

ATTACHMENT B

NATIONAL ELECTRICITY RULES

APPROVED PROCESS FOR RETAIL MARKET PROCEDURES

PREPARED BY: Market Development

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DRAFT

Approved for distribution and use:

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Managing Director and Chief Executive Officer

Effective Date:

Document History

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Important Notice

This is the approved process made by AEMO under clause [7.1.4A] of the National Electricity Rules (Rules), and has effect only for the purposes set out in the Rules. The Rules and the National Electricity Law prevail over this approved process to the extent of any inconsistency.

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1. Introduction

1.1 Purpose

This document is the *approved process* under clause [7.1.4A] of the Rules and sets out the requirements that apply, in addition to the *Rules consultation procedures*, to the examination and assessment of a proposal to make *Retail Market Procedures* under clause [7.1.4] of the Rules. A proposal to make *Retail Market Procedures* includes a proposal to amend the existing procedures.

1.2 Interpretation

Terms in this document *in this style* have the meaning given to them in the Rules. In addition, the following terms have the meanings set out below:

| TERM | MEANING |
|---------------------|--|
| Committee | The Retail Market Procedures Committee established in accordance with section [2]. |
| Election Procedures | The document relating to membership of the Committee established in accordance with section [2.2]. |
| Operating Manual | The document relating to the functions and operation of the Committee established under section [2.3] |
| Proponent | A person who submits a proposal to <i>AEMO</i> under clause [7.1.4(b)] of the Rules. |
| Proposal | A proposal to make <i>Retail Market Procedures</i> , either submitted under clause [7.1.4(b)] of the Rules or made by <i>AEMO</i> , as the context requires. |
| Recommendation | A recommendation of the Committee made in accordance with the Operating Manual on any matter set out in section 2.1. |
| Rules | National Electricity Rules. |
| section | A section of this <i>approved process</i> , unless otherwise specified. |

2. Retail Market Procedures Committee

2.1 Establishment

AEMO must establish a committee, to be called the Retail Market Procedures Committee, to advise and make recommendations to *AEMO* on the development, operation and implementation of *Retail Market Procedures* generally, and on the merits of any Proposal received by *AEMO*. In particular, the Committee is to advise and assist *AEMO* in determining the following matters in relation to any Proposal:

- (a) the costs and benefits of making the proposed *Retail Market Procedures*;
- (b) any material issues, risks, testing or transitional requirements for implementation of the Proposal;
- (c) whether the Proposal should be consulted on as a minor or administrative change;
- (d) whether the Proposal should be rejected (subject to section [3.3]) or implemented, with or without amendment; and
- (e) the appropriate effective date for proposed *Retail Market Procedures*.

2.2 Membership

AEMO must establish, maintain and *publish* a document, to be called the Retail Market Committee Election Procedures, governing matters relevant to the membership of the Committee, including:

- (a) the number of members of the Committee and the persons entitled to nominate or appoint those members;
- (b) qualifications for membership of the Committee;
- (c) nomination and election or appointment of qualified members;
- (d) resignation, retirement and removal of members; and
- (e) the process for amending the Election Procedures.

2.3 Functions and operation

- (a) *AEMO* must establish, maintain and *publish* a document, to be called the Retail Market Committee Operating Manual, governing matters relevant to the functions and processes of the Committee, including:
 - (a) a description of the functions of the Committee, consistent with this *approved process*;
 - (b) duties of the members, secretary and chairman of the Committee;

- (c) frequency, quorum and other requirements for Committee meetings;
- (d) resolutions and voting;
- (e) establishment and operation of working groups; and
- (f) budget and reporting requirements.

2.4 Amendment of governing documents

The Election Procedures and the Operating Manual may only be amended in accordance with the amendment provisions in the respective documents.

2.5 Compliance

AEMO, Registered Participants and any other person entitled to nominate a Committee member must observe and comply with, and take all reasonable steps to ensure that the Committee members representing them observe and comply with, the Election Procedures and the Operating Manual.

3. Process for assessing and consulting on Proposals

3.1 Committee to receive all Proposals

AEMO must give the Committee a copy of all Proposals made or received by *AEMO*.

3.2 Initial assessment of Proposals

On receiving a Proposal from a Proponent, *AEMO* must undertake an initial assessment to confirm that:

- (a) the Proponent is entitled to make the Proposal under the Rules;
- (b) the Proposal is not similar to a Proposal considered under the *approved process* in the previous 12 months, where there has been no material change in relevant circumstances;
- (c) the Proposal relates to a matter for which *AEMO* may make *Retail Market Procedures*; and
- (d) the proposal is not misconceived or lacking in substance.

