

Australian Energy Market Commission

## **RULE DETERMINATION**

# NATIONAL ELECTRICITY AMENDMENT (MINOR CHANGES 1) RULE 2023

# NATIONAL GAS AMENDMENT (MINOR CHANGES 1) RULE 2023

### PROPONENT

AEMC

07 SEPTEMBER 2023

### **INQUIRIES**

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Reference: ERC0350

## ABOUT THE AEMC

The AEMC reports to the energy ministers. We have two functions. We make and amend the national electricity, gas and energy retail rules and conduct independent reviews for the energy ministers.

## ACKNOWLEDGEMENT OF COUNTRY

The AEMC acknowledges and shows respect for the traditional custodians of the many different lands across Australia on which we all live and work. We pay respect to all Elders past and present and the continuing connection of Aboriginal and Torres Strait Islander peoples to Country. The AEMC office is located on the land traditionally owned by the Gadigal people of the Eora nation.

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### **CITATION**

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## SUMMARY

1	The Commission has determined:	
	<ul> <li>under sections 102 and 103 of the National Electricity Law (NEL) to make the National Electricity Amendment (Minor changes 1) Rule 2023 No. 3 ("electricity rule"); and</li> </ul>	
	<ul> <li>under sections 311 and 313 of the National Gas Law (NGL) to make the National Gas Amendment (Minor changes 1) Rule 2023 No. 1 ("gas rule").</li> </ul>	
2	The electricity rule and the gas rule (together, the "final rules") correct minor errors and make non-material changes in the NER and NGR (together, "the rules"), including:	
	<ul> <li>correcting formatting and typographical errors;</li> </ul>	
	<ul> <li>correcting minor errors in definitions and cross-references;</li> </ul>	
	removing duplication;	
	• deleting clause 7.8.2(f)(4) of the NER as it is now redundant and can be removed;	
	<ul> <li>introducing new naming conventions in Chapter 11 of the NER to assist with readability; and</li> </ul>	
	<ul> <li>amending the transitional rules for the efficient reactive current access standards for inverter-based resources rule to provide more clarity.</li> </ul>	
3	The final rules were initiated by the Commission and aim to promote clarity of meaning and remove identified minor errors in the rules.	
4	The Commission conducted the rule change under the expedited process in section 96 of the NEL and section 304 of the NGL on the basis that the Commission considered the proposed rules fell within the definition of a non-controversial rule under section 87 of the NEL and section 290 of the NGL.	
5	The Commission considered that:	
	<ul> <li>the electricity rule will or is likely to contribute to the achievement of the national electricity objective (NEO) and therefore satisfies the rule making test under section 88 of the NEL</li> </ul>	
	• the gas rule will or is likely to contribute to the achievement of the national gas objective (NGO) and therefore satisfies the rule making test under section 291 of the NGL	
6	The final rules will commence on 7 September 2023.	

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## 1 1.1

## THE COMMISSION'S RULE CHANGE PROPOSAL

## The proposed rules and commencement of rule making process

The Commission has power to make a rule without a request if it considers that the rule corrects a minor error in the rules or makes a non-material change to the rules.<sup>1</sup>

On 13 July 2023, the Commission initiated:

- the proposed electricity rule under sections 95 and 96(1)(a) of the NEL; and
- the proposed gas rule under sections 303 and 304(1)(a) of the NGL.

The Commission initiated the proposed rules under the expedited process in section 96 of the NEL and section 304 of the NGL as it considered the proposed rules were unlikely to have a significant effect on the national electricity market or a market for gas or the regulation of pipeline services. The Commission therefore considered that the proposed rules fell within the definition of a non-controversial rule under section 87 of the NEL and section 290 of the NGL.

The Commission did not receive any written requests not to expedite the rule making process. Accordingly, the rule change proposal was considered under an expedited process.

The Commission invited submissions on the rule change proposal by 10 August 2023. The Commission received one submission and one late submission on the rule change proposal. These submissions are discussed and responded to in this final rule determination.

