



Recognition of exempt sellers in the retail gas market

The Australian Energy Market Commission (AEMC) has started consultation on a rule change request which seeks to recognise exempt sellers in the National Gas Rules, enabling them to participate in various east coast gas retail markets.

Background

The exempt seller regime in the National Energy Retail Law allows businesses to sell energy to an end user without needing to be authorised as a retailer. The Australian Energy Regulator (AER) oversees the retailer authorisation and exempt seller processes.

In addition, if a business wants to participate in a gas retail market, it needs to either register with the Australian Energy Market Operator (AEMO) as a gas market participant or be exempted by AEMO from registration. Both options require AEMO to allocate the business to one of the registrable capacities set out in the National Gas Rules for the retail market that the business intends to participate in.

These registrable capacities vary slightly across the retail gas markets. The registrable capacities available for the NSW-ACT, South Australian, Queensland and Victorian retail gas markets include:

- A 'retailer' for the Queensland jurisdiction, 'user' for the NSW-ACT gas market or the South Australian gas market and 'market participant - retailer' for the Victorian gas market.
- A 'self contracting user'. This is defined in the NSW-ACT, South Australian and Queensland retail gas markets as an end user who is party to a contract with a service provider and is not a retailer. The Victorian registrable capacity of 'market participant - other' has some overlap with this category.

However, exempt sellers currently do not fit within any registrable capacity for these retail markets, except for Victoria.

The rule change request

On 12 November 2018, AEMO submitted a rule change request to the AEMC requesting exempt sellers to be recognised within the retail gas market registration framework.

AEMO proposes to change the National Gas Rules to recognise exempt sellers in NSW-ACT, South Australia and Queensland and enable them to be registered as either:

- a self-contracting user, where the exempt seller is only selling gas to a related business
- retailer, where the exempt seller is selling gas to an unrelated business.

A similar solution has also proposed for Victoria. This change, if made, would not have immediate effect in Victoria because the National Energy Retail Law and associated parts of the National Gas Rules do not currently apply. Instead, the relevant Victorian requirements regarding exempt sellers are included in the *Gas Industry Act 2001 (Vic)* and the Energy Retail Code.

As part of this rule change, AEMO has also proposed changing the 'user' registrable capacity for the South Australian gas market and the NSW-ACT gas market to 'retailer'. This change would align the name of that registrable category of these jurisdictions with that used in Queensland and AEMO's Retail Market Procedures and systems.

Expedited rule making process

The AEMC will assess this rule change request under an expedited rule making process

subject to the receipt of any written objections from stakeholders by 21 March 2019.

Submissions

The AEMC has published a consultation paper seeking stakeholder views on AEMO's proposal. Submissions are due by 4 April 2019.

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**The AEMC is
seeking feedback
on recognising
exempt sellers in
the National Gas
Rules.**