

9 November 2009

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Via email: [tim.sheridan@aemo.com.au](mailto:tim.sheridan@aemo.com.au)

Dear Mr Sheridan

**CONSULTATION ON THE ESTABLISHMENT OF THE APPROVED PROCESS UNDER RULE 135EC OF THE NATIONAL GAS RULES**

The Australian Pipeline Industry Association (APIA) welcomes the opportunity to comment on the establishment of the approved process under rule 135EC of the National Gas Rules (NGR) for the making of procedures for wholesale and retail gas markets by the Australian Energy Market Operator (AEMO). The approved process as set out in the consultation paper is largely acceptable to APIA, with only a few issues in question. In particular, APIA seeks clarity as to what would occur if a consultative forum was to recommend against the implementation of an AEMO proposed procedure.

**Appropriate justification for rejecting proposals**

APIA considers it vital that clear explanations be provided for the rejection of any procedures proposed by industry proponents. APIA acknowledges that that Diagram A in the consultation paper sets out that such notification will occur, and wishes to stress the importance of clarity in the decisions made in relation to procedures. Clarity is required in order to ensure that future proposals are made with a better understanding of AEMO and the various consultative forums decision making process and mindset.

APIA notes that there does not appear to be an appeals process for rejected proposals. At a minimum, any rejected proposals should be able to be modified based on feedback and resubmitted.

### **Treatment of recommendations from a consultative forum**

In relation to the consultative forum process by which industry will be given an opportunity to review proposed procedures, APIA seeks clarity as weight given to the recommendation set out in 4(c)iv) of the consultation paper, whereby the forum makes:

*A recommendation as to whether or not the proposal should be implemented, with or without amendments.*

APIA considers it necessary to define in the procedures the process which occurs when AEMO takes action on a proposal that is contrary to the recommendation of a consultative forum. As AEMO itself can propose procedures, this is particularly important in the case where a consultative forum recommends against the implementation of a proposal for which AEMO is the proponent.

APIA would be particularly concerned if the forum recommendations were given weight when considering non-AEMO proposed procedures but were not given weight when considering AEMO proposed procedures.

### **Process to be followed when AEMO is the proponent of a proposal**

Diagram A clearly sets out the process that occurs when an industry proponent puts forward a proposal. APIA considers it would be beneficial to set out the differences in the process when AEMO is the proponent. For example, as highlighted above, if a consultative forum recommends against the implementation of an AEMO proposal, the ensuing steps should be clearly outlined in the procedures. APIA believes considers there must be some differences in the consideration of a proposal when AEMO is the proponent and it is valuable to industry to have these clearly articulated.

### **Conclusion**

Overall the process as set out in the consultation paper is generally acceptable to APIA; however, APIA seeks clarity regarding what would occur if a consultative forum was to recommend against the implementation of an AEMO proposed procedure. APIA believes that the procedures should be clearer on the role of the consultative forum in the process.

If you have any queries regarding this submission please contact Steve Davies on 02 6273 0577.

Yours sincerely



CHERYL CARTWRIGHT  
Chief Executive