



**NATIONAL ELECTRICITY CODE
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3 March 2005

Mr Sebastian Roberts
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Level 35, The Tower
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Dear Mr Roberts,

BUSINESS TO BUSINESS (B2B) GOVERNANCE

I enclose a Code Change Panel report recommending a change to the National Electricity Code that will alter and expand the defined communications between distribution and retail companies operating in the national market. Known as Business-to-Business ("B2B") processes, the protocols and mechanisms of these communications support transactions and information requirements of full retail competition in addition to the existing Market Settlements and Transfers System (MSATS).

The proposed Code changes provide for the automation and standardisation of current B2B activity that has developed along jurisdictional lines. The Code changes provide for NEMMCO to operate a central B2B Electronic Hub ("eHub") for information sharing. It also provides for the enforcement of participation and conformance on all distributors, retailers, meter providers and NEMMCO. The NEMMCO eHub will be governed by an elected industry body to be known as the Information Exchange Committee (IEC). The IEC will be responsible for B2B Procedures that will govern the information exchange between participants (including the NEMMCO eHub).

The B2B Code changes were submitted by NEMMCO on behalf of a wide body of industry participants. The proposed Code changes are the result of a long consultation process which has enjoyed wide and consistent participation from both electricity retailers and distributors. NEMMCO note that the Code changes are designed to address perceived inefficiencies with the current state-based processes that are seen as an inhibitor of retail competition.

The Code Change Panel consulted on the proposed changes in October last year. Comments were sought by December. Eight submissions were received from: AGL, Energy Australia, Hydro Tasmania, United Energy Distribution, Integral Energy, Origin Energy, Citipower and Powercor, and Ergon Energy. All broadly support the proposed changes. A copy of the Code Change Panel report, including proposed Code changes, the request submitted by NEMMCO on behalf of the industry, and comments from the Code Change Panel's consultation process are all attached.

The Code Change Panel has concluded that the B2B governance Code changes, submitted by NEMMCO on behalf of the industry, are appropriate. Overall, the package of changes provide a means for economies of scale and increased efficiency of existing relationships and



communication facilities managed by NEMMCO to facilitate the operation of the market at a retail level. Effective competition at this level is an important component in the delivery of the overall objective of the national market and hence benefit to the community. As NEMMCO's participation is not essential, as it is in the wholesale spot market, it is appropriate that NEMMCO's role be restricted to that of a service provider rather than a market maker. These principles are well reflected in the Code changes through the strong role of the participant committees in the function that the NEMMCO IT systems are required to perform.

Subject to the amendments noted in the report, the Panel agrees that this request should be approved. The NECA board endorsed that recommendation on 3 March 2005 and submit these proposed changes to the Code to the ACCC for authorisation.

The ACCC is also invited to note that the National Electricity Rules exposure draft, published on 10 December last year, place-marked changes to the provision of the Rules in relation to B2B governance. This area of the new Rules will ultimately require further adjustment to more closely align them with the results of these proposed changes.

Yours faithfully

John Eastham
Director



CODE CHANGE PANEL

Business to business governance

Report

February 2005



Business to business governance

NEMMCO has written to NECA proposing Code changes that will alter and expand the defined communications between distribution and retail companies operating in the national market. Known as Business-to-Business (“B2B”) processes, the protocols and mechanisms of these communications support transactions and information requirements of full retail competition in addition to the existing Market Settlements and Transfers System (MSATS) and MMS systems.

The proposed Code changes provide for the automation and standardisation of current B2B activity that has developed along jurisdictional lines. The Code changes provide for NEMMCO to operate a central B2B Electronic Hub (“eHub”) for information sharing. They also provide appropriate enforcement of participation and conformance on all distributors, retailers, meter providers and NEMMCO. The NEMMCO eHub will be governed by an elected industry body to be known as the Information Exchange Committee (IEC). The IEC will be responsible for B2B Procedures that will govern the information exchange between participants (including the NEMMCO eHub). The IEC can process and implement changes to the B2B Procedures in accordance with the B2B Objectives and B2B Principles. The IEC will be funded by NEMMCO with the cost recovered through participant fees.

