



# **Retailer Reliability Obligation - Opt-in Guidelines**

**Draft for Consultation**

March 2020



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Inquiries about this publication should be addressed to:

Australian Energy Regulator  
GPO Box 520  
Melbourne Vic 3001

Tel: 1300 585165

Email: [AERInquiry@aer.gov.au](mailto:AERInquiry@aer.gov.au)

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# 1 Background

Under the National Electricity Rules (the Rules), the AER is required to develop a number of guidelines to support the implementation of the Retailer Reliability Obligation (the RRO). As part of this requirement, the AER must publish the final *RRO Opt-in Guidelines* by 30 June 2020.

This document is the Draft *RRO Opt-in Guidelines*. The *RRO Opt-in Guidelines* Issues Paper was published for consultation in September 2019, and these Draft Guidelines have been developed based on the stakeholder feedback received during that consultation process. In line with the *Rules Consultation Procedures*, the AER is consulting on these draft guidelines and the feedback received will inform the development of the final guidelines.

## 2 Overview

These draft guidelines have been published to inform public consultation ahead of the development of final guidelines by 30 June 2020.

The draft guidelines takes into account the matters set out in the Rules concerning the operation of the opt-in measures under the RRO. Opt-in measures are intended to enable eligible large customers to opt-in to liability under the RRO. This will allow them to self-manage the obligations associated with their load, rather than having another entity, such as their retailer, manage these obligations on their behalf.

In summary, the Rules<sup>1</sup> require that the RRO Opt-In Guidelines include:

1. the process for establishing and maintaining the *opt-in register*;
2. the information to be included in the *opt-in register*;
3. the extent to which some or all of the information on the *opt-in register* is to be accessible to *Market Customers* and the public;
4. the process, manner and form of application to register, deregister, or change the registration of, an opt-in customer;
5. the criteria to be applied by the AER in determining whether to approve an application to register or deregister as, or change the registration of, an opt-in customer;
6. the information required by the AER to determine whether to approve an opt-in application, and how that information will be verified;
7. when a site is considered to have more than one *connection point*;
8. the circumstances in which an opt-in applicant must apply to opt-in for all *connection points* at a site;
9. how annual peak demand is determined for the purposes of opting-in;
10. any requirements for a *prescribed opt-in customer* to register in respect of a percentage of a load; and
11. notification and consent requirements for registrations and changes to registrations.

### 2.1 Purpose of these Guidelines

The purpose of these guidelines is to inform relevant participants of the opt-in measures available under the RRO and how these measures will be implemented.

Under the RRO, most retailers and other Market Customers are *liable entities* and are subject to contracting and reporting requirements if the RRO is triggered. Eligible large customers that are not automatically liable can apply to the AER for approval to opt-in to liability as either *large opt-in customers* or *prescribed opt-in customers*, depending on their circumstances. Large customers must meet a range of criteria, including meeting consumption or peak demand thresholds, in order to be eligible.

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<sup>1</sup> National Electricity Rules, 4A.D.13

Approved opt-in customers can also apply to deregister or change their opt-in registration, in some circumstances.

The AER will establish an *opt-in register* for each *T-3 reliability instrument* to maintain an official record of liability. The AER will also publish a publicly available opt-in summary that will serve as a public record of opt-in customers for each *T-3 reliability instrument*.

## **2.2 Definitions and interpretation**

In these guidelines, the words and phrases presented in italics have the meaning given to them in the Rules.



## 3 Introduction to key concepts

The RRO builds on existing spot and financial market arrangements to facilitate investment in dispatchable capacity and demand response. The RRO achieves this by introducing a contracting requirement on *liable entities* (eligible retailers, other *Market Customers*, and entities that have opted-in) that is triggered by the AER on the basis of a *forecast reliability gap period*<sup>2</sup> identified by AEMO for a given NEM region.

If a reliability gap is identified and the AER issues a *reliability instrument*, *liable entities* are required to enter into sufficient *qualifying contracts* to cover their share of the *one-in-two year peak demand* forecast for the region and forecast reliability gap period. *Liable entities* must submit their firmness adjusted *net contract position* to the AER to demonstrate compliance with their obligations under the RRO.

### 3.1 Liable entities

*Liable entities* are electricity retailers or large energy users that purchase electricity directly from the wholesale electricity market, and eligible large customers who elect to opt-in to the RRO rather than having their retailer manage the obligation on their behalf. A *liable entity* is defined by clause 4A.D.2 of the Rules, which states that:

A person is a *liable entity* for a region if:

- the person is registered as a *Market Customer* for a *connection point* in that region at the end of the *contract position day* but only to the extent there is no opt-in customer for that *connection point* at the end of the *contract position day*;
- the person is registered as a *large opt-in customer* for a *connection point* in that region at the end of the *contract position day*;
- the person is registered as a *prescribed opt-in customer* for a *connection point* in that region at the end of the *contract position day*; or
- the person is a *new entrant* in that region under clause 4A.D.3.

A person who is a *Market Customer* is not a *liable entity* for a region if:

- it is not registered for a *connection point* in that region at the end of the *contract position day*; or
- the aggregate of all loads at the *connection points* in that region for which it is a *Market Customer* at the end of the *contract position day* is equal to or less than 10 GWh per annum as determined in accordance with the Contracts and Firmness Guidelines.

For more detail on the definition of a *Market Customer* for the purposes of the RRO, please refer to the *RRO Contracts and Firmness Guidelines*.

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<sup>2</sup> NEL 14G(2)

## 3.2 Opt-in Customers

If the AER makes a *T-3 reliability instrument*, eligible large customers will have the opportunity to apply to opt-in to liability for the *forecast reliability gap period*.

The Rules introduce two categories of opt-in customer:

- *Large opt-in customers*: that purchase electricity from a *Market Customer*, have consumption in excess of a *consumption threshold* of 50 GWh per annum in the relevant *region*, and have been approved by the AER to register as a large opt-in customer. They must opt-in for the entire load at a connection point<sup>3</sup>.
- *Prescribed opt-in customers*: that do not meet the eligibility criteria to register as a large opt-in customer, but satisfy the prescribed customer opt-in thresholds and have been approved by the AER to register as a prescribed opt-in customer based on eligibility criteria. They may opt-in for all or part of the load at a connection point<sup>4</sup>. The differences between these two opt-in categories, and key factors affecting eligibility for registration under each, are outlined in Figure 1.

The Rules set out that *large opt-in customers* and *prescribed opt-in customers* may only opt-in for the full *forecast reliability gap period* (that is, they must opt-in for all days and all trading intervals identified in the *reliability instrument*).

