



C03/09R – Rule amendments to:

- (i) Remove a number of inoperative provisions that previously applied to only the South Australian market;
- (ii) Make a number of changes consequential to REMCo operating only in Western Australia; and
- (iii) Amend Chapter 6 to:
 - a. align the Rules with the new REMCo Board composition and revised compliance procedures; and
 - b. add clarity on the application of the compliance mechanisms to pipeline operators and prescribed persons.

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Approved By	Stephen Eliot

Date of Rule Change Committee Meeting: 10/2/2010

Rule Change Description

This Retail Market Rules (Rule) change proposal:

- (i) removes a number of inoperative provisions that previously applied only to the South Australian (SA) market;
- (ii) makes a number of changes consequential to REMCo only operating in Western Australia (WA);

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- (iii) amends the existing compliance provisions under Chapter 6 of the (Rules) so that the Rules align with the new REMCo board composition (now that it is Western Australian (WA) only operation) and revised compliance procedures, and
- (iv) add clarity on the application of the compliance mechanisms to pipeline operators and prescribed persons.

Prior to 01/10/09, REMCo was the Retail Market Administrator for both the WA and SA gas retail markets. However, REMCo transferred responsibility for administration of the SA market to the Australian Energy Market Operator (AEMO) on 01/10/09 and is now a WA only operation.

The precise changes that form part of this I&IR are detailed in version 6.0 of the Rules, showing mark up from version 5.9 (Attachment A).

Rule Change Development

Commencing in October 2009, REMCo in consultation with the Rule Change Committee (RCC) members and observers have commenced a review of the Rules. The purpose of this review was to remove redundant SA provisions, to make any changes to the rules necessary to reflect REMCo being a WA-only operation, and to amend the existing compliance provisions under Chapter 6 to align with the new REMCo Board composition now that REMCo is a WA-only operation.

The proposed changes contained in this I&IR was first presented at a RCC meeting held on 16/10/09. RCC members and observers were invited to provide feedback on the proposed amendments to REMCo on several occasions.

REMC^o received feedback from Synergy and Alinta Sales in November. This feedback was consolidated into a further paper that was presented at the RCC meeting held on 18/11/09. Discussions at that meeting resolved a number of clarifications the draft Rule changes, and the agreed Rule changes were minuted. RCC members and observers were invited to provide further feedback by 09/12/09. REMCo did not receive any further feedback.

The proposed Rule changes were again presented at the RCC meeting held on 17/12/09. Discussions at that meeting resolved further clarifications issues, and the agreed Rule changes were minuted. RCC members and observers were invited to provide further feedback by 20/01/10. REMCo did not receive any further feedback.

REMC^o has incorporated the amendments that were discussed and agreed at that the 17/12/09 RCC meeting into version 6.0 of the Rules (see Attachment A to this I&IR).

The RCC also agreed that REMCo is to seek legal advice as to whether the proposed changes to Chapter 6 of the Rules and to the "REMC^o (Board) Compliance Procedures" (the "Procedures") are consistent with:

- the *Energy Coordination Act 1994* (the "Act");

- best practice for a compliance process; and
- the ACCC authorisation.

REMCo has now received this legal advice. The legal advice revealed no significant issues and proposed a change to the definition of “Gas Pipeline Access Law”; and a few other minor clarification Rule changes which REMCo has now included.

The proposed changes are raised for consideration of the RCC at the 10/02/10 meeting.

It is recommended that the RCC considers this Rule change proposed in this I&IR to be ‘low impact’ as the amendments:

- (a) do not materially impact the information technology systems of REMCo, participants, pipeline operators or prescribed persons;
- (b) do not materially alter consumer protection mechanisms under the Rules; and
- (c) do not have a material commercial impact on REMCo, participants, pipeline operators or prescribed persons.

Should the RCC members unanimously recommend this Rule change as ‘low impact’ under the existing provisions of Rule 397, the remaining consultation steps and timing that REMCo will undertake are outlined in Attachment B..

Market
Participants
Affected

These Rule changes are considered to be low impact because no market participants are expected to be materially affected by the changes.

Furthermore, this Rule change is not expected to have any commercial or operational impact on information technology system or consumer protection mechanisms under the Rules.

The changes to Chapter 6 in Version 6.0 of the Rules provide clarity on the application of the compliance mechanisms to pipeline operators and prescribed persons. Therefore, while it could be argued that these changes impact consumer protection mechanisms under the Rules and may have a commercial impact on pipeline operators and prescribed persons; the additional clarity provided by these changes would only improve customer protection mechanisms and benefit pipeline operators and prescribed persons.

Market
Participants
Consultation

REMCo circulated a Rule change outline to the following participants on the 09/10/09:

- a. WA Gas Networks, as the network operator;
- b. Alinta Sales, as a user, shipper and swing service provider;
- c. APT, as a pipeline operator and swing service provider;
- d. DBP, as a pipeline operator;
- e. Premier Power Sales, as a user; and

- f. Synergy as a user, shipper and swing service provider.

Consultation Outcomes	The proposed Rule changes have been discussed at three previous RCC meetings and will be subject to one final round of RCC discussion on 10/02/10, before submitting these changes under the low impact rule change process.
Legal Review	REMCo requested a legal review of the proposed changes and the advice provided to REMCo from this legal review revealed no significant issues. A change was suggested to the definition of “Gas Pipeline Access Law”, and number of minor clarification changes were suggested and incorporated in the proposed changes. Further, the legal advice indicated that the proposed Rule amendments are consistent with the Act, and that it is unlikely that the proposed changes to Chapter 6 would be of any concern to the ACCC.
Implementation Considerations	Subject to RCC endorsement and Economic Regulation Authority (ERA) approval, the Rule change proposed in this I&IR is targeted for an effective date of 12/04/10.
Details of Change	The details of the changes are provided in Attachment A.



Attachment A

REMCo Rule Change C03/09R – Rule drafting

Please refer to Version 6.0 of the Rules which have been marked up showing the amendments to version 5.9, circulated on 12/2/2010.



Attachment B

The following information describes the next steps should the RCC recommend the changes marked up in version 6.0 of the Rules, and determine that the proposed changes are **low impact** Rule changes.

- (i) REMCo is to publish a notice on its website by the **22/2/10** seeking submission on the endorsed Rule changes as required under Rule 399A(1). Submissions close **8/3/10**.
- (ii) Subject to no objections REMCo approve the Rule changes and submit the Rule changes by **12/3/10** for ERA approval. The effective date for the Rule changes is targeted for **12/04/10**.