The B2B Code changes were submitted to NECA by NEMMCO on behalf of a wide body of industry participants. The Panel understands the proposed Code changes are the result of a long consultation process which has enjoyed wide and consistent participation from both electricity retailers and distributors. NEMMCO note that the Code changes are designed to address perceived inefficiencies with the current state-based processes that are seen as an inhibitor of retail competition. Governance of the arrangements by the IEC is seen to be open and transparent, providing for the input of all affected participants. The ability of participants to opt out of the proposed B2B arrangements and instead enter or continue their existing bilateral information sharing arrangements reduces the likelihood that the proposed Code changes impose implementation costs on participants.

Comments on the proposed changes were sought by December 2003. Eight submissions were received from: AGL, Energy Australia, Hydro Tasmania, United Energy Distribution, Integral Energy, Origin Energy, Citipower and Powercor. Copies of these submissions are attached.

AGL and Energy Australia offered their support for the proposed Code change package without commenting on its content. Hydro Tasmania supported the proposed Code changes and asked that greater clarity be provided as to the recovery of costs associated with the proposed Code changes, and that these costs were specifically levied on Local Retailers, Market Customers, and Distribution Network Service Providers. The allocation of costs

across participant categories for other elements of NEMMCO's costs is treated as a separate and distinct issue from the operative clauses. The Panel notes that the proposed B2B Code changes incorporate the costs of the B2B arrangements with other market operation costs that NEMMCO recovers from market participants. Clause 2.11.1 of the Code guides NEMMCO in developing the structure of fees including provision to reflect the extent to which a Code Participant was involved in creating costs. The Panel believes that there is not a case for separate treatment of B2B costs. Consequently no change is recommended.

United Energy Distribution (UED) acknowledged the benefits to the national market of the proposed Code changes and supported their prompt implementation. United Energy suggested two amendments to the proposed Code changes.

The first suggestion called for a requirement that relevant parties comply with the Code in addition to the B2B procedures. UED felt that this had been suggested in the reasoning behind the proposed Code change. The final version of the proposed changes does not include compliance with the Code as a reason, and in any event this is required of registered participants under chapter 2. It should also be noted that compliance with the National Electricity Rules will be a statutory obligation. Provisions dealing with B2B procedures are not considered the appropriate mechanism to require compliance with the Code per se. For these reasons, the Panel recommends no change.

The second comment suggested that clause 7.2A.2(o), which includes provision that "... a Distribution Network Service Provider may take into account the interests of the DNSPs", should be amended to the effect that "... a Distribution Network Service Provider must take into account the interests of the DNSPs". The basis for this is that UED is a standalone distributor and it is not stapled to a retailer. By implication, UED apparently is concerned that such parties may not be adequately represented. UED consider that clause 7.2A.2(n) which relates to all Members (of the IEC) "...must have regard to the B2B Objective and B2B Principles ...", which in effect requires a whole of market perspective to be taken by the Members.

The suggested amendment by UED is not recommended by the Panel. Notwithstanding the UED opinion about the obligations of Members to consider the broader market, and assuming the provisions relating to other sector representatives are similarly amended, it potentially sets up a conflict in the obligations of sector representatives who would then be obliged to consider both whole of market and their sector interests. The Panel believes the current drafting sets a priority which is appropriate and has been endorsed by the participants.

Integral Energy supported the proposed Code changes. It was critical, however, of clause 6.3(b) of the Election Procedures in that as proposed, the impact on NSW State Owned Corporations is unclear. The procedures are required under proposed clauses 7.2A.2(c), (d) and (e). Integral Energy is seeking amendment to details of the procedures, not the Code itself. This is not a matter for the Code Change Panel unless the Panel were to consider it appropriate to amend the requirements of the proposed Code clauses. Integral Energy has not sought such a change. Had they done so, it would have been to accommodate jurisdiction specific arrangements and would therefore more appropriately be addressed by derogation. A later section of this report notes that participants in Queensland and the Queensland government are concerned about the impact of mandatory participation when FRC is not in place. It has been established that the best treatment for this situation is to rely on (different)

procedures and if necessary a derogation. The Panel believes that this would also be the correct course of action for NSW participants.