## 1.2 Rationale for the rule change proposal

As part of the Commission's rule making functions conferred on it under legislation, the Commission reviews, amends and maintains the rules in accordance with the NEL and NGL. The purpose of this function, among other things, is to improve and enhance the quality of the NER and NGR.

This rule change proposal was prompted by the identification of various minor errors and non-material changes that should be corrected or made to improve the quality and clarity of the NER and NGR.

## 1.3 Solution proposed in the rule change proposal

The proposed rule (now made as final) sought to:

- correct minor errors, including formatting and typographical errors;
- ensure consistency of references;
- correct minor errors in definitions and cross-references;
- remove duplication;
- delete clause 7.8.2(f)(4) of the NER;
- introduce new naming conventions in Chapter 11 of the NER; and

<sup>1</sup> Section 91(2) of the NEL and section 295(2) of the NGL.

• amend clause 11.159.4(b)(2) of the NER and insert new clause 11.159.4(b1).

**2** 2.1

## FINAL RULE DETERMINATION - ELECTRICITY

## The Commission's final rule determination

In accordance with sections 102 and 103 of the NEL the Commission has made this final rule determination and the final rule in relation to the electricity rule proposed by the Commission. The National Electricity Amendment (Minor changes 1) Rule 2023 No. 3 is published with this final rule determination.

The Commission's final rule determination is to make the electricity rule as proposed by the Commission, with the following non-material changes:

- amendments to clause 11.159.3(b)(2) of the NER;
- amendments to clause 11.159.4(b) of the NER; and
- amendments to clause 11.159.4(b1) of the NER.

Section 2.3.2 below provides reasons for the further changes.

In relation to the electricity rule's application in the Northern Territory, the Commission has determined to make Schedule 1 of the electricity rule a uniform rule. The Commission has determined to make Schedule 2 of the electricity rule a differential rule. Rule making in the Northern Territory is described in section 2.2.2 and the differential rule is described in section 2.3.3.

The Commission's reasons for making this final rule determination are set out in section 2.3.

This chapter outlines:

- the rule making tests for changes to the NER;
- a summary of the Commission's reasons in deciding to make the electricity rule;
- the Commission's consideration of the electricity rule against the NEO; and
- the Commission's consideration in deciding whether to make a uniform or differential rule in accordance with the Northern Territory legislation adopting the NEL.<sup>2</sup>

Further information on the legal requirements for making this final rule determination is set out in Appendix A.

## 2.2 Rule making tests

### 2.2.1 Achieving the NEO

Under the NEL the Commission may only make a rule if it is satisfied that the rule will, or is likely to, contribute to the achievement of the NEO.<sup>3</sup> This is the decision making framework that the Commission must apply.

The NEO is:4

<sup>2</sup> National Electricity (Northern Territory) (National Uniform Legislation) Act 2015 (NT Act).

<sup>3</sup> Section 88 of the NEL.

<sup>4</sup> Section 7 of the NEL.

to promote efficient investment in, and efficient operation and use of, electricity services for the long term interests of consumers of electricity with respect to:

- price, quality, safety, reliability and security of supply of electricity; and
- the reliability, safety and security of the national electricity system.

Under the Northern Territory legislation adopting the NEL, the Commission must regard the reference in the NEO to the "national electricity system" as a reference to whichever of the following the Commission considers appropriate in the circumstances having regard to the nature, scope or operation of the proposed rule:<sup>5</sup>

- 1. the national electricity system
- 2. one or more, or all, of the local electricity systems<sup>6</sup>
- 3. all of the electricity systems referred to above.

For the purposes of the electricity rule, the Commission has determined that the reference to the national electricity system in the NEO is a reference to item 3 from the list above (noting that the electricity rule will have effect in relation to all of the electricity systems referred to above).