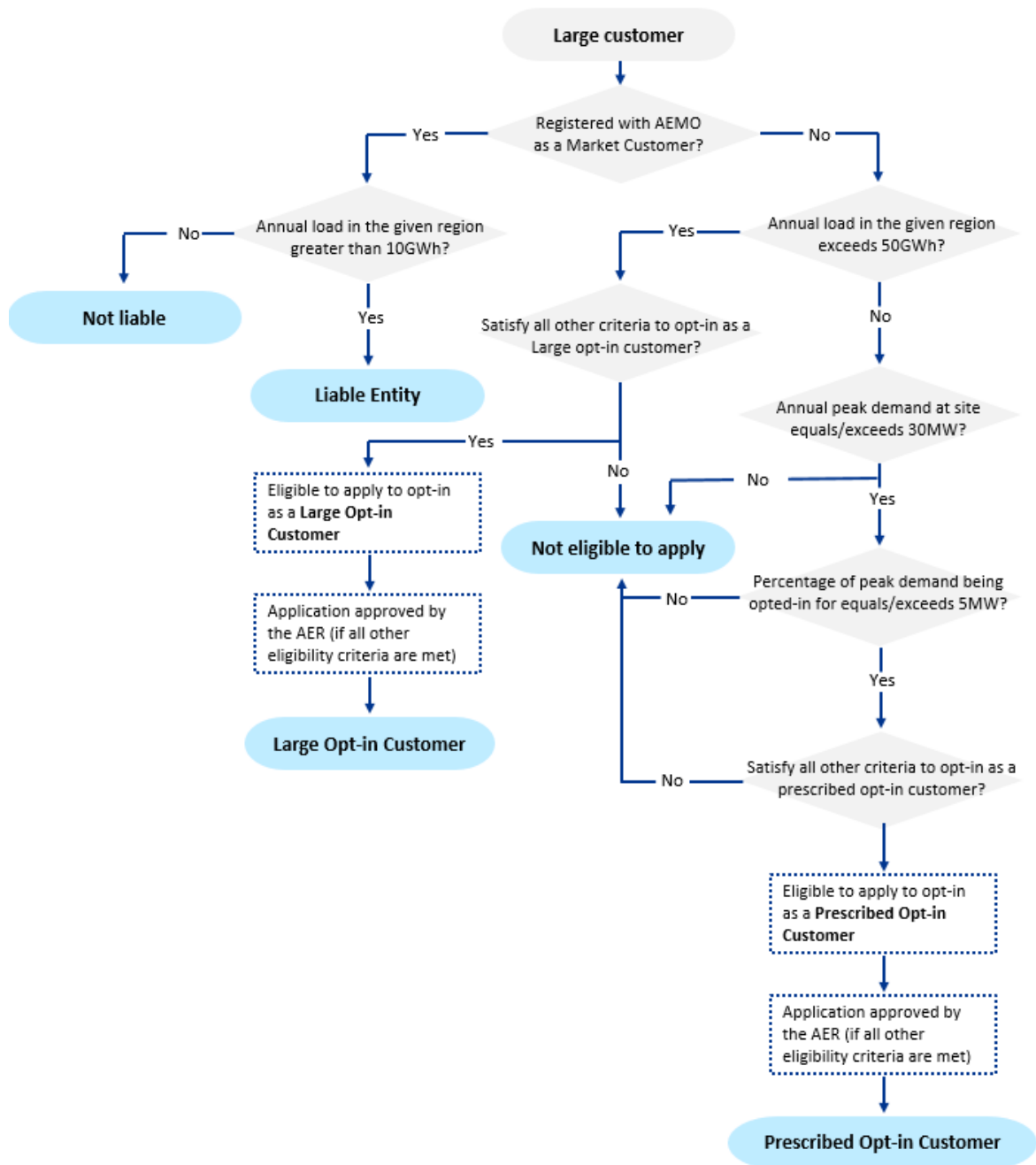
Once approved as an opt-in customer in either category, large customers will be considered *liable entities* for the given *reliability instrument* and subject to the same requirements as other *liable entities*.

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<sup>3</sup> NER Clause 4A.D.4

<sup>4</sup> NER Clause 4A.D.5

Figure 1: Flow diagram explaining opt-in eligibility for large customers



### 3.3 Opt-in process

To opt-in, eligible entities must apply to the AER and be granted opt-in approval. Applications must be made in accordance with the *RRO Opt-in Guidelines* and, if AEMO chooses to develop an additional *Opt-in Procedure*<sup>5</sup>, in accordance with AEMO's procedure.

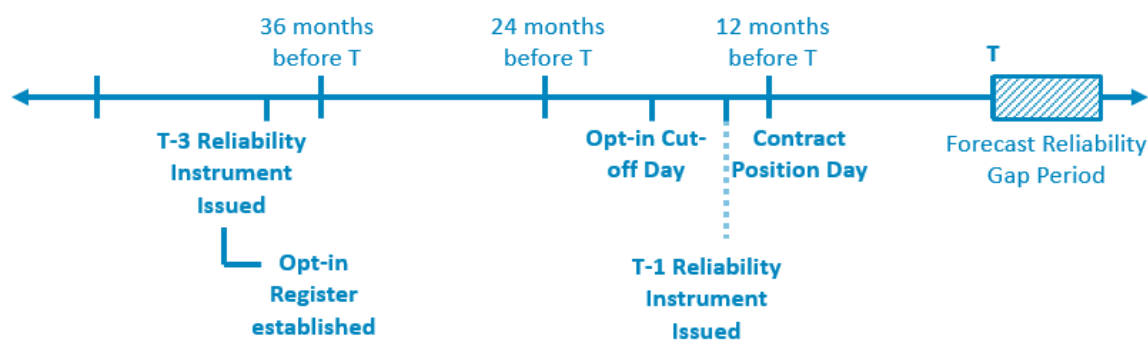
Applications for opt-in approval must be received by the AER after the relevant *opt-in register* is established and no later than the *opt-in cut-off day*. The *opt-in cut-off day* is the day that is 18 months after the date the relevant *T-3 reliability instrument* is effective<sup>6</sup>.

Once AER approval is granted, *large opt-in customers* and *prescribed opt-in customers* will be listed on the AER's relevant *opt-in register* and in the public opt-in summary.

Entities can apply to the AER for approval to either deregister or – for *prescribed opt-in customers* – adjust the load for which they have opted-in, until the *opt-in cut-off day*.

Ordinarily, this will give retailers around six months' notice of the opt-in load of their customers before the *contract position day*, and time to adjust their contract positions accordingly.

