



Impact and Implementation

C19/04R Publication of SRQ to Swing Service Providers

19 August 2004



REPORT



Document Management

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Introduction

A Retail Market Rules (**RMR**) Rule Change Request was raised by Origin Energy (**proponent**) on 30 July 2004 proposing that the current Rule 299(1) be amended to include that swing service providers and swing service providers of last resort are notified of the applicable swing service repayment quantities.

As required under Rule 393(b) REMCo has prepared this Impact and Implementation Report in relation to the proposed change for the consideration of the Rule Change Committee (Committee).

The Committee is requested to consider whether to:

- reject the proposed Rule change;
- accept the proposed Rule change; or
- request REMCo to provide more information on this proposed change.

Should the Committee decide to accept the proposed Rule change, the Committee must consider whether the proposed Rule change is a low impact or high impact change as required under Rule 396.

Alternatively, the Committee may request REMCo to provide additional information on this matter if the Committee determines that this report does not contain sufficient information.

Summary

a) Summary of Change Requested

The current **Rule 299(1)** obligates REMCo to determine and notify the user of swing service repayment quantities. However it does not specify that REMCo should also notify swing service providers and swing service providers of last resort.

This issue was identified by South Australian participants during acceptance testing of the Gas Retail Market Systems (GRMS) and noted it did not seem commercially practical if swing service providers were precluded from receiving this information. REMCo confirmed with LogicaCMG through a GRMS change request, CCN22, that the system already has this capability and can be provided at zero cost.

The proponent requests that the rule is amended to include that swing service providers and swing service providers of last resort are also notified of the swing service repayment quantities to align the RMR with participant expectations.

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b) Original Rule Change Request

Origin Energy raised the original Rule Change Request on 30 July 2004. A copy of the RMR Change Request Form submitted is set out in Attachment 1.

Informal Feedback

To assist REMCo with the preparation of this Impact and Implementation Report, REMCo provided the proposed rule change to the market to request for any information or feedback participants may have on this proposed change. Please note that this was an informal process and not a required step of the Rule Change Process.

No comments were received for the proposed change.

Proposed Rule Drafting

It is proposed that **Rule 299(1)** be amended to read as follows:

"299. Calculation of swing service repayment quantities

- (1) *REMC* must, by 7 hours (in South Australia) or 5 hours (in Western Australia), as applicable, after the end of *gas day D* determine under rule 299(2), and *notify the user and the swing service provider and swing service provider of last resort* of, the *swing service repayment quantity ("SRQ")* for each *swing service provider and swing service provider of last resort* that must *repay swing service on gas day D+2* on the *user's* behalf."

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Impact of Proposed Change

a) Impact on Proponent

The proposed rule change may have a small impact on participant systems.

b) Impact on Other Participants/Interested Parties

The impact of the proposed rule change on users other than the proponent will be the same as the impact on the proponent.

The proposed rule change is not expected to have any impact on network operators or interested persons.

c) Impact on REMCo

The proposed rule change will require changes to the GRMS related system documentation. No changes to the GRMS will be required as the GRMS already has this capability.

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Implementation Considerations

a) GRMS Implementation

Updates to the GRMS documentation would be required to reflect the proposed rule change and the GRMS provisions.

b) Participant Implementation

As noted above, it is anticipated that the proposed rule change may require a small change to participants systems.

c) REMCo Process Implementation

No process implementation considerations have been identified.

d) Other Implementation Considerations

As the proposed change is to a provision of Chapter 5, REMCo will need to assess whether it impacts on the draft authorisation from the Australian Competition and Consumer Commission. Initial consideration by REMCo suggests that the proposed change would be within the scope of the draft authorisation.

Cost Benefit Analysis

a) Costs

No material costs have been identified at this stage.

b) Benefits

The proposed Rule change will allow swing service providers and swing service providers of last resort to be notified of the swing repayment quantity calculated and provided to users. This will ensure that the swing service providers and swing service provider of last resort will have all the relevant information to perform its services.

c) Analysis

Net benefits to the SA/WA Gas Retail Market have been identified as a result of this rule change request. As a result, it is recommended that the proposed change to **Rule 299(1)** should be adopted.