#### 2.2.2 Rule making in the Northern Territory

The NER, as amended from time to time, apply in the Northern Territory, subject to modifications set out in regulations made under the Northern Territory legislation adopting the NEL.<sup>7</sup> Under those regulations, only certain parts of the NER have been adopted in the Northern Territory.<sup>8</sup>

As the electricity rule, in some aspects, relates to the parts of the NER that apply in the Northern Territory, the Commission has assessed whether to make a uniform or differential rule (defined below) under Northern Territory legislation.

Under the NT Act, the Commission may make a differential rule if it is satisfied that, having regard to any relevant MCE statement of policy principles, a differential rule will, or is likely to, better contribute to the achievement of the NEO than a uniform rule.<sup>9</sup>

A differential rule is a rule that:

- varies in its term as between:
  - the national electricity system; and
  - one or more, or all, of the local electricity systems; or
- does not have effect with respect to one or more of those systems,

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<sup>5</sup> Clause 14A of Schedule 1 to the NT Act, inserting section 88(2a) into the NEL as it applies in the Northern Territory.

<sup>6</sup> These are specified Northern Territory systems, listed in schedule 2 of the NT Act.

<sup>7</sup> The regulations under the NT Act are the National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations 2016.

<sup>8</sup> The version of the NER that applies in the Northern Territory is available on the AEMC website at www.aemc.gov.au/regulation/energy-rules/northern-territory-electricity-market-rules/current.

<sup>9</sup> Clause 14B of Schedule 1 to the NT Act, inserting section 88AA into the NEL as it applies in the Northern Territory.

but is not a jurisdictional derogation, participant derogation or rule that has effect with respect to an adoptive jurisdiction for the purpose of s. 91(8) of the NEL.

A uniform rule is a rule that does not vary in its terms between the national electricity system and one or more, or all, of the local electricity systems, and has effect with respect to all of those systems.<sup>10</sup>

The Commission has determined to make a uniform rule in respect of Schedule 1 of the electricity rule, as it does not consider that a differential rule will, or is likely to, better contribute to the achievement of the NEO than a uniform rule. With respect to Schedule 2 of the electricity rule, the Commission has determined to make a differential rule as it considers that a differential rule will, or is likely to, better contribute to the achievement of the NEO than a uniform rule because it will avoid duplicating numbering used in the *National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations 2016*. See section 2.3.3 for a description of the differential rule.

### 2.3 Reasons

#### 2.3.1 Summary of Reasons

The Commission considers that the electricity rule will improve the quality of the NER in terms of accuracy and consistency and is likely to contribute to the achievement of the NEO.

As with previous similar rule changes initiated by the Commission, these minor corrections and non-material changes make the NER clearer to stakeholders. This is important as the NER inform stakeholders of their rights and obligations for participating in the national electricity market. These improvements are likely to reduce the regulatory burden associated with understanding and complying with the NER, and therefore allow electricity services to be provided more efficiently.

Specifically, in relation to:

- Clause 7.8.2(f)(4) of the NER: The electricity rule deletes clause 7.8.2(f)(4). Clause 7.8.2(f) sets out the requirements for metering installations for non-market generating units and clause 7.8.2(f)(4) includes requirements for new accumulation metering equipment for those types of generating units. However, with the introduction of clause 7.8.2A under the *National Electricity Amendment (Five Minute Settlement) Rule 2017 No. 15* (which requires all new or replacement metering installations to be capable of recording and providing trading interval energy data), existing clause 7.8.2(f)(4) has become redundant and can be removed.
- Naming conventions in Chapter 11 of the NER: The electricity rule introduces new naming conventions for Chapter 11 to assist with readability. Part ZZZZZH of Chapter 11 will consolidate all current and future Savings and Transitional Rules made in 2023. Rather than creating a new Part for each amending Rule, only one new Part per year will be created. All Savings and Transitional Rules made within that year will be grouped within that Part. The purpose of this change is to make Chapter 11 more navigable.