**Figure 2: Indicative timeline of some key elements of the Retailer Reliability Obligation**



It is important to note that opt-in approval will only apply to a single *forecast reliability gap period*. Large customers must submit separate applications, and receive separate AER approval, for each *reliability instrument* they wish to opt-in for.

<sup>5</sup> NER Clause 4A.D.12 states that AEMO may, but is not required to, develop, publish on its website and maintain, in accordance with the Rules consultation procedures, the AEMO Opt-In Procedures. If developed, these may include creditworthiness requirements and details regarding credit support.

<sup>6</sup> NER Clause 4A.D.7. This opt-in cut-off day definition, and other timeframes and definitions in the Draft Guidelines, reflect the operation of the RRO under the NEL and the Rules. This document does not reflect timelines or definitions that may be introduced under jurisdictional derogations.

### 3.4 Opt-in registers and public summaries

After a *T-3 reliability instrument* is made, the AER will establish a dedicated *opt-in register*. An *opt-in register* is a register of approved opt-in customers, their opt-in category, and the connection points for which they have opted-in. *Opt-in registers* are confidential records held by the AER as the formal records of opt-in liability.

In addition to the confidential *opt-in registers*, the AER will establish public opt-in summaries that will be published on the AER's website to provide a less detailed public record of opt-in customers for a given reliability gap period.

## 4 Opt-in Register

The AER will establish a confidential *opt-in register* for each *T-3 reliability instrument*. An *opt-in register* will be treated as a definitive record of opt-in status for the given *T-3 reliability instrument* and will be used for compliance purposes.

At a minimum, the Rules require that an *opt-in register* record:

- a list of registered *large opt-in customers* and their connection points;
- a list of registered *prescribed opt-in customers* and their connection points; and
- for *prescribed opt-in customers*, the percentage of the load for which they are a *liable entity* at their connection points.

While *opt-in registers* will be confidential records, the AER will also publish high-level information about opt-in customers in public opt-in summaries. This will provide a level of transparency around opt-in, without disclosing any confidential information. More detail is provided in the sections below.

### 4.1 Establishing an opt-in register

In accordance with the Rules, the AER will establish an *opt-in register* within 30 business days of a *T-3 reliability instrument* being published<sup>7</sup>.

When the AER establishes an *opt-in register*, a notification will be published on the AER website.

An *opt-in register* is a confidential record held by the AER and will not be published.

### 4.2 Information to be included in an opt-in register

An *opt-in register* will contain the following information about each approved opt-in customer:

- Business name, ABN and/or ACN of opt-in customer;
- Category of registration: *prescribed opt-in customer* or *large opt-in customer*;
- Connection points (National Metering Identifiers, or NMIs) for which the customer has opted-in to liability; and
- For *prescribed opt-in customers*, the portion of total load for which they have opted-in to liability at each connection point.

*Opt-in registers* are confidential records held by the AER as formal records of opt-in liability for a given *reliability instrument*, and contain only the information required to assess liability and compliance.

Additional details collected by the AER for the purposes of assessing an opt-in application (or deregistration, or adjustment application), such as consumption and demand data, will not be included in the *opt-in register*.

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<sup>7</sup> NER Clause 4A.D.9

## 4.3 Maintaining an opt-in register

The AER is responsible for maintaining an *opt-in register* from the time it is established until the end of the *reliability gap period*<sup>8</sup>. If an *opt-in register* has been established for a *T-3 reliability instrument* and a subsequent *T-1 reliability instrument* is not made, the AER will close the register and will no longer be required to maintain it.

The Rules are clear that an *opt-in register* is taken to be correct<sup>9</sup>. The AER will update an *opt-in register* with changes, including additions, removals and adjustments, within five business days after the applications have been approved. An *opt-in register* will reflect approved opt-in applications only, and will not reflect any applications that have been received and not yet processed.

Opt-in customers are responsible for notifying the AER of any changes to their details to ensure the register reflects the most current information.

## 4.4 Notifying a large customer and Market Customer of opt-in changes

### 4.4.1 Opt-in registration

In applying to the AER to be a *large opt-in customer*, an applicant must provide evidence that it has notified the *Market Customer(s)* for the connection point(s) in the application<sup>10</sup>. For example, the applicant may provide a copy of correspondence between itself and its retailer in which it notifies the retailer of its application and the retailer acknowledges receipt of this information.

Similarly, a large customer applying to be a *prescribed opt-in customer* must provide evidence that it has notified the *Market Customer*, and any existing *prescribed opt-in customer*, that is otherwise liable for the load at the *connection point(s)* in its application. Applicants do not need to secure consent from a *Market Customer(s)* when applying to opt-in. Applicants do, however, need to secure consent from any existing *prescribed opt-in customer* at the *connection point(s)* if approval of the application would change the percentage of the load for which that *prescribed opt-in customer* is already registered<sup>11</sup>.

The AER will provide a written response to the applicant and the affected *Market customer* advising whether an application has been approved or rejected, and will endeavour to do so within 30 business days of the application being received.

If the opt-in application is approved, the AER will provide a certificate<sup>12</sup> to the opt-in applicant, confirming its opt-in status. This is detailed in Section 4.7, below. If the AER rejects an application, it will give the applicant written reasons for its decision.

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<sup>8</sup> NER Clause 4A.D.9(d)

<sup>9</sup> NER Clause 4A.D.11

<sup>10</sup> NER Clause 4A.D.4(c)

<sup>11</sup> NER Clause 4A.D.5(c)

<sup>12</sup> NER Clause 4A.D.11(a). The Rules require the AER issue a 'certificate'. It is likely that this will take the form of a letter or email from the AER.

## 4.4.2 Large opt-in customer deregistration

A *large opt-in customer* may, before the *opt-in cut-off day*, apply to the AER for approval to be deregistered as an opt-in customer for a *connection point*<sup>13</sup>.

In applying to deregister (or 'opt-out') from the *large opt-in customer* category, the *large opt-in customer* must provide the AER with evidence that the *Market Customer* and/or another opt-in customer approved by the AER, has consented to take on the liability for each *connection point*. This is further explained in Section 4.7

If the changes are approved, they will be visible to both the large customer and *Market Customer* in the public opt-in summary and a written notification from the AER will be provided to both parties. If the opt-in customer retains some level of liability (for example, it remains registered for some connection points), the AER will issue a certificate to the opt-in customer detailing its revised opt-in status.

It is important to note that there is no obligation on *Market Customers* to consent to assuming liability from an opt-in customer. If a *Market Customer* does not consent to assuming liability, the opt-in customer remains on the *opt-in register* and is subsequently liable under the RRO.

## 4.4.3 Prescribed opt-in customer deregistration or adjustment

A *prescribed opt-in customer* may, before the *opt-in cut-off day*, apply to the AER for approval to be deregistered as an opt-in customer for a connection point, or to adjust the percentage of load for which it is registered.