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Recommendation

The Committee is asked to recommend this proposed amendment as a Low Impact rule change for the following reasons:

- The rule change does not appear to have a material impact on the information technology systems of REMCo, participants, pipeline operators or prescribed persons, based on information identified by REMCo to date;
- The rule change will not materially alter consumer protection mechanisms under the rules; and
- The rule change does not appear to have a material adverse commercial impact on REMCo, participants, pipeline operators or prescribed persons, based on information identified by REMCo to date.

If the Committee considers this proposed change to be a Low Impact change, REMCo will then prepare a Recommendation Report for submission to the next REMCo Board Meeting.

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Attachment 1 – Original Change Request

RMR CHANGE REQUEST FORM

Introduction

Rule 378(1) of the Retail Market Rules (**RMR**) provides that any participant or interested party may lodge a rule change request with REMCo. Any rule change request must contain, as a minimum, the information specified by Rule 378(2). This change request form provides a template outlining the information to be provided.

If you wish to request a change to the RMR, you may do so by completing this form and submitting the completed form to REMCo at rule.change@remco.net.au. REMCo will then initiate the Rule Change process through the Rule Change Committee (**Committee**) to assess the requested change as required under Rules 391 to 402 inclusive.

Please note that if you have an issue that you do not wish to raise as a formal Rule change, you may submit the issue to the Committee for further discussion and analysis. The "Rule Change Committee Issue Form" may be used for this purpose. The form may be downloaded from the REMCo website at www.remco.net.au.

Change Requested By

Name:		Phone:	03 9652 5880
Email:	randall.brown@originenergy.com.au		
Organisation:	Origin Energy		
GBO ID:	ORIGIN		
Date Change Request Submitted to REMCo:	30 July 2004		
CR Title:	Publication of SRQ to Swing Service Providers		
Change Proposed To:	RMR		
Additional Impacts:	None Identified		
Resolution:	<to be completed upon resolution of issue>		

Details of Rule Change Requested

Provide the information on the requested rule change as required below. REMCo will assess this proposal as required under Rule 391(1) and notify you of REMCo's decision within 5 business days.

- 1. Provide the proposed Rule change (either as marked-up changes to the text of the rules or as a detailed summary of the proposed change to the rules) as required by Rule 378(2)(c):**
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It is proposed to amend Rule 299 as follows to ensure that swing service providers and swing service providers of last resort are notified of the applicable swing service repayment quantities.

This issue was identified by South Australian participants during acceptance testing of the Gas Retail Market Systems (GRMS).

299. Calculation of swing service repayment quantities

- (1) *REMC* must, by 7 hours (in South Australia) or 5 hours (in Western Australia), as applicable, after the end of *gas day D* determine under rule 299(2), and *notify the user and the swing service provider and swing service provider of last resort* of, the *swing service repayment quantity ("SRQ")* for each *swing service provider and swing service provider of last resort* that must *repay swing service on gas day D+2* on the *user's* behalf.

2. Provide the reason for the proposed Rule change (as required by Rule 378(2)(b):

The proposed Rule change will allow swing service providers and swing service providers of last resort to be notified of the swing repayment quantity calculated and provided to users. This will ensure that the swing service providers and swing service provider of last resort will have all the relevant information to perform its services.

3. Provide the anticipated impact of the proposed Rule change on affected persons as required by Rule 378(2)(d):

There is a small impact anticipated for the GRMS. There may be a small impact on participant systems. There should be an overall positive impact on swing service providers and swing service providers of last resort.

4. Provide the proposed timeframe for implementation of the proposed Rule change as required by Rule 378(2)(e)

As soon as practicable.

5. Provide any supporting information including any possible risks and constraints:

None identified.

REMC use only

Date Received: 30 July 2004

Date Response Required (date received + 5 Business days): 6 August 2004

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REMCo decision: Accepted
I&I Report Due by: 12 August 2004
Next Rule Change Committee meeting: 19 August 2004

CRF No.: C19/04R
Registered on Rules Register: 30 July 2004