<sup>10</sup> Clause 14 of Schedule 1 to the NT Act, inserting the definitions of "differential Rule" and "uniform Rule" into section 87 of the NEL as it applies in the Northern Territory.

- Amendments to the transitional rules for the efficient reactive current access standards for inverter-based resources rule: See section 2.3.2 below.
- The differential rule for the Northern Territory: See section 2.3.3 below.

## 2.3.2 Amendments to the transitional rules for the efficient reactive current access standards for inverter-based resources rule

#### Proposed draft amendments

The rule proposal included proposed amendments to clause 11.159.4(b)(2) and the insertion of new clause 11.159.4(b1).

Clause 11.159.4 contains the transitional rules for applications to connect submitted before the effective date of the *National Electricity Amendment (Efficient reactive current access standards for inverter-based resources) Rule 2023* – the effective date being 27 April 2023. The proposed rule included amendments to clause 11.159.4 to clarify the interaction with the transitional rules for the *National Electricity Amendment (Efficient management of system strength on the power system) Rule 2021.* 

The changes in the proposed rule were intended to clarify that applications to connect submitted before the relevant commencement date of the *Efficient Management of system strength rule* (15 March 2023) may, in accordance with clause 11.143.9(b)(1), continue to apply the access standards in Chapter 5 of the NER as they were before 15 March 2023 (or elect to apply the new system strength framework) and also benefit from the new reactive current minimum access standard under clause S5.2.5.5 of the NER. This reflects the policy intention of the *National Electricity Amendment (Efficient reactive current access standards for inverter-based resources) Rule 2023* No. 1.

The rule was proposed because AEMO had drawn to the AEMC's attention uncertainty about the interaction between the two sets of transitional rules. The uncertainty is due to the wording of clause 11.159.4(b)(2). As originally made, that clause states that 'the existing application to connect will be taken to be an application to connect under new Chapter 5 with respect to the proposed plant'. Uncertainty had arisen due to an interpretation of clause 11.159.4(b)(2) to the effect that it displaces the operation of clause 11.143.9(b)(1). This interpretation goes beyond the policy intention of the *Efficient reactive current access standards for inverter-based resources* rule.

#### Submissions on the Rule Proposal

The AEMC received a submission from AEMO supporting the change to clause 11.159.4.<sup>11</sup> A late submission from Powerlink Queensland also requested an amendment to the clause to clarify that proponents who submitted an application to connect before 15 March 2023 can continue the connection process under the former system strength framework and can adopt the new reactive current minimum access standard.<sup>12</sup>

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<sup>11</sup> AEMO, submission to the proposed rule, page 1.

<sup>12</sup> Powerlink Queensland, submission to the proposed rule 28 August 2023, pages 1-2. Powerlink is referring to the standard as amended by the *Efficient reactive current access standards for inverter-based resources* rule.

AEMO's submission also suggested alternative drafting to more clearly resolve the interpretation issues and to address what AEMO considers is a drafting error in the transitional rules for the *Efficient Management of system strength rule* at clause 11.143.9(b)(2).<sup>13</sup>

AEMO's proposed change to clause 11.143.9(b)(2) would replace `the new Chapter 5' with `the former Chapter 5'.<sup>14</sup>

AEMO proposed two alternative drafting solutions for clause 11.159.4(b). The first of these relied first on making the proposed change to clause 11.143.9(b)(2).<sup>15</sup> The second proposed deleting clause 11.159.4(b)(2) and narrowing the related notice provisions in clauses 11.159.4(b)(3), with consequential changes to clauses 11.159.4(c) and (d). As part of this solution, AEMO proposed changes to align clause 11.159.3(b), which deals with connection enquiries made before 27 April 2023, with the amended clause 11.159.4.<sup>16</sup>

#### The Commission's decision

The Commission appreciates the time taken by AEMO and Powerlink in responding to the proposed rule.