As with *large opt-in customer* deregistration, if a *prescribed opt-in customer* is deregistering or adjusting its liability, it will need to provide the AER with evidence that the entity that will assume liability for the given load at the connect point(s) has consented to doing so. The entity assuming liability may be either a *Market Customer* or another approved opt-in customer at the connection point(s).

In the case of one *prescribed opt-in customer* taking on liability for some or all of the load of another, both *prescribed opt-in customers* must apply to the AER for opt-in adjustments separately.

Where a *prescribed opt-in customer* applies to reduce its share of load for the gap period, the applicant must still satisfy the demand thresholds specified in the Rules<sup>14</sup>.

If the applicant opt-in customer retains liability for some load, the AER will issue it a new certificate reflecting the updated opt-in status.

As noted above, there is no obligation on *Market Customers* or on other *prescribed opt-in customers* to consent to assuming liability from a *prescribed opt-in customer*. If an eligible entity does not consent to assuming liability, the *prescribed opt-in customer* remains on the register and is subsequently liable under the RRO.

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<sup>13</sup> NER Clause 4A.D.10(a)

<sup>14</sup> NER Clause 4A.D.6



## 4.5 Evidence of consent to assume liability

As discussed above, when a *large opt-in customer* or *prescribed opt-in customer* applies to the AER to deregister or adjust its *liable load*, it must provide the AER with evidence of consent from the entity that will assume the liability (either the *Market Customer*, *prescribed opt-in customer*, or another entity approved by the AER).

The consent must be from an authorised representative of the entity assuming liability, and must identify the exact *T-3 reliability instrument* to which it refers, and contain the specific connection point(s) and the portion of load the entity is consenting to assume liability for under the RRO.

The AER may choose to contact the entity assuming liability to confirm details of its consent if it considers this necessary.

## 4.6 Certificate of opt-in status

After the AER has approved an application to opt-in, a certificate will be issued to the opt-in customer for their records, confirming the approval and that the opt-in customer has been formally recorded as liable for its opted-in connection points in the *opt-in register*. The AER will record the details of each certificate issued in the confidential opt-in register discussed in section 4.7 below.

The certificate will include the following information:

- The *T-3 reliability instrument* the *opt-in register* relates to;
- The opt-in customer's details (ABN and/or ACN, business name), as recorded in the *opt-in register*
- The opt-in category the opt-in customer is registered in;
- All connection points (NMIs) the opt-in customer has opted-in for;
- For prescribed opt-in customers, the percentage of load at each connection point the opt-in customer had opted-in for;
- Other information the AER considers useful or necessary.

Opt-in customers must notify the AER within five business days of receiving the certificate if they believe the details in the certificate are incorrect.

In the case that an opt-in customer applies to – and is approved to - change its opt-in status (for example, deregistering or adjusting registration), a new certificate will be issued by the AER reflecting the updates.

As each opt-in approval applies to one specific *T-3 reliability instrument*, a certificate will only apply to opt-in status for one *T-3 reliability instrument*.

## 4.7 Information included in an opt-in register and opt-in summary

*Opt-in registers* are confidential records held by the AER of all approved opt-in applications. While each opt-in customer will be issued a certificate confirming its own details, the opt-in register will not be accessible to *Market Customers*, opt-in customers or the public.

To provide a degree of transparency around opt-in without disclosing commercially sensitive information, the AER will establish and maintain public opt-in summaries on its website.

A comparison between the information included in a confidential *opt-in register* and that in a public opt-in summary are shown in the table below.

**Table 2: Comparison of information included in the confidential opt-in registers and public opt-in summaries**

Information in an opt-in register	Information in a public opt-in summary
Business name, ABN and/or ACN of opt-in customer	Business name, ABN and/or ACN of opt-in customer
Category of registration: <i>prescribed opt-in customer</i> or <i>large opt-in customer</i>	Category of registration: <i>prescribed opt-in customer</i> or <i>large opt-in customer</i> ;
Connection points (National Metering Identifiers, or NMI) for which the customer has opted-in to liability	Number of connection points for which it has (fully or partially) opted-in.
For <i>prescribed opt-in customers</i> , the portion of total load for which they have opted-in to liability at each connection point.	

## 5 Large opt-in customer eligibility

Large customers must meet eligibility criteria and be approved by the AER to opt in as a *large opt-in customer*. The AER may only register an entity as a *large opt-in customer* for the entire load at a connection point and for the entire *forecast reliability gap period* specified in the *T-3 reliability instrument*.

If a large customer does not opt-in for a particular reliability instrument, because it chooses not to or is not approved to, the *Market Customer(s)* responsible for the connection point retains liability.

### 5.1 Consumption threshold for large opt-in customer eligibility

To be eligible to opt-in in the *large opt-in customer* category, an entity's aggregate consumption of electricity at all *connection points* in the *region* must exceed, or be expected to exceed, 50 GWh per annum. The *region*, in this case, is the single *region* of the NEM to which the *T-3 reliability instrument* pertains.

For the avoidance of doubt, the aggregate consumption of electricity will be the sum of all electricity purchased by the applicant from a *Market Customer* at *connection points* in the relevant NEM *region*. This should be based on the 12 month period immediately prior to the AER receiving the opt-in application (or within four weeks thereof). The aggregate consumption should reflect consumption of pool purchased electricity only, and should not include any additional consumption from non-pool purchase sources (such as behind-the-meter supply). The entity does not have to be applying to opt-in at all connection points to include them in its aggregate consumption calculation.

When applying to the AER for approval to register as a *large opt-in customer*, an applicant will be required to provide evidence of annual consumption. For example billing history or notice of use from the applicant's retailer or distribution network service provider (DNSP). The evidence of annual consumption must be clear that it relates only to *connection points* at which the applicant purchases electricity, and only in the relevant *region*.

If the applicant does not have 12 months of historic data, or feels that their electricity consumption in the previous 12 months is not indicative of the anticipated annual consumption for the coming year, the applicant may provide an anticipated consumption value along with justification of this anticipated volume. For example retail contracts that indicate expected consumption, evidence of historic consumption, documents indicating load growth, or other evidence. The AER will assess the anticipated consumption and justification on a case-by-case basis.

An applicant's annual consumption will be used by the AER, along with other information, to assess its eligibility to opt-in. If an opt-in application is approved, the AER will not revisit the annual consumption from this point. If an opt-in customer's load changes and its annual consumption is no longer expected to meet the threshold, the opt-in customer will remain on the *opt-in register* and will retain liability unless approved to deregister from opt-in status.

