendments will apply to all gas market participants, but they are not obliged to implement them. Market participants at the GRCF were supportive of implementing these amendments at the same time as the amendments approved by the ERA in February 2021.¹³

The amendments do not reduce market openness by placing prohibitively large additional costs on prospective new entrants. This is because all retailers will have the option, but not an obligation, to upgrade their systems according to the proposed amendments. Moreover, the amendments will result in the IT system requirements in the Western Australian gas market being further harmonised with the east coast gas markets, which will reduce barriers for an existing east coast retailer to enter the Western Australian market.

The ERA is satisfied by AEMO's assessment that the proposed amendments do not contravene any applicable laws, including the Act and the Procedures.

The ERA is satisfied that the requirements under the Act have been met for all amendments in IN018/20 and approves the procedure change proposal as submitted by AEMO.

The approved amendments will take effect on a date specified by the ERA in the *Western Australian Government Gazette*.

¹² AEMO indicated the implementation costs of the amendments approved in February 2021 would vary for each participant depending on the size and complexity of its respective IT infrastructure. Market participants unanimously agreed that the benefits of implementing the amendments outweigh the costs for the Western Australian gas retail market. ERA, 2020, *Decision on gas retail market scheme: Procedure change proposals IN003/20W, IN002/15W, IN010/20W and IN009/19W*, ([online](#)).

¹³ Gas Retail Consultative Forum, 17 September 2020, 'Item 7. 2021 Prioritisation Session', *Final Minutes – Gas Retail Consultative Forum Meeting 139*, ([online](#)).

Appendix 1 Timeline of consultation process

The Retail Market Procedures outline the process that AEMO must follow to progress procedure change proposals.¹⁴ The timeline for the procedure change proposal IN018/20 is outlined in Table 1.

Table 1: Timeline of consultation process

Action	Date
Proposed procedure change (PPC) issued by AEMO to market participants for comment.	21 January 2021
Submissions on PPC closed.	19 February 2021 7 submissions received
Impact and implementation report (IIR) issued by AEMO to market participants for comment.	5 March 2021
Submissions on IIR closed.	9 April 2021 6 submissions received
AEMO published notice of decision.	14 May 2021
Public consultation on AEMO's proposal opens.	14 May 2021
Public consultation on AEMO's proposal closes.	25 June 2021 2 submissions received
The ERA decides whether to approve the amendments.	13 July 2021
Approved amendments will be published in the <i>Western Australian Government Gazette</i> .	13 July 2021
Approved amendments will take effect in accordance with the ERA's notice in the <i>Western Australian Government Gazette</i> .	29 November 2021

¹⁴ Retail Market Procedures (WA), Chapter 9, ([online](#)).

Appendix 2 Stakeholder feedback

[REDACTED]

From: Sarah Silbert [REDACTED]
Sent: Monday, 21 June 2021 10:53 AM
To: Public Submissions
Cc: Mark Riley
Subject: AGL response in support of the amendment to the Western Australian gas retail market scheme – Public consultation

Dear Sara

We refer to the ERA’s notice regarding AEMO’s proposed amendments to the WA gas retail market scheme as set out in IN018/20. AGL has consulted with and provided feedback to AEMO on the proposed changes to the relevant technical documents during the consultative process and as a result, AGL supports the changes put forward by AEMO to the ERA for its approval.

For any further information, please feel free to contact me.

Kind regards, Sarah

Sarah Silbert
Regulatory Strategy Manager
Policy and Markets Regulation

m: [REDACTED]
e: [REDACTED]



I work in AGL’s Perth office.



Progress for life



From: Economic Regulation Authority <news@erawa.com.au>
Sent: Friday, 14 May 2021 9:11 AM
To: Sarah Silbert [REDACTED]
Subject: [EXTERNAL] Amendment to the Western Australian gas retail market scheme – Public consultation

[View this email online](#)



Amendment to the Western Australian gas retail market scheme – Public consultation

14 May 2021

The Australian Energy Market Operator (AEMO) has submitted procedure change proposal IN018/20 to the Economic Regulation Authority for approval. AEMO’s proposal proposes a number of amendments to the technical documents that govern the gas retail market scheme in Western Australia.

The ERA invites feedback on AEMO’s proposal by 4:00PM 25 June 2021.

Read more by viewing the consultation notice on the [ERA website](#).

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14 June 2021

Ms Nicola Cusworth
Chair
Economic Regulation Authority
PO Box 8469
PERTH BC WA 6849

Dear Ms Cusworth

**Amendment to the Gas Retail Market Scheme
Procedure Change IN018/20**

Alinta Energy supports AEMO's proposed procedure change IN018/20: Residual changes for 2021 bundled release.

The procedure change proposes several functional and editorial amendments which clarify the changes to the gas retail market scheme as outlined in procedure change proposals IN003/20W, IN002/15W, IN009/19W and IN010/20W already approved by the ERA and gazetted on 14 May 2021 for commencement 29 November 2021.

Alinta Energy has been actively involved in the development of this procedure change and has made written submissions to AEMO at each stage of the consultation process.

If you require additional information concerning this submission, please contact me on 9486 3191 or at catherine.rousch@alintaenergy.com.au.

Yours sincerely,

Catherine Rousch
Manager WA Retail Regulation
Alinta Energy