In relation to clause 11.143.9, the Commission accepts that the reference to the 'new Chapter 5' has caused some uncertainty when read in the context of clause 11.143.9 as a whole. However the Commission has determined not to make the change proposed by AEMO as part of this rule change process. This is primarily because the Commission is not presently able to satisfy itself that the amendment meets the criteria for an AEMC initiated rule. The proposed amendment was not consulted on as part of the proposed rule and, before making any amendment to the clause, the Commission would wish to understand from Network Service Providers dealing with pre-15 March 2023 applications to connect whether there are any unintended consequences to address. For example, savings provisions may be required to provide certainty to Network Service Providers that they do not need to redo the assessment under clause 5.3.4B, and other amendments may be required to provide certainty about which version of the system strength assessment impact guidelines must be applied.

It follows that the Commission has not further considered AEMO's first proposed alternative drafting solution for clause 11.159.4(b). In relation to AEMO's second proposed alternative drafting solution, the Commission has determined to retain clause 11.159.4(b)(2) but in an amended form, rather than delete it as proposed by AEMO. The Commission is satisfied that the final change to the clause is a minor and non-material change. The change confirms the savings function of clause 11.159.4(b)(2) such that existing applications to connect remain valid despite the changes to Chapter 5, and the applicant is not required to resubmit its application; rather the Network Service Provider continues to process it subject to the arrangements in the remainder of the clause. The Commission has also determined to make

<sup>13</sup> AEMO, submission to the proposed rule, pages 1-2.

<sup>14</sup> AEMO, submission to the proposed rule, page 2.

<sup>15</sup> AEMO, submission to the proposed rule, page 3.

<sup>16</sup> AEMO, submission to the proposed rule, pages 4-5.

a corresponding change to clause 11.159.3(b)(2) so that it remains consistent with clause 11.159.4(b)(2).

The Commission is also satisfied that new clause 11.159.4(b1) from the proposed rule is a minor and non-material change that confirms the existing operation of the transitional provisions for the *Efficient reactive current access standards for inverter-based resources* rule. The Commission has determined to make that change, subject to a minor drafting correction, the need for which was identified by AEMO in its submission, and subject to a change to the cross reference to avoid doubt about whether the election remains open under clause 11.143.9.

The changes to clause 11.159.4(b) and new clause 11.159.4(b1) also provide the clarification that Powerlink sought in its submission, for applications to connect submitted before 15 March 2023.

In relation to the other changes to clauses 11.159.3 and 11.159.4 proposed by AEMO, the Commission agrees these would better reflect the limited impact of the changes made by the *Efficient reactive current access standards for inverter-based resources* rule on the application process. However, the Commission has determined not to make the proposed changes because the dates for the provision of information under clause 11.159.4(b)(3) and the corresponding provisions in clause 11.159.3(b)(3) have already passed. Making the change would raise potential retrospectivity issues and may create uncertainty about whether the information in the clause must be provided a second time to comply. In relation to the proposed changes to 11.159.4(c) and (d), given the possibility that charges or time extensions have already been determined, the Commission has decided not to make the changes.

#### 2.3.3 Differential rule for the Northern Territory

The Commission has determined to make a differential rule under Northern Territory legislation for clauses 5.3.1A(c) and 5.3A.1(c)(1) because it considers that making a differential Rule in those respects will better contribute to the achievement of the national electricity objective (as it applies in the Northern Territory) than a uniform rule. Specifically, the Commission has made the differential rules (which appear in Schedule 2 of the electricity rule) for the following reasons:

- Clause 5.3.1A(c): A differential rule is required for renumbering purposes, in order to preserve the numbering of the modification to clause 5.3.1A(c), as it applies in the Northern Territory, arising from Schedule 2, Part 2, item 21(4) of the *National Electricity* (*Northern Territory*) (*National Uniform Legislation*) (*Modification*) Regulations 2016.
- Clause 5.3A.1(c)(1): A differential rule is required for renumbering purposes, in order to
  preserve the numbering of the modification to clause 5.3A.1(c)(1), as it applies in the
  Northern Territory, arising from Schedule 2, Part 2, item 25I(3) of the National Electricity
  (Northern Territory) (National Uniform Legislation) (Modification) Regulations 2016.

