



Overview of the Retail Market Rules

Retail Energy Market Company

Disclaimer

The Retail Market Rules (the "Rules") are the final word!

- This presentation has been prepared to assist participants and stakeholders with their understanding of the operation of the WA gas retail market
- The information presented here is a guide only
- Participants should refer to the Rules to ensure that they have a full understanding of the risks associated with operating in the market, and that they are operating in accordance with its obligations

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Topics Covered

1. REMCO overview	9. Chapter 5 – Allocation, Reconciliation and Swing
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REMCo Overview


- REMCo provides retail market services to gas industry participants in WA
- REMCo delivers the infrastructure that:
 - Gives gas consumers with the ability to contract for gas supply from their retailer of choice
 - Facilitates the interactions between gas market participants to support efficient operation of the market


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REMCo Overview

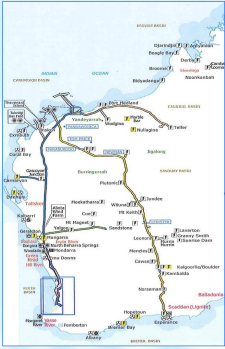
REMCo's primary functions


- Delivery Point Management
 - Managing the transfer of customer and the associated market data between users (retailers) and the network operator
- Balancing, Allocation and Reconciliation Management
 - Managing the daily allocation of gas usage to retailers to enable settlement of gas supply and transmission contracts.
- Rule Change Management
 - Managing further development and improvement of the Rules
- Compliance Management
 - Managing and enforcing compliance with the Rules


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WA Gas Retail Market

- Full retail contestability started in 2004
- WA has >620,000 contestable customers
- Covers WA Gas Networks' distribution systems
 - Mid-west/South-West
 - Includes the Perth metropolitan area
 - Fed by the Dampier to Bunbury Natural Gas Pipeline and the Parmelia Pipeline
 - Kalgoorlie-Boulder
 - Fed by the Goldfields Gas Transmission Pipeline
 - Albany
 - LPG system




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Regulatory Arrangements

- The main pieces of legislation that govern gas distribution and retail sales in WA
 - Energy Coordination Act 1994
 - National Gas Access (WA) Act 2009
 - Gas Standards Act 1972
- The regulator – the Economic Regulation Authority (ERA)
 - Responsible for the economic regulation of the WA gas market, including the REMCo Scheme

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The Retail Market Rules

- Govern the interactions between participants, pipeline operators, prescribed persons and REMCo
- Previously covered both WA and SA gas retail markets:
 - The Australian Energy Market Operator (AEMO) took over operation of the SA gas retail market on 1 October 2009
- Other related instruments include
 - the REMCo Specification Pack
 - the FRC Hub Terms and Conditions

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Chapter 1 – Administration of the Rules

- Provides legal clarity and identifies who the Rules apply to
- Defines terms used in the Rules
- Sets out the requirements for effective notices
- Requires compliance with the Specification Pack and FRC Hub Terms and Conditions
- Requires a review of the Rules to be conducted in March 2015

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Chapter 2 – Databases

- Two databases
 - The REMCo Registry
 - Contains REMCo standing data and information for each delivery point
 - Maintained and administered by REMCo
 - The MIRN Database
 - Contains all active MIRNs and their meter standing data
 - Maintained by the Network Operator (WA Gas Networks)
- Requirements for updating and changing REMCo standing data
 - Obligations to keep the REMCo registry accurate
 - Data change notices and error correction notices
- WA gas retail market participants must be certified with
 - FRC Hub requirements
 - Participant readiness


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Chapter 3 – MIRN Transactions

- Defines the obligations regarding
 - New connections
 - Customer transfers
 - Disconnection and reconnection of delivery points
 - Retailer of Last Resort arrangements
- The MIRN discovery process
 - Enables retailers request and receive information from the network operator regarding a delivery point
 - Sets out the requirements on retailers to obtain “explicit informed consent” from customers


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Chapter 4 – Metering

- Meter types
 - Interval Meters – for large customers (consumption >10TJ/a), are remote read, and can record flow on ½ hour intervals
 - Basic Meters – for small customers (consumption ≤10TJ/a), are read periodically, and record total gas flow
- Defines the obligations regarding basic and interval meters, including
 - Installation
 - Upgrades
 - Meter reading
 - Requirements on network operators to provide meter data to REMCo
- Gate point meters
 - Located on gate points and read daily by the relevant pipeline operator
 - Gate point metering data is provided to the network operator