3.3 Rejection of Proposal

If *AEMO* is reasonably satisfied that a Proposal does not meet one or more of the requirements in section 3.2, *AEMO* may reject the Proposal, in accordance with the Rules.

3.4 Requirement to consult with Committee

AEMO must consult with the Committee in relation to a Proposal:

- (a) subject to clause [3.3], before deciding to reject a Proposal by a Proponent under the Rules;
- (b) before deciding to follow the consultation process in clause [7.1.4(e)] for minor or administrative matters; and
- (c) at the following stages of the *Rules consultation procedures*:
 - (i) before *publishing* an initial notice of consultation on the Proposal;
 - (ii) before *publishing* a draft report, if *AEMO* reasonably considers there are material new issues or material changes in approach not previously considered by the Committee; and
 - (iii) before *publishing* a final report, unless the Committee has previously made a Recommendation on the Proposal and *AEMO* proposes to make a decision that is consistent with that Recommendation.

3.5 Consultation with other persons

The proceedings of the Committee must be open and transparent. The Operating Manual must allow for persons other than Committee members to attend and speak at Committee meetings on request, which must not be unreasonably denied.

To avoid doubt, the requirements in this section [3] to consult with the Committee do not limit the consultation *AEMO* may undertake at any stage with any other person it considers appropriate in relation to a Proposal.

3.6 Manner and timing of consultation

In undertaking consultation under section [3.4], *AEMO* must:

- (a) give the Committee all information available to *AEMO* that is relevant to the Proposal, other than *confidential information* or information under section [3.6]; and
- (b) allow the Committee a reasonable period of time to make Recommendations on relevant matters, having regard to the requirements of the Operating Manual, the *Rules consultation procedures* and the urgency of the matter under consultation.

The Committee must endeavour to make relevant Recommendations within a reasonable time before the expiry of any applicable time period for *AEMO* to make a decision or *publish* a document under the *Rules consultation procedures*.

Attachment A sets out the indicative process for consultation, which AEMO and the Committee will endeavour to follow subject to any inconsistent requirements in the Rules (including the *Rules consultation procedures*) or applicable jurisdictional requirements.

3.7 Confidential information

If a Proponent or person making a submission on a Proposal provides information to AEMO that the person identifies as confidential, AEMO must not disclose that information to the Committee without that person's prior written consent.

4. Recommendations for non-B2B Procedures

4.1 Application of this section

This section applies to Proposals relating to all *Retail Market Procedures* other than *B2B Procedures*.

4.2 Consideration of Recommendations

In deciding to make, or not to make, *Retail Market Procedures* pursuant to a Proposal, AEMO must consider any Recommendations made by the Committee, but is not required to follow those Recommendations. AEMO must give the Committee its reasons for not following any such Recommendation.

5. Recommendations for B2B Procedures

5.1 Application of this section

This section only applies to Proposals relating to *B2B Procedures*.

5.2 Requirement for Recommendation

In deciding to make, or not to make, *B2B Procedures*, AEMO must follow a Recommendation of the Committee unless:

- (a) the Committee was unable to make a Recommendation with the required majority under the Operating Manual; or
- (b) section [5.4] applies.

5.3 Reconsideration of B2B Recommendation

AEMO may request the Committee to reconsider a Recommendation if AEMO considers (specifying its reasons) that:

- (a) the Committee failed to have regard to the *national electricity objective* or any applicable principles set out in the Operating Manual;
- (b) the Recommendation conflicts with the *Market Settlement and Transfer Solution Procedures*; or
- (c) AEMO would have made a different decision and following the Recommendation would have a detrimental effect on the exercise of AEMO's powers or the performance of its functions.

The Committee must reconsider and provide a further Recommendation to AEMO within the period reasonably specified by AEMO in its request, having regard to AEMO's obligations under the *Rules consultation procedures*.

5.4 Further Recommendation

If, after receiving a further Recommendation from the Committee under section [5.3], AEMO considers that one or more of sections [5.3] (a), (b) or (c) still apply in respect of the further Recommendation, AEMO is not required to follow that Recommendation. AEMO must give the Committee its reasons for not following any such Recommendation.

6. Publication of Recommendations

6.1 Application of this section

This section applies to Proposals relating to all *Retail Market Procedures*.

6.2 Matters to be published

At the time of *publishing* a decision or report under clause 7.1.4 of the Rules or the *Rules consultation procedures* in relation to a Proposal, AEMO must *publish*:

- (a) the applicable Recommendations and any dissenting views by Committee members;
- (b) if the Committee was unable to make a Recommendation, any views expressed by Committee members; and
- (c) if AEMO did not follow a Recommendation, its reasons for not doing so.