## 3 3.1

## FINAL RULE DETERMINATION - GAS

## The Commission's final rule determination

In accordance with sections 311 and 313 of the NGL the Commission has made this final rule determination and the final rule in relation to the gas rule proposed by the Commission. The National Gas Amendment (Minor changes 1) Rule 2023 No. 1 is published with this final rule determination.

The Commission's final rule determination is to make the gas rule as proposed by the Commission.

The Commission's reasons for making this final rule determination are set out in section 3.3.

This chapter outlines:

- the rule making tests for changes to the NGR;
- a summary of the Commission's reasons in deciding to make the gas rule;
- the Commission's consideration of the gas rule against the NGO; and
- the Commission's consideration of the gas rule's application in Western Australia.

Further information on the legal requirements for making this final rule determination is set out in Appendix A.

### 3.2 Rule making tests

#### 3.2.1 Achieving the NGO

Under the NGL the Commission may only make a rule if it is satisfied that the rule will, or is likely to, contribute to the achievement of the NGO.<sup>17</sup> This is the decision making framework that the Commission must apply.

The NGO is:18

to promote efficient investment in, and efficient operation and use of, natural gas services for the long term interests of consumers of natural gas with respect to price, quality, safety, reliability and security of supply of natural gas.

#### 3.2.2 Rule making in Western Australia

The versions of the NGL and NGR that apply in Western Australia differ from the NGL and NGR as they apply in other participating jurisdictions.<sup>19</sup>

Accordingly, the gas rule will not apply in Western Australia.

<sup>17</sup> Section 291(1) of the NGL.

<sup>18</sup> Section 23 of the NGL.

<sup>19</sup> Under the National Gas Access (WA) Act 2009 (WA Gas Act), a modified version of the NGL, known as the National Gas Access (Western Australia) Law (WA Gas Law), was adopted. Under the WA Gas Law, the National Gas Rules applying in Western Australia are version 1 of the uniform NGR as amended by the SA Minister under an adoption of amendments order made by the WA Minister for Energy and by the AEMC in accordance with its rule making power under section 74 of the WA Gas Law. See the AEMC website for further information, <u>https://www.aemc.gov.au/regulation/energy-rules/national-gas-rules/western-australia</u>

## 3.3 Summary of reasons

The Commission considers that the gas rule will improve the quality of the NGR in terms of accuracy and consistency and is likely to contribute to the achievement of the NGO.

As with previous similar rule changes initiated by the Commission, these minor corrections and non-material changes make the NGR clearer to stakeholders. This is important as the NGR inform stakeholders of their rights and obligations for participating in the natural gas markets. These improvements are likely to reduce the regulatory burden associated with understanding and complying with the NGR, and therefore allow natural gas services to be provided more efficiently.

## **ABBREVIATIONS**

AEMC AEMO	Australian Energy Market Commission Australian Energy Market Operator
AER	Australian Energy Regulator
Commission	See AEMC
NEL	National Electricity Law
NEM	National Electricity Market
NEO	National Electricity Objective
NER	National Electricity Rules
NGL	National Gas Law
NGO	National Gas Objective
NGR	National Gas Rules

## A LEGAL REQUIREMENTS UNDER THE NEL AND NGL

This appendix sets out the relevant legal requirements under the NEL and NGL for the Commission to make this final rule determination.

## A.1 Final rule determination

In accordance with s. 102 of the NEL and s. 311 of the NGL the Commission has made this final rule determination in relation to the rule proposed by the Commission.

The Commission's reasons for making this final rule determination are set out in sections 2.3 and 3.3.