Origin Energy was encouraged by the industry collaborative efforts in proposing a fair and workable system to support the B2B governance arrangements. Although supporting the proposed amendments, Origin Energy expressed concern at the current ring fencing arrangements and recommended that NECA conduct a review of clause 6.20.2(d) of the Code. This is also outside the ambit of the Code Change Panel unless the Panel came to view that this clause should be amended. Origin Energy has not called for immediate change to the Code provision and the Panel considers it to be a separate matter to the B2B proposals as it would seem to be a matter of concern regardless. The Panel is conscious of the fact that ring-fencing guidelines are a source of disquiet but considers that at this juncture and in the midst of major changes to the governance regime of the NEM that it is able only to draw the attention of relevant authorities to the concern by Origin Energy.

Citipower and Powercor (joint submission) suggested a similar change to clause 7.2A.2(o) to that suggested by UED in relation to the obligations of members of the IEC. For the same reasons, this amendment is not recommended. Citipower and Powercor also raise the same concern about IEC Election Procedures as Integral Energy. As noted when discussing the Integral Energy submission, resolution of the matter is not within the ambit of the Panel. A minor editorial modification to clause 7.2A.3(n) was also suggested. The Panel proposes an alternate, also minor amendment that would see NEMMCO publish and make available on its website any B2B decision.

Citipower and Powercor also express concern that the current process to convert the Code to statutory Rules may delay implementation of the B2B changes. The Panel is not aware of any reason the conversion process should delay implementation of these changes, but notes that the draft Rules issued by Standing Committee of Officials of the Ministerial Council on Energy in December 2004 contained what appear to be place-markers for B2B changes that should now be reviewed in the light of this package. This would seem to be relatively straightforward and thus should not of itself be an impediment to introduction of the changes.

Ergon Energy offered specific support for Clauses 7.2A.4(j) and (k) and the use of merits review to ensure quality, transparency and consistency of decision making. Proposed sub clause 7.2A.4(j) allows participants in a jurisdiction that has not commenced full retail contestability (FRC) to opt out of the arrangements. On balance the Panel does not support inclusion of Clause 7.2A.4(j) and proposes that it be deleted. The Panel believes that the sub-clause is problematic as it is a provision designed specifically to address concern in one jurisdiction, namely Queensland, about cost in the absence of FRC. It also introduces uncertainty about the assessment of the competitiveness of the arrangements by the ACCC. The Panel believes that the objectives of this provision can instead be achieved by, in the first instance relying on detailed B2B procedures, and if needed a derogation from the arrangements by Queensland. This arrangement has been discussed with key parties and is satisfactory to them.

Separately a number of typographical and minor clarifications, that have been discussed and accepted by NEMMCO on behalf of industry participants, are proposed. Those changes include:

- ◆ bringing the convention for reference to gender more in line with the remainder of the Code by deleting reference to his/her within the proposed Code changes;
- ◆ replacing the words “best endeavours” with “reasonable endeavours” in clause 7.2A.2(b);
- ◆ deleting the phrase “at regular intervals in clause 7.2A.2(k) to give effect to the intent that the Committee should meet flexibly but at least each 3 months and that there is no need for a regular schedule; and
- ◆ including the phrase “in respect of those B2B procedures” in clause 7.2A.3(k) for the avoidance of doubt.

Overall, the package of changes provide a means for economies of scale and increased efficiency of existing relationships and communication facilities managed by NEMMCO to facilitate the operation of the market at a retail level. Effective competition at this level is an important component in the delivery of the overall objective of the NEM and hence benefit to the community. As NEMMCO’s participation is not essential, as it is in the wholesale spot market, it is appropriate that NEMMCO’s role be restricted to that of a service provider rather than a market maker. These principles are well reflected in the Code changes through the strong role of the participant committees in the function that the NEMMCO IT systems are required to perform.

