



Business Day Definition

Final Rule Determination: 21 April 2011

This Rules Change clarifies which days are business days for the purposes of the National Electricity Market (NEM). This will remove the current confusion and potential for multiple interpretations therefore improving compliance and market operation.

Current arrangements

Business day is a term with wide reaching application in the Rules. It provides for the timing of the operations and obligations arising within the NEM.

Business day is defined in the National Electricity Law (NEL) and the Rules independently. The relevant definition for the Rules is currently as follows:

“a day other than a Saturday, Sunday or a day which is lawfully observed as a national public holiday on the same day in each of the participating jurisdictions.”

This differs from the NEL definition which is:

“a day that is not:

- a) a Saturday or Sunday
- b) observed as a public holiday on the same day in each of the participating jurisdictions (except the Commonwealth).

Issues raised by the Proponent (AEMO)

There are two issues with the current definition of *business day* under the current Rules:

1. The meaning of *business day* under the current Rules is unclear due to the formulation of public holiday as a "national public holiday." It is uncertain what would give a public holiday the characteristic of being "national", given that public holidays are gazetted by the States and Territories rather than the Commonwealth. This creates a risk of stakeholders interpreting the definition of *business days* differently in meeting their regulatory obligations.
2. Under the current Rules, occasions may arise where a day that is observed as a public holiday in each participating jurisdiction is a *business day* under the Rules. For example, an interpretation of "national public holiday on the same day" is that the same event needs to be observed for a public holiday to be recognised. This would mean that 25th of April 2011 would not be a public holiday because some States celebrate Easter Monday, and others celebrate Anzac Day. Because market participants and institutions will not be operating on these days, participants may not be able to meet their obligations, such as those relating to settlement obligations.

The final Rule Determination

The final Rule Determination aligns the definition of *business day* in the Glossary of the Rules with the definition of business day in the NEL.

The Rule as made ensures that a public holiday will be recognised as a non-*business day* where it is observed in each participating jurisdiction (except the Commonwealth) on the same day. A public holiday observed in one or more participating jurisdictions, but not **all** participating jurisdictions, will be a *business day* under the Rules.

This Rule Change will minimise the possibility for dispute, which has the potential for market participants to avoid financial costs that could ultimately be passed through to electricity consumers.

A public holiday will not have to observe the same event in each participating NEM jurisdiction in order to be classified as a non-*business day* under the Rules.

The Rule as made commences on 21 April 2011.

Reasons for the decision and impact on customers

The Rule Change will:

- Improve the feasibility of participants meeting their obligations in accordance with the Rules;
- Remove the ambiguity from the current formulation of *business day* in the Rules and thereby provide regulatory certainty for the treatment of *business day* in the NEM; and
- Improve the consistency between the regulatory instruments in the energy market – the definition of *business day* in the Rules will align with the definition in the NEL and the National Gas Law (NGL).

The factors outlined above will minimise the possibility of confusion or dispute over when certain obligations are due. Minimising the risk of dispute has the potential for market participants to avoid financial costs that could ultimately be passed through to electricity customers through increased prices.

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