



Market participant suspension framework

Stakeholder submissions invited on new rule change request

The AEMC has commenced consultation on a COAG Energy Council rule change request to revise the market participant suspension framework.

Background

Market participants may be suspended from the market if the Australian Energy Market Operator (AEMO) deems it necessary to do so in order to remove a threat to the financial integrity of the National Electricity Market (NEM). One of the triggers for this suspension decision is when an external administrator is appointed to the market participant.

A company – usually for reasons of financial distress - may be placed in one of the forms of external administration whereby control of the company transfers from the directors to an external administrator who conducts the affairs of the company.

The National Electricity Rules (NER) currently only allows the suspension of all registrations (generator, retailer, etc.) of a market participant. A selective approach, where the suspension of some but not all of the registrations would occur, is not permitted.

The rule change request

The rule change request was received from the COAG Energy Council in response to the AEMC's recommendations in the *NEM Financial Market Resilience Review* (the Review), which was completed in March 2015.

The rule change request reflects the key recommendations from that Review. It proposes to clarify the market participant suspension framework, by amending the National Electricity Rules in the following areas:

- in respect of market participants under external administration, clarify AEMO's ability to not suspend a market participant under external administration by deleting the clause that prescribes automatic preclusion from the market in such cases;
- in respect of any market default, allow AEMO not to suspend one or more of a market participant's market registrations;
- in respect of participants under external administration, require AEMO to consider factors in the rules when considering whether to suspend a market participant under external administration; and
- allow AEMO to impose conditions on a market participant, if a decision to not suspend the market participant is made.

Issues for consultation

A consultation paper was released today to facilitate stakeholder comment on the issues raised by the rule change request..

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Submissions

The consultation paper and the COAG Energy Council's rule change request are available on the AEMC website. Stakeholders are invited to make written submissions in response to issues raised and the rule change request by **7 July 2016**.

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