Note that the consumption information required by the AER to assess an opt-in application will not be held in the *opt-in register* or reported in public opt-in summaries.

## 5.2 Identifying sites with multiple connection points

If opting-in for a *connection point* at a site with multiple *connection points*, the large opt-in customer must opt-in for all of these *connection points*.

When applying to the AER for approval to register as a *large opt-in customer*, the applicant will be required to submit supporting evidence that it purchases electricity at the *connection point(s)* for which it is applying to opt-in. This evidence may be from the relevant retailer or other *Market Customer* from whom the applicant purchases electricity. This evidence must identify whether any of the listed *connection points* are located at a site with multiple *connection points*. Where this is the case, the document must list the other *connection points* at the site, including any *connection points* that do not appear on the applicant's opt-in application. This data will enable the AER to assess whether the applicant is applying to opt-in for all *connection points* at a single site as required.

Noting that this data may not always be available to retailers, the AER may seek to verify the information provided in consultation with AEMO and other sources, where it considers this necessary.

If an opt-in customer applies to deregister for some but not all of the connection points for which it has opted-in, the AER will use this same information when assessing that application. For sites with multiple connection points, a large opt-in customer will only be allowed to deregister from all or none of these connection points.<sup>15</sup>

## 5.3 Criteria to assess a large customer opt-in application

The Rules state that the AER must approve or reject an application to opt-in in accordance with the *RRO Opt-In Guidelines*<sup>16</sup>.

The Rules provide the following criteria for *large opt-in customer* eligibility, that an applicant must meet at the time of application<sup>17</sup>:

- the applicant purchases electricity supplied to that *connection point* from the *Market Customer* for that *connection point*;
- the applicant's aggregate consumption of electricity at all *connection points* in the *region* exceeds, or is expected to exceed, 50 GWh per annum;
- the applicant opts-in for all *connection points* at a site (if there are multiple *connection points* at a site);
- the applicant satisfies any requirements set by AEMO in its *Opt-in Procedures*, if these Procedures are developed; and
- any other requirements set out in the *RRO Opt-in Guidelines*.

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<sup>15</sup> NER Clause 4A.D.4(5)

<sup>16</sup> NER Clause 4A.D.8

<sup>17</sup> NER Clause 4A.D.4

In addition to these criteria, the AER will also consider the following criteria:

- the application was received no later than the *opt-in cut-off day*;
- the applicant has provided all information and evidence required in the opt-in application;
- the applicant has confirmed that it understands and accepts the risks associated with opting-in to liability under the RRO.

The AER does not require opt-in applicants to hold an Australian Financial Services Licence (AFSL) or other financial licences or accreditations. Large customers without an AFSL are unlikely to be able to access all of the financial products available to those with a licence. However, as there are other risk hedging options available to these customers, the AER will not preclude large customers from opting-in on this basis.

### 5.3.1 Criteria to assess an application to deregister as a large opt-in customer

If an entity is registered as a large opt-in customer, it may apply to the AER for approval to deregister as long as the application is received before the *opt-in cut-off day*. If the entity is opted-in for multiple *connection points*, the application to deregister can pertain to all or some of the *connection points*. However, if multiple *connection points* occur at a single site, the entity must either remain opted-in for all *connection points* at the site or deregister for all *connection points* at the site.

The AER will assess the application against the following criteria, which the entity must meet at the time of application:

- a *Market Customer*, or another opt-in customer approved by the AER, has consented to assuming the full liability under the RRO for the load at each of the *connection points* for which the applicant is seeking to deregister;
- the applicant deregisters for all *connection points* located at a single site, rather than just some (if there are multiple *connection points* at a site); and
- the applicant has provided all information and evidence required in the application to deregister before the opt-in cut-off day.

## 5.4 Information requirements for large opt-in customers

Prospective opt-in customers will be able to commence their application once a relevant *opt-in register* is established, and before the *opt-in cut-off day*.

The application process will require the applicant to submit information, including documented evidence, that the AER considers necessary to assess the application.

An applicant seeking approval in the *large opt-in customer* category (for a given *T-3 reliability instrument*) will be required to provide the following information and evidence to the AER:

**Table 3: Information and evidence requirements for *large opt-in customer registration***

Information required	Evidence required
Applicant business name	Nil.
ABN	Nil.
ACN	Nil.
If applying on behalf of a partnership or trust, name of partnership or trust	If relevant, evidence of the partnership or trust, such as a copy of the Partnership Agreement or the Trust Deed.
Contact details	Nil.
All <i>connection points</i> (National Metering Identifiers, or NMIs) for which the applicant is applying to opt-in	<p>Documented confirmation from the <i>Market Customer(s)</i> supplying electricity at the <i>connection point(s)</i> that the applicant is the purchaser of electricity for each <i>connection point</i>.</p> <p>For each connection point listed which occurs at a site with multiple <i>connection points</i>, the confirmation from the <i>Market Customer(s)</i> must clearly identify, by NMI, all other <i>connection points</i> at the site.</p>
<p>Annual aggregate electricity consumption (GWh) for the 12 months preceding the application across all the applicant's <i>connection points</i> in the relevant region (the applicant does not have to be opting-in to liability for all of these <i>connection points</i>)</p> <p>Or, anticipated annual aggregate consumption (GWh) if historic data is not available or is not considered indicative</p>	<p>Evidence of the annual aggregate electricity consumption provided by the <i>Market Customer(s)</i> supplying electricity to the <i>connection point(s)</i>, such as a billing history or notice of use.</p> <p>This evidence must clearly identify that the annual consumption relates to <i>connection points</i> in the relevant region only.</p> <p>Where nominating an anticipated annual aggregate consumption, setting out the basis for the anticipated volume and provide appropriate evidence. For example, retail contracts with expected consumption, or evidence of historic consumption in addition to evidence of increased load at these <i>connection points</i></p>
If AEMO <i>Opt-In Procedures</i> are introduced (AEMO may, but is not required to, introduce Procedures), confirmation (Y/N) the applicant has met any requirements specified by the Procedures	If required by AEMO <i>Opt-In Procedures</i> , documentation from AEMO confirming the applicant has satisfied creditworthiness requirements, has provided satisfactory credit support, or has received an exemption.