7. Amendment of approved process

AEMO must consult with the Committee before commencing a consultation on any proposed amendment to this *approved process* under the *Rules consultation procedures* and must allow the Committee a reasonable period of time to consider and respond to the proposed amendment.

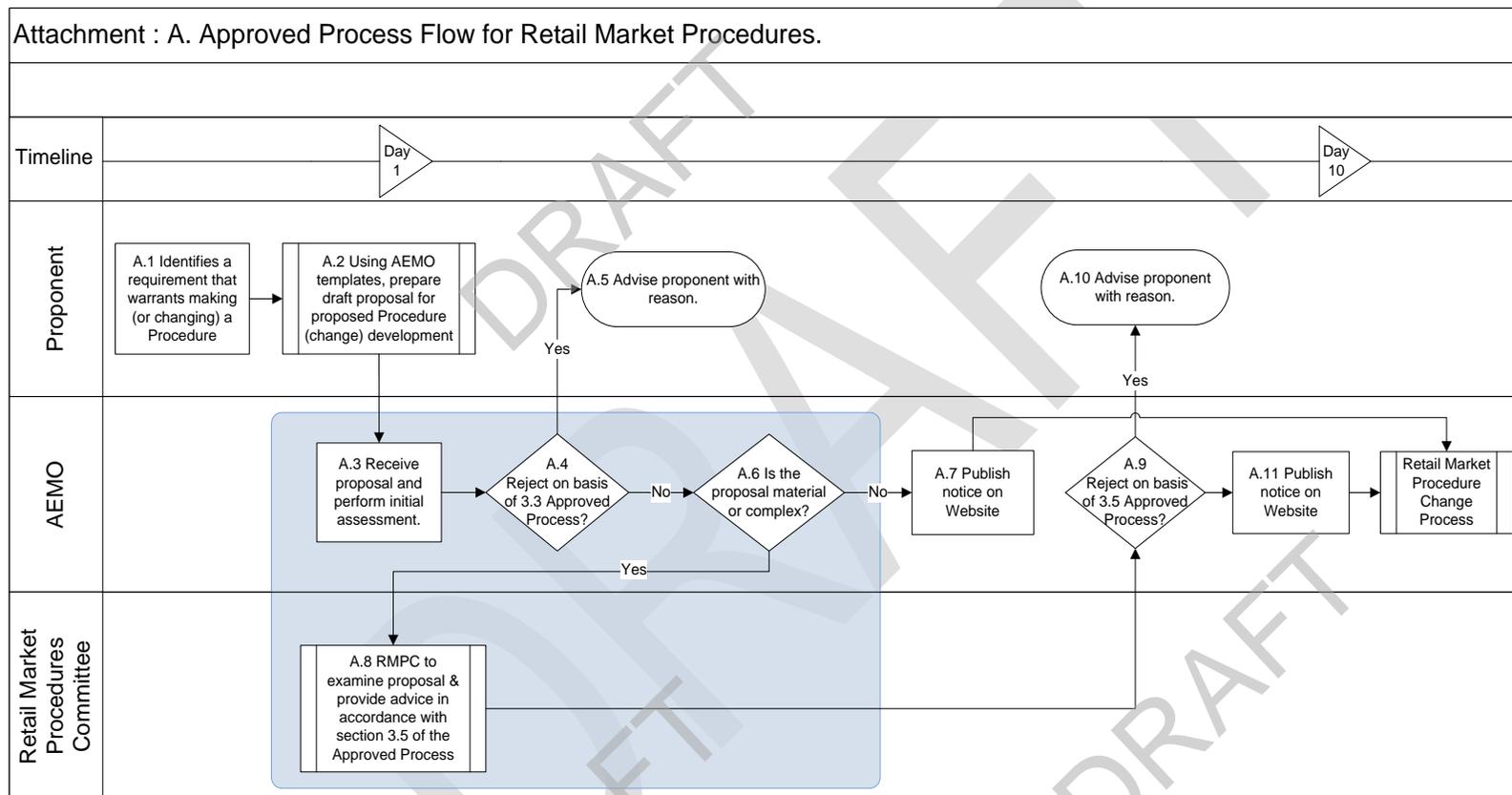
In deciding whether to amend this *approved process*, *AEMO* must consider any advice, decision or recommendation of the Committee in respect of the proposed amendment.

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Joint AEMO & RMPC

ATTACHMENT A

Attachment : A. Approved Process Flow for Retail Market Procedures.



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