



Recognition of exempt sellers in the retail gas market

The Australian Energy Market Commission has made a final rule to recognise exempt sellers in the National Gas Rules, enabling them to participate in various east coast gas retail markets.

Final rule

Under the final rule, an exempt seller under the National Energy Retail Law (NERL):

- Will be able to register as a 'self contracting user' if they are only selling gas to related businesses in the NSW-ACT, Queensland and South Australian retail gas markets
- Will be able to register as a 'retailer' if they are selling gas to third parties in the NSW-ACT, Queensland and South Australian retail gas markets
- Would be able to register in the Victorian retail gas market as a 'market participant - retailer' if they are selling gas to third parties or as a 'market participant - other' if they are only selling gas to related businesses, subject to Victoria's adoption of the NERL.

Benefits of the final rule

Allowing exempt sellers to participate in retail gas markets is expected to enable increased competition in these retail markets by reducing a barrier to competition. Gas customers would also be provided with more options and suppliers for purchasing gas.

Background

The exempt seller regime in the NERL allows businesses to sell energy to an end user without needing to be authorised as a retailer. The Australian Energy Regulator 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 gas retail market that the business intends to participate in.

AEMO's rule change request proposed changing the National Gas Rules to recognise an exempt seller as:

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

The final rule is consistent with the rule proposed by AEMO.

The Australian Energy Market Commission considered that the rule change request should be subject to the expedited rule making process. Written objections to the expedited process closed on 21 March 2019. No objections were received.

Submissions in response to the rule change request and consultation paper were to be submitted by 4 April 2019. Three submissions were received.

Commencement of the final rule

The commencement date of the final rule is Friday 8 August 2019. This is to allow AEMO to consult on and make relevant amendments to retail market procedures.

The AEMC is making a final rule recognising exempt sellers in the National Gas Rules.

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