Information required	Evidence required
Confirmation (Y/N) the applicant has notified the relevant <i>Market Customer(s)</i> of their application to opt-in	Evidence the applicant has given notice of the opt-in application to the <i>Market Customer(s)</i> for the <i>connection point</i> , such as a copy of a letter addressed to the <i>Market Customer(s)</i> and signed by an appropriate representative of the applicant's organisation as well as evidence of receipt by the <i>Market Customer(s)</i>
Authorisation (Y/N) that the applicant approves the AER contacting other parties to verify information provided in the application, if considered necessary.	Nil.
Confirmation (Y/N) that the applicant understands and accepts the risks associated with registering as an opt-in customer for the Retailer Reliability Obligation	Signed declaration from an appropriate officer of the company. <sup>18</sup>

The AER may request additional information from applicants if it deems this necessary to assess the applicant's eligibility to opt-in. The AER will seek to verify the information included in an opt-in application where it considers this necessary, in consultation with AEMO, relevant *Market Customers*, or other sources if relevant.

If a *large opt-in customer* is applying to the AER to deregister from some or all of its registered liability it must provide the following information and evidence:

**Table 4: Information and evidence requirements for *large opt-in customer* deregistration**

Information required	Evidence required
Applicant business name	Nil.
All <i>connection points</i> (National Metering Identifiers, or NMIs) in the relevant region which the applicant is currently opted-in for, and for which it is now applying to deregister	Nil.
Confirmation (Y/N) the applicant has secured consent from a <i>Market Customer(s)</i> to assume liability for each <i>connection point</i> the opt-in customer is applying to deregister from	Letter(s) of consent from a <i>Market Customer(s)</i> agreeing to assume full liability for the specific <i>connection point(s)</i> the applicant is applying to deregister from. The <i>connection point(s)</i> must be identified by NMI.

<sup>18</sup> An appropriate officer may be a company CEO, CFO, Managing director or equivalent

## 6 Prescribed opt-in customer eligibility

As stated above, an entity that is not a *Market Customer* can elect to assume liability under the RRO if the AER approves the entity as a *large opt-in customer* or a *prescribed opt-in customer*.

The *prescribed opt-in customer* category has been introduced to address particular contracting arrangements that could potentially exclude some large energy users from registering as a *large opt-in customer*. For example, some large customers may require flexibility to share or manage the RRO between more than one entity (such as between joint venture partners).

Unlike a *large opt-in customer*, a *prescribed opt-in customer* may elect to assume part of the load (a fixed percentage, across all days and trading intervals for the relevant *forecast reliability gap period*) at a *connection point*.

An entity can apply to opt-in as a *prescribed opt-in customer* for all or part of the total load at a *connection point*, no later than the *opt-in cut-off day*, when:

- the applicant is not eligible to register as a *large opt-in customer* for that *connection point*;
- the applicant is financially exposed to the cost of purchasing electricity for some or all of the load at the *connection point*;
- the applicant, and the portion of load for which it is applying to opt-in, satisfies the *prescribed opt-in customer* thresholds;
- the applicant satisfies any requirements set by AEMO in its *Opt-In Procedures*, if these Procedures are developed; and
- the applicant satisfies any other requirements set out in the *RRO Opt-In Guidelines*.

### 6.1 Demand threshold for prescribed opt-in customer eligibility

To be eligible to opt-in to the *prescribed opt-in customer* category, an entity must meet the following demand thresholds:

- the annual peak demand (MW) for a *connection point* must be equal to or greater than 30 MW (this is termed the “*opt-in customer threshold*”); and
- the percentage (for which the person is seeking registration or has been registered) of the annual peak demand for that *connection point* is equal to or greater than 5 MW (this is termed the “*minimum opt-in threshold*”).

The Rules also state that, for the purposes of determining the annual peak demand for a *connection point*<sup>19</sup>:

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<sup>19</sup> NER Clause 4A.D.6(b)



- the annual peak demand is the maximum demand at that *connection point* for a trading interval in the 12 months preceding the application for registration with the AER unless the AER considers it appropriate to have regard to other information; and
- if there are multiple *connection points* at a site, the loads at those connection points may be aggregated so that the annual peak demand for each *connection point* is taken to be the maximum coincident demand for all *connection points* at that site in a trading interval.

As with the consumption threshold for *large opt-in customers*, the *opt-in customer threshold* and *minimum opt-in threshold* are set by the Rules and cannot be altered through these Guidelines.

Note that the NEM currently operates in 30-minute trading intervals, and this will change to 5-minute trading intervals from 1 July 2021. Applicants should follow the trading interval definition, or definitions, applicable over the 12-month period that their demand data concerns<sup>20</sup>.

Demand information provided to the AER as part of the opt-in application process will not be included in the *opt-in register* or the public opt-in summaries. As with *large opt-in customers*, the AER will not monitor the demand of *prescribed opt-in customers* once they are approved. If their annual demand falls below threshold levels subsequent to their opt-in approval, they will remain opted-in unless approved to deregister from opt-in status.

### 6.1.1 Opt-in customer threshold

To calculate annual peak demand for a single *connection point*, an applicant will be required to provide the highest demand (MW) recorded in a single trading interval at the *connection point* in the 12 months prior to the AER receiving the opt-in application (or within four weeks of this). To be eligible to opt-in, the annual peak demand at the *connection point* must be equal to or greater than 30 MW.

Using the aggregated approach, the annual peak demand recorded against each *connection point* at the site will be the same value. This value will be the highest coincident demand recorded across *connection points* in a single trading interval in a 12-month period. For example, if a potential *prescribed opt-in customer* is calculating its aggregate peak demand across three *connection points*, it will need to find the single trading interval in the year during which the sum of demand across the three was the highest. The aggregate demand in this trading interval will be the annual peak demand for the purposes of determining opt-in eligibility. If using the aggregated peak demand approach, the applicant will need to list all *connection points* included in the calculation.

As for a *large opt-in customer* applicant, a *prescribed opt-in customer* applicant will be required to provide the AER evidence verifying whether any *connection points* for which the applicant is opting-in are at a site with multiple *connection points*, and if so which *connection points*. The AER will use this information to verify that annual aggregate peak demand has been calculated for *connection points* at a single site only. An example of evidence can be a contract, bill or other certification from the *Market Customer* supplying electricity to the site.

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<sup>20</sup> If drawing on demand records which span the 1 July 2021 transition, the opt-in applicant should consider demand in 30-minute trading intervals for the period prior to the transition and 5-minute trading intervals subsequently.

If an applicant is unable to calculate annual peak coincident demand across multiple *connection points* due to metering or data inconsistencies, the applicant can contact the AER to propose an alternative calculation which must be agreed to by the AER.

This demand should be only the demand on grid electricity, through pool purchases, and not additional demand met by behind-the-meter or other non-market generation.

Applicants will be required to provide the AER with evidence of annual peak demand. If the applicant is unable to obtain or provide documented demand records for each *connection point*, the AER will consider accepting alternative forms of evidence. For example, confirmation of the annual peak demand (or annual peak coincident demand, when using the aggregated approach) from the *Market Customer* or DNSP for the *connection point*, or the contract maximum demand on the applicant's network bill.

