



Final Report

Approach to reporting requirements and monitoring standards in the electricity market

**(Guideline on the imposition of additional or
more onerous requirements, procedures or
standards under clause 8.7.2(g) of the National
Electricity Rules)**

March 2011

© Commonwealth of Australia 2011

This work is copyright. Apart from any use permitted by the Copyright Act 1968, no part may be reproduced without permission of the Australian Competition and Consumer Commission. Requests and inquiries concerning reproduction and rights should be addressed to the Director Publishing, Australian Competition and Consumer Commission, GPO Box 3131, Canberra ACT 2601.

Inquiries about this report should be addressed to:

Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

Telephone: (03) 9290 1444
Fax: (03) 9290 1457
Email: AERInquiry@acr.gov.au

Reference: 43083-D11/358713

Contents

Shortened forms 2

1 Summary 3

2 Background 4

3 Issues raised in submissions..... 5

3.1 Costs..... 5

3.2 Benefit to requesting Registered Participant..... 5

3.3 Benefit to customers 5

Shortened forms

Shortened Form	Extended Form
AER	Australian Energy Regulator
Electricity Law	National Electricity Law
Electricity Rules	National Electricity Rules
Registered Participant	has the meaning given in Chapter 10 of the National Electricity Rules

1 Summary

This final report and the associated final *Guideline on the imposition of additional or more onerous requirements, procedures or standards under clause 8.7.2(g) of the National Electricity Rules* (Guideline) have been informed by submissions on the Draft Report¹ and the Revised Guideline.²

This report should be read in conjunction with the Guideline, reference 43083-D11/358709, published on 18 March 2011.

¹ *Draft Report: Approach to reporting requirements and monitoring standards in the electricity market (Guideline on the imposition of additional or more onerous requirements, procedures or standards under clause 8.7.2(g) of the National Electricity Rules)* published on 1 February 2011.

² *Revised Guideline on the imposition of additional or more onerous requirements, procedures and standards under clause 8.7.2(g) of the National Electricity Rules (February 2010)* published on 1 February 2011.

2 Background

The National Electricity Code Administrator (NECA) issued a guideline on the imposition of additional reporting requirements and monitoring standards under the National Electricity Code in November 2000 (NECA Guideline). NECA's functions and powers were transferred to the AER on 1 July 2005. The NECA Guideline continued to have effect after this date through the operation of the *National Electricity (South Australia) Regulations*.

On 15 November 2010, the Australian Energy Regulatory (AER) commenced a consultation process with a view to updating the NECA Guideline. Following the first round of consultation, the AER published its Draft Report and the Revised Guideline in February 2011, and requested further submissions on these documents.

In response to the Draft Report and Revised Guideline, the AER received one submission from United Energy Distribution Pty Limited (UED).

3 Issues raised in submissions

3.1 Costs

Section 1.3, point 3, of the Revised Guideline provides that where a Registered Participant requests that additional or more onerous requirements, procedures or standards should be imposed on another Registered Participant (the relevant Registered Participant), the requesting Registered Participant should provide specifics of the requirements, procedures or standards sought, including, where possible, the cost and the basis on which the cost is determined.

UED submits that it is inappropriate for the requesting Registered Participant to advise on the costs and basis on which the costs are determined. UED considers that the relevant Registered Participant is best placed to consider the cost impact on their systems and processes.

The AER maintains that it is appropriate for the requesting Registered Participant to provide their view on the cost impact. In order to allow the AER to test the veracity of the stated costs, under the Guideline the requesting Registered Participant should provide the basis on which any costing information provided by them is calculated.

While the AER considers that information provided by a requesting Registered Participant will be an important source of cost information, it will certainly not be the sole source. In accordance with section 1.4 of the Guideline, the relevant Registered Participant will be consulted and have the opportunity to provide input on all aspects of the proposed requirements, procedures or standards. As outlined in section 1.5 of the Guideline, the AER will have regard to the information provided in the request as well as the information obtained during the consultation with the relevant Registered Participant.

3.2 Benefit to requesting Registered Participant

UED submits that when making its request the requesting Registered Participant should define the value of the benefits that they would realise if additional or more onerous requirements, procedures or standards are imposed.

The AER consider that it is not relevant to require the requesting Registered Participant to state any benefits that they would stand to realise. The AER's decision as to whether to impose additional or more onerous requirements, procedures or standards will be based on the need to monitor or assess a Registered Participant's compliance with the Electricity Rules.

3.3 Benefit to customers

UED submits that section 1.5 of the Revised Guideline should be amended to require the AER to consider whether the imposition of the additional or more onerous requirements, procedures or standards will be to the benefit of customers. UED submits that it is not appropriate for the AER to consider whether the information sought by the imposition of such requirements, procedures or standards cannot reasonably be obtained by more cost effective means without also considering whether they are to the net benefit of customers. UED submits that this is required by the Electricity Objective.

The AER will have regard to the National Electricity Objective in accordance with its obligations under the Electricity Law when exercising its powers under cl. 8.7.2(g) of the Electricity Law. The AER therefore considers that it is not necessary to expressly refer to the National Electricity Objective in the Guideline and declines to amend the third bullet point of section 1.5 of the Revised Guideline.