The Panel therefore concludes that the B2B governance Code changes, submitted by NEMMCO on behalf of the industry, are appropriate. The development of nationally consistent procedures for information exchange is expected to lead to improved efficiency in the national market arrangements. Subject to the amendments noted, the Panel agrees that this request should be approved.

Alan Moran
Member

John Eastham
Chairman

Irene Lee
Member

17 February 2005

B2B Code Change Proposal Table of Code Changes

Brief overview

The B2B Code Changes provide that the Information Exchange Committee, comprised of industry representatives, be responsible for the management of the B2B Procedures. This includes managing the change process for the B2B Procedures and recommending changes to NEMMCO. NEMMCO, in turn, must approve the proposed change unless it is not satisfied in relation to certain defined matters.

These matters are likely to give rise to significant obligations for affected Code Participants.

The B2B Code Changes address the need for accountability in such circumstances by considering both the process of making the decision and the scope for independent review of the decision once made.

For the processes of decision-making, governance arrangements are established for both the Information Exchange Committee and NEMMCO. These arrangements address the composition and internal procedures of the Information Exchange Committee as well as external processes of consultation and transparency. NEMMCO's role is clearly defined. The amendments to Chapter 7 of the Code together with the Information Exchange Committee Election Procedures and the Information Exchange Committee Operating Manual are the instruments dealing with these matters.

In addition, accountability requires a mechanism for a review on the merits of both the Information Exchange Committee Recommendation and NEMMCO's B2B Decision. The availability of such a review mechanism is considered to be important for promoting confidence in all affected Code Participants in the overall scheme. The matters are addressed in the amendments to Chapter 8.

Table of Code Changes

REFERENCE	CLAUSE WITH PROPOSED AMENDMENTS	REASON
Application of metering chapter		
Clause 7.1.1	<p>(a) This Chapter applies to the following:</p> <ul style="list-style-type: none"> (1) Local Network Service Providers and <i>Market Network Service Providers</i>; (2) <i>Market Customers</i> in accordance with clause 7.1.1(b); <u>(3) Local Retailers in accordance with clause 7.1.1(c1);</u> (4) <i>Market Generators</i>; (5) <i>Metering Providers</i> in accordance with clause S7.4.1(c); and (6) <i>NEMMCO</i>. 	<p>The Code as currently drafted limits the application of Chapter 7 to 2nd tier load. The amendment expands the application of Chapter 7 to 1st tier load in respect of MSATS and B2B Procedures.</p>
New Clause 7.1.1(c1)	<p><u>(c1) This Chapter applies to a Local Retailer in respect of any connection point at which load may be classified as a first-tier load (whether so classified or not) to the extent required by the Market Settlement and Transfer Solution Procedures and B2B Procedures.</u></p>	<p>This provides that Local Retailers (and therefore 1st tier connection points) are only bound by Chapter 7 in relation to MSATS Procedures and B2B Procedures.</p>
Purpose of metering chapter		
Clause 7.1.2(a)	<p>(a) The purpose of this Chapter is to set out the rights and obligations of <i>Code Participants</i> described in clause 7.1.1, and the rights and obligations and qualifications of <i>Metering Providers</i> associated with the measurement of electrical energy, the provision of data for the operation of the market <u>metering data and B2B Data and the performance of B2B Communications</u>.</p>	<p>This clause is to clarify that there are 3 types of data relevant to the metering chapter, namely energy data, metering data and B2B Data.</p> <p>B2B Data is defined as data relating to B2B Communications.</p> <p>B2B Communications mean communications between Local Retailers, Market Customers and Distribution Network Service Providers relating to an end-user or supply to an end-user.</p>
Clause 7.1.2(b)(2)	<p>(b) This Chapter sets out provisions relating to:</p> <p>...</p> <p>(2) collection <u>and provision</u> of <i>metering data</i> for settlements <u>and B2B Data</u>.</p>	<p>This amendment reflects that data is not only collected but also needs to be provided to various sources, and is also consequential to amendments incorporating B2B.</p>