The peak annual demand should be calculated for the 12 months prior to the application being received by the AER, or 12 months concluding up to four weeks prior to the application being received.

In the circumstance that an applicant does not believe its historic annual peak demand to be indicative of peak demand in the coming years, it may provide an anticipated annual peak demand value. As with *large opt-in customer* applicants, applicants to the *prescribed opt-in customer* category will be expected to provide evidence to justify their anticipated annual peak demand value. This evidence could include retail contracts, historic peak demand data alongside evidence for an increase in load, or other data.

### 6.1.2 Minimum opt-in threshold

*Prescribed opt-in customers* have the option to opt-in to liability for part of the load at the *connection point(s)*, rather than the full load. This partial opt-in must be defined as a percentage of total load at the *connection point*, and this will apply as a fixed percentage across all days and trading intervals in the gap period.

In addition to the *opt-in customer threshold* that requires that an applicant only opts-in for *connection points* or sites of high peak demand, applicants must also meet the *minimum opt-in threshold* that requires the applicant to opt-in for a minimum portion of load at the *connection point* or site.

Specifically, the *minimum opt-in threshold* requires that the percentage of the annual peak demand for that *connection point*, for which the entity is seeking approval to opt-in, is equal to or greater than 5 MW.

For example, if the annual peak demand value for the *connection point* is 50 MW, the applicant would need to be opting in for at least 10% of load at the *connection point* to meet the 5 MW threshold. Similarly, if the aggregated approach is used for a site and the *connection points* have an aggregate annual peak demand of 50 MW, the applicant would need to opt in for at least 10% at each of the aggregated *connection points*, to meet the 5 MW threshold.

The percentage of load for which an applicant is seeking to opt-in should be consistent with or less than the share of load at the site for which the applicant is financially exposed. For example, an applicant that is financially exposed to electricity costs for 50 percent of the load at a site would be expected to opt-in for liability under the RRO covering no more than 50 percent of the load at the site. Financial exposure is defined further in Section 6.2, below.

## 6.2 Defining financial exposure

One of the eligibility criteria for registering as a *prescribed opt-in customer* is that the applicant must be financially exposed to the cost of purchasing electricity for some or all of the load at the *connection point(s)* for which it is seeking to opt-in. Unlike applicants seeking to register in the *large opt-in customer* category, however, the applicant will not necessarily purchase electricity from a *Market Customer* that supplies the site.

For the purposes of the RRO and assessing an entity's eligibility to opt-in as a *prescribed opt-in customer*, financial exposure will be defined as responsibility for payment of some or all costs of electricity supplied to the given *connection point* from the electricity grid (not including payments for any behind-the-meter or non-market generation). This is intended to capture the applicant's nominal exposure to the cost, noting that applicants may, in practice, have financial arrangements in place to reduce or hedge against exposure.

If an applicant is exposed to a portion of the total costs of the load at a *connection point*, the applicant must notify the AER of this portion and provide evidence of its exposure. For example, a contract between the applicant and another entity at the *connection point*, conveying an agreement to pay for some or all of the electricity costs accrued to that entity for the given *connection point*.

In the case that an applicant is not currently financially exposed but anticipates it will be in the coming year, or where the applicant's extent of financial exposure is anticipated to change materially, the applicant may work with the AER to determine a suitable approach to demonstrate this anticipated financial exposure on a case-by-case basis.

## 6.3 Criteria to assess a prescribed opt-in application

The Rules state that the AER must approve or reject an application to opt-in in accordance with the *RRO Opt-In Guidelines*<sup>21</sup>.

If the AER approves an application, the approved *prescribed opt-in customer* will be notified and receive a certificate of its opt-in status. If the AER rejects an application to register, it will provide the applicant written reasons for its decision.

The AER will assess the application against the following criteria, which the entity must meet at the time of application:

- the applicant is not eligible to register as a *large opt-in customer* for that *connection point*;
- the applicant is financially exposed to the cost of purchasing electricity for some or all of the load at the *connection point*;

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<sup>21</sup> NER Clause 4A.D.8(a)

- the applicant, and the portion of load for which it is applying to opt-in, satisfies the *prescribed opt-in customer* thresholds;
- the applicant satisfies any other requirements set by AEMO in its *Opt-in Procedures*, if these Procedures are developed.

In addition to these criteria, the AER will also consider the following criteria:

- the application was received no later than the *opt-in cut-off day*;
- the applicant has provided all information and evidence required in the opt-in application;
- the information provided by the applicant can be verified;
- the applicant has confirmed that it understands and accepts the risks associated with opting-in to liability; and
- if the applicant has opted-in to responsibility for part of the load at a *connection point*, whether the proportion of the load for which it has opted-in exceeds the proportion of the load for which it is financially exposed.

If an applicant meets all criteria specified in the Rules but fails to meet the additional criteria set by the AER, the AER may choose to decline the application. Meeting this criteria is considered necessary for the administration of the RRO.

### 6.3.1 Criteria to assess an application to deregister or adjust registration as a prescribed opt-in customer

If an entity is listed on an *opt-in register* as a *prescribed opt-in customer*, it may apply to the AER for approval to deregister from some or all *connection points* as long as the application is received before the *opt-in cut-off day*. Additionally, *prescribed opt-in customers* have the option to apply to the AER for approval to adjust the percentage of load for which they have opted-in to liability.

The AER will assess an application to deregister or adjust opt-in load against the following criteria that the entity must meet at the time of application<sup>22</sup>:

- the application, including all information and evidence required, was received before the *opt-in cut-off day*;
- if the applicant is applying to deregister, the *Market Customer* has consented and/or another person has been approved by the AER to assume the full liability under the RRO for the load at each of the *connection points* for which the applicant is seeking to deregister; and
- if the applicant is applying to change its liability at a *connection point*, the *Market Customer* and/or any *prescribed opt-in customer* (where the change would affect their prescribed load) consents to the application.

Where a *prescribed opt-in customer* applies to reduce its share of load for the gap period, the applicant must still satisfy the demand thresholds specified in the Rules.

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<sup>22</sup> NER Clause 4A.D.10

## 6.4 Information requirements for prescribed opt-in customers

As for *large opt-in customers*, prospective prescribed opt-in customers that choose to apply to opt-in will be required to submit an application with the required information and accompanying materials to the AER. The applicant must provide all information and evidence that the AER considers necessary to assess the application, as listed in the tables below.

