

3 February 2022

Ms Anna Collyer
Chair
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Reference code: ERC0323

Dear Ms Collyer

Improving consultation procedures in the Rules: AEMC Consultation Paper

AusNet appreciates the opportunity to provide a submission to the AEMC on proposed amendments to the consultation procedures under the electricity, gas and retail rules. AEMO has submitted the rule change request to simply and streamline the National Electricity Rules (NER) consultation procedures. These apply to the gas and retail procedures for consistency.

AusNet is a major energy network business that owns and operates regulated electricity transmission and electricity and gas distribution assets located in Victoria. We have actively participated in most AEMO-led consultation processes over at least two decades for both electricity and gas.

NER consultation procedures

The AEMC's consultation paper has identified the need for change process streamlining, and for more flexibility to tailor consultation steps, especially for the more complex instruments for which the timeframes are too short. We agree, in principle, with the need to streamline the process in the NER consultation procedures and provide the decision maker with greater flexibility to adjust the number of consultation stages.

A new consultation framework for subordinate instruments established under the NER is proposed by AEMO, with one round of consultation as the default, rather than two, but with principles that indicate when further consultation may be appropriate. The consultation paper explains that, as the default, mandating two rounds of consultation is unnecessary, particularly when a draft instrument can be provided at the start of the consultation.

However, with one round of consultation as the default, rather than two, this may result in lower quality procedures that may need a subsequent consultation after implementation. For procedures that govern metering data management systems, market systems, billing systems and information exchange that would involve additional IT build costs that could be very significant for the industry and well exceed any cost savings from running an additional round of consultation. For such procedures, in our experience over two decades it is rare that the second round of consultation is not required. The second round of consultation may be required to either properly litigate the proposed procedure change, address any compelling alternative options or clean up any unintended drafting issues introduced in the first round of consultation.

The additional proposed requirement of requiring a draft instrument at the initial stage of consultation is no guarantee of avoiding costly IT rework that results from a subsequent procedure change to remediate the issues not adequately resolved or introduced by the earlier procedure consultation.

Most procedure changes already start with draft instruments and the second round of consultation is normally required to address all major and minor issues. In our experience, we cannot think of any material and important procedure change that started with a draft instrument in which only one round of consultation has been required.

Therefore, while increased flexibility is desirable we do not support reducing the number of consultation stages as the default position, except in very limited circumstances, and we propose the following additional criteria to the five principles proposed in section 2.3.1 of the consultation paper.

- Prior to consultation participant stakeholders are given the opportunity to request additional consultation round/s. Reasonable written requests for additional consultation, if they are not misconceived or lacking in substance, must be accepted by the decision maker.
- Procedure consultations that include changes to obligations that result in updates to the IT systems of retailers, Network Service Providers, or other service providers, then there must be at least two rounds of consultation. Minor or administrative procedures changes can proceed with a single round of consultation.
- If the first round of consultation outcome is substantially different to the proposed change, then there must be a second round of consultation.

NGR consultation procedures

The consultation paper is proposing, as its preferred solution, to remove the National Gas Rules (**NGR**) extended consultation procedures and proposes that instruments which previously required consultation according to the extended consultation procedures would instead be consulted on according to the standard consultation procedures. In contrast to the NER we consider the NGR consultation procedures are already fit for purpose.

AusNet does not support any changes to the NGR's standard consultation procedures that seek to align these procedures with the updated Rules Consultation Procedure proposed for the NER in this rule change for the reason of consistency. The NGR's standard consultative procedures and expedited consultative procedures already allows for streamlined consultation that is robust and flexible.

If you have any queries on our submission or wish to discuss our engagement in specific procedure consultations, please do not hesitate to contact Justin Betlehem on 03 9695 6288 or via email justin.betlehem@ausnetservices.com.au.

Yours sincerely



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