In accordance with s. 103 of the NEL and s. 313 of the NGL, the Commission has made final rules. Copies of the final rules are attached to and published with this final rule determination. Their key features are described in chapters 2 and 3.

## A.2 Power to make the final rules

The Commission is satisfied that the final rules fall within the subject matter about which the Commission may make rules.

The electricity rule falls within the matters set out in s. 34 of the NEL, as under s. 34(1)(b) of the NEL the Commission may make Rules for or with respect to any matter or thing contemplated by the NEL, or which are necessary or expedient for the purposes of the NEL. The Commission considers the electricity Rule is necessary and expedient for the purposes of the NEL.

The gas rule falls within the matters set out in s. 74 of the NGL, as under s. 74(1)(b) of the NGL the Commission may make Rules for or with respect to any matter or thing contemplated by the NGL, or which are necessary or expedient for the purpose of the NGL. The Commission considers the gas Rule is necessary and expedient for the purposes of the NGL.

## A.3 Commission's considerations

In assessing the rule change proposal the Commission considered:

- its powers under the NEL and NGL to make the rule
- the rule change proposal
- the submission received from AEMO during the consultation period
- the late submission received from Powerlink after the consultation period
- the Commission's analysis as to the ways in which the rule will or is likely to contribute to the NEO and NGO
- the interaction between the National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations 2016 (NT) and the NER

There is no relevant Ministerial Council on Energy (MCE) statement of policy principles for this rule change proposal.<sup>20</sup>

Under s. 91(8) of the NEL, the Commission may only make a rule that has effect with respect to an adoptive jurisdiction if satisfied that the rule is compatible with the proper performance of the Australian Energy Market Operator's (AEMO's) declared electricity network functions. Given the electricity rule only seeks to make minor or non-material changes to the rules and does not change AEMO's functions in any material respect, the Commission is satisfied that the electricity rule is compatible with the proper performance of AEMO's declared electricity network functions.

Under s. 295(4) of the NGL, the Commission may only make a rule that has effect with respect to an adoptive jurisdiction if satisfied that the rule is compatible with the proper performance of AEMO's declared gas system functions. Given the gas rule only seeks to make minor or non-material changes to the rules and does not change AEMO's functions in any material respect, the Commission is satisfied that the gas rule is compatible with the proper performance of AEMO's declared gas system functions.

## A.4 Civil penalties

The Commission cannot create new civil penalty provisions. However, the Commission and the Australian Energy Regulator (AER) may make a joint recommendation to the Energy Ministers Sub-Group that new or existing provisions of the NER or NGR be classified as civil penalty provisions.

The Commission's final electricity rule amends clause 5.13.1(d1)(3). Clause 5.13.1(d1) is currently classified as a civil penalty provision under the National Electricity (South Australia) Regulations. However, as the amendment to clause 5.13.1(d1)(3) corrects a minor error and makes non-material changes that do not affect the operation of that provision, the Commission considers that clause 5.13.1(d1) should continue to be classified as a civil penalty provision and therefore does not propose to recommend any change to the classifications to the Energy Ministers Sub-Group.

## A.5 Conduct provisions

The Commission cannot create new conduct provisions. However, it may (jointly with the AER) recommend to the Energy Ministers Sub-Group that new or existing provisions of the NER or NGR be classified as conduct provisions.

The final rule does not amend any rules that are currently classified as conduct provisions under the National Electricity (South Australia) Regulations or the National Gas (South Australia) Regulations. The Commission does not propose to recommend to the Energy Ministers Sub-Group that any of the amendments made by the final rule be classified as conduct provisions.

<sup>20</sup> Under s. 33 of the NEL and s. 73 of the NGL the AEMC must have regard to any relevant MCE statement of policy principles in making a rule. The MCE is referenced in the AEMC's governing legislation and is a legally enduring body comprising the Federal, State and Territory Ministers responsible for energy. It is now referred to as the Energy Ministers Sub-Group.