An applicant seeking approval to opt-in to the *prescribed opt-in customer* category (for a given *T-3 Reliability Instrument*) will be required to provide the following information and evidence to the AER:

**Table 5: Information and evidence requirements for *prescribed opt-in customer* registration**

Information required	Evidence required
Applicant business name	Nil.
ABN	Nil.
ACN	Nil.
If applying on behalf of a partnership or trust, name of partnership or trust	If relevant, evidence of the legitimacy of the partnership or trust, such as a copy of the Partnership Agreement or the Trust Deed.
Contact details	Nil.
All <i>connection points</i> (National Metering Identifiers, or NMIs) for which the applicant is applying to opt-in	<p>Documented confirmation from the <i>Market Customer(s)</i> supplying electricity at the <i>connection point(s)</i> or another appropriate entity at the <i>connection point</i>, confirming that the applicant is responsible for some or all electricity costs at the <i>connection point</i>.</p> <p>For each <i>connection point</i> listed which occurs at a site with multiple <i>connection points</i>, the documentation from the <i>Market Customer(s)</i> or other entity must clearly identify, by NMI, the other <i>connection points</i> at the site (irrespective of whether all NMIs at the site are included in the opt-in applicant's application).</p>
For all <i>connection points</i> for which the applicant is applying to opt-in: the extent of the applicant's financial exposure to electricity costs at the <i>connection points</i> .	Evidence of the extent of the applicant's financial exposure to electricity costs at the <i>connection points</i> for which is it opting-in (a percentage of total costs, or alternative configuration). This may take the form of a contract with a <i>Market Customer</i> or other entity.

Information required	Evidence required
<p>For all connection points for which the applicant is applying to opt-in: annual peak demand (MW) at the <i>connection point</i>, measured in a single trading interval in the 12 months preceding the application</p> <p>Or the annual peak coincident demand (MW) across a number of <i>connection points</i> at a single site (this single aggregated number must be listed against each <i>connection point</i> individually), measured in a single trading interval in the 12 months preceding the application</p> <p>Or the anticipated annual peak demand or annual peak coincident demand if historic data is not available or is not considered indicative</p>	<p>Evidence of the annual peak demand provided by the <i>Market Customer(s)</i> supplying electricity to the <i>connection point(s)</i> or another suitable entity at the site. For example, records of measured demand at the <i>connection point(s)</i> at trading interval resolution.</p> <p>Where an aggregated approach has been used, documented evidence of annual peak coincident demand is required, clearly indicating the specific <i>connection points</i> (NMs) included in the calculation.</p> <p>Where nominating an anticipated annual peak or peak coincident demand, documentation justifying the anticipated volume must be provided.</p>
<p>For each <i>connection point</i>, the percentage of load for which the applicant is opting-in to be liable for (if not 100 percent). Note that the percentage must be no more than the percentage of load for which the applicant is exposed to electricity costs.</p>	<p>Evidence of the percentage of load for which the applicant is financially exposed to electricity costs at each <i>connection point</i>.</p>
<p>If AEMO <i>Opt-In Procedures</i> are introduced (AEMO may, but is not required to, introduce Procedures), confirmation (Y/N) the applicant has met any requirements specified by the Procedures</p>	<p>If required by the AEMO <i>Opt-In Procedures</i>, documentation from AEMO confirming the applicant has satisfied creditworthiness requirements, has provided satisfactory credit support, or has received an exemption.</p>
<p>Confirmation (Y/N) the applicant has notified the relevant <i>Market Customer(s)</i> or <i>Prescribed Opt-in Customer(s)</i> of their application to opt-in</p>	<p>Evidence the applicant has given notice of the Opt-in application to the <i>Market Customer(s)</i> for the <i>connection point</i> or the <i>Prescribed Opt-in Customer(s)</i> currently liable for load at the <i>connection point</i> (if this application will reduce their load), such as a letter addressed to the <i>Market Customer(s)</i> or <i>Prescribed Opt-in Customer(s)</i> and signed by an appropriate delegate of the applicant's organisation</p>
<p>Authorisation (Y/N) that the applicant approves the AER contacting other parties to verify information provided in the application, if considered necessary.</p>	<p>Nil.</p>
<p>Confirmation (Y/N) that the applicant understands and accepts the risks associated</p>	<p>Signed declaration from an appropriate officer holder of the company.<sup>23</sup></p>

<sup>23</sup> An appropriate officer may be a company CEO, CFO, Managing director or equivalent

## Information required

## Evidence required

with registering as an opt-in customer for the Retailer Reliability Obligation

The AER may request additional information from applicants if it deems this necessary to assess the applicant's eligibility to opt-in. The AER will seek to verify the information included in an opt-in application where it considers it necessary, in consultation with AEMO, relevant Market Customers, or other sources if relevant.

The information and evidence requirements for a *prescribed opt-in customer* to apply to deregister or adjust registration include the following:

**Table 6: Information and evidence requirements for *prescribed opt-in customer* deregistration or adjustment**

Information required	Evidence required
Applicant business name	Nil.
All <i>connection points</i> (National Metering Identifiers, or NMIs) for which the applicant is currently opted-in in the relevant region, and for which it is now applying to deregister or adjust registration	Nil.
For adjustments to opt-in registration, the new percentage of total load at each <i>connection point</i> .  Adjustments must be identified as the percentage of load at the <i>connection point</i> for which they are applying to be liable. For example, if previously liable for 50% of load, and now applying to be liable for only 20% of load, the application should state 20% against the relevant <i>connection point</i> .	Nil.
If deregistering or adjusting liable load down (reducing liability): Confirmation (Y/N) the applicant has secured consent from a <i>Market Customer(s)</i> or appropriate <i>Prescribed Opt-in Customer(s)</i> to assume liability for the portion of load at each <i>connection point</i> the opt-in customer is applying to deregister from or adjust	Letter(s) of consent from a <i>Market Customer(s)</i> or <i>Prescribed Opt-in Customer(s)</i> consenting to assume full liability for the specific portion of load at the specific <i>connection point(s)</i> the applicant is applying to deregister from or adjust registration for. The <i>connection point(s)</i> must be identified by NMI.
If adjusting liable load up (increasing liability): Confirmation (Y/N) the applicant has notified the relevant <i>Market Customer(s)</i> or <i>Prescribed Opt-in Customer(s)</i> of their application to opt-in	Evidence the applicant has given notice of the Opt-in application to the <i>Market Customer(s)</i> for the <i>connection point(s)</i> or the <i>Prescribed Opt-in Customer(s)</i> currently liable for load at the <i>connection point</i> , such as a letter addressed to

**Information required****Evidence required**

the *Market Customer(s)* or *Prescribed Opt-in Customer(s)* and signed by an appropriate delegate of the applicant's organisation

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