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Chapter 5 – Allocation, Reconciliation and Swing

- Places an obligation on retailers to procure gas quantities equal to their customers' likely gas withdrawals for each gas day
- Sets out the detailed processes to calculate and reconcile gas injections and withdrawals for each gas day
- Sets out the Swing Service requirements
 - Swing Service is the means to balance the gas market when 2 pipelines inject gas into the sub-network
 - The Rules specify:
 - the calculation of Swing Service quantities
 - the obligations for Swing Service providers
 - off-market Swing Service procurement
 - allocating swing service in the bid stack
- Further information on Chapter 5 can be found on the Participant Training page on the REMCo website

Chapter 6 – Compliance and Interpretation

- REMCo has the ability to investigate compliance matters and alleged Rule breaches
- Establishes an independent Compliance Panel
 - Composed of
 - A chairperson with a legal background
 - 1 member with financial experience
 - 1 member with technical and gas industry experience
 - Has the power to make determinations on
 - Matters referred to it by REMCo or a participant regarding alleged Rule breaches
 - Interpretation of the Rules

Chapter 7 – Reporting and Audits

- Sets out auditing requirements, including
 - Frequency and extent of audits
 - Qualifications of the appointed auditor
- Negative assurance audit required for compliance with various parts of the Rules by
 - Retailers
 - Network operators
 - REMCo
- REMCo reports annually on all significant instances of non-compliance identified in the auditor's reports

Chapter 8 – Administration

- Sets out cost recovery requirements
 - Fees and charges set by REMCo
 - Registration fee
 - Service fee
 - Market share charge
 - Payments to REMCo and invoicing to REMCo members
 - Requirements for exiting the market
- Sets out confidentiality requirements
 - Disclosure of information by market participants
 - Limitation of liability
- REMCo determines whether a customer is a small use customer

Chapter 9 – Rule Change Process

- Establishes a Rule Change Committee (RCC) to oversee Rule changes
- RCC is responsible for design, development and implementation of Rule changes
 - Operation of the RCC is described in the RCC Charter
 - RCC membership consists of
 - one member representing REMCo (chairperson)
 - at least one member representing the network operators
 - one member that represents the user with a market share of at least 50%
 - at least one member representing the users that have less than 50% market share

Chapter 9 – Rule Change Process (continued)

- Rule changes proposals have 3 classifications
 1. Non-substantial
 - Changes that corrects typographical and grammatical errors; and have no effect on operations
 - Non-substantial Rule changes endorsed by the RCC can be submitted to the ERA for approval
 2. Low impact
 - Changes that do not have an effect on operations or consumer protection mechanism, or a material commercial impact
 - Require preparation of an "Impact an Implementation Report" and 10 days open consultation
 - RCC considers whether to endorse low impact Rule changes following consultation
 - If endorsed, the Rule change can be submitted to the ERA for approval

Chapter 9 – Rule Change Process (continued)

- Rule changes proposals have 3 classifications (continued)
 3. High impact
 - Change that are not non-substantial or low impact
 - Require preparation of an "Impact an Implementation Report" and 20 days open consultation
 - RCC considers whether to endorse high impact Rule changes following consultation
 - If endorsed, then the REMCo Board decides whether to submit the high impact Rule change to the ERA for approval
- REMCo must publish a new version of the Rules following ERA approval to give effect to the approved Rule changes

The Specification Pack and FRC Hub Conditions

- Persons required to comply with the Rules must also comply with the Specification Pack and the FRC Hub Terms and Conditions
 - Both located on the "Industry Only" section of the AEMO website (contact REMCo for access)
- Specification Pack
 - Set of documents approved by REMCo to support operation of the Rules
 - Contains technical information for accessing and using the FRC Hub and any other REMCo information systems
- FRC Hub Terms and Conditions
 - The FRC Hub is the information system provided by REMCo for the transmission of aseXML messages under the Rules
 - FRC Hub terms and conditions apply between REMCo and any business that sends or receives transactions via the FRC Hub

Further Information

- Further information on REMCo and the Rules can be obtained from:
 - "Basics of Chapter 5: Allocation, Reconciliation and Swing" slide pack
 - "Details of Chapter 5: Allocation, Reconciliation and Swing" slide pack
 - Western Australian Gas Retail Market Guide
 - Western Australian Gas Retail Market Technical Guide
- These documents are available on the Participant Training page on the REMCo website

www.remco.net.au

Questions?