Table of Code Changes

REFERENCE	CLAUSE WITH PROPOSED AMENDMENTS	REASON
Clause 7.1.2(b)(6)	(b) This Chapter sets out provisions relating to: ... (6) security of, and rights of access to <i>metering data</i> <u>and B2B Data</u> .	This amendment is consequential to amendments incorporating B2B.
B2B e-Hub		
New Clause 7.2A.1	<u><i>NEMMCO must provide and operate a B2B e-Hub. As required by B2B Procedures and subject to clause 7.2A.4(k), Local Retailers, Market Customers and Distribution Network Service Providers must use the B2B e-Hub for B2B Communications.</i></u>	This clause provides NEMMCO with a head of power under which to provide the IT platform which will facilitate B2B Communications. This clause also requires Local Retailers, Market Customers and Distribution Network Service Providers to use the e-Hub as required by the B2B Procedures, subject to any bilateral contracting between the parties. It is technically efficient for these to be a single B2B e-Hub. Many across industry believe that NEMMCO providing and operating the B2B e-hub will result in lower cost solution for businesses as the B2B e-hub will use the same technical protocols as MSATS.
Information Exchange Committee		
New Clause 7.2A.2(a)	<u><i>(a) NEMMCO must establish the Information Exchange Committee in accordance with the Information Exchange Committee Election Procedures.</i></u>	This clause clearly outlines NEMMCO's role in relation to the Committee and provides that while NEMMCO must establish the Committee its role does not extend to the selection of the Committee members.

Table of Code Changes

REFERENCE	CLAUSE WITH PROPOSED AMENDMENTS	REASON
New Clause 7.2A.2(b)	<p><u>(b) The Information Exchange Committee shall only be constituted by:</u></p> <p><u>(1) 3 Distribution Network Service Provider Members;</u></p> <p><u>(2) 3 Local Retailer/Market Customer Members; and</u></p> <p><u>(3) 2 Independent Members.</u></p> <p><u>Local Retailers and Market Customers together and Distribution Network Service Providers must, in relation to categories of Members in relation to which they are entitled to vote under the Information Exchange Committee Election Procedures, use their reasonable endeavours, to ensure that the Information Exchange Committee is established in accordance with the Information Exchange Committee Election Procedures. Each Member must serve on the Information Exchange Committee for the term specified in the Information Exchange Committee Election Procedures and must only be removed or replaced in accordance with the Information Exchange Committee Election Procedures.</u></p>	<p>This clause sets out the composition of the Committee, who must be elected in accordance with the IEC Election Procedures. This clause also specifies that the term and removal of any IEC member be regulated by the IEC Election Procedures.</p> <p>The structure of the IEC has been designed to protect the domination of the IEC by any one category of participant, i.e. Retailers or DNSPs.</p>
New Clause 7.2A.2(c)	<p><u>(c) Local Retailers, Market Customers and Distribution Network Service Providers must ensure that the Information Exchange Committee Election Procedures include provisions in respect of Member qualifications, procedures for voting for Members, the term of a Member, determination and publication of results of elections and the removal and resignation of a Member.</u></p>	<p>This clause sets out the required contents of the Information Exchange Election Procedures (a copy of which is attached). It is intended to remove considerable detail about the management of the Information Exchange Committee from the Code into the ancillary documentation.</p>

Table of Code Changes

REFERENCE	CLAUSE WITH PROPOSED AMENDMENTS	REASON
New Clause 7.2A.2(d)	<p><u>(d) The first <i>Information Exchange Committee Election Procedures</i> must be <i>published</i> with the <i>changes</i> to the Code which introduce this Clause 7.2A. The <i>Information Exchange Committee Election Procedures</i> can only be amended in accordance with the procedure set out in the <i>Information Exchange Committee Election Procedures</i> and with the support of:</u></p> <p><u>(1) not less than 75% of all <i>Code Participants</i> registered with <i>NEMMCO</i> as a <i>Distribution Network Service Provider</i> in accordance with clause 2.5.1; and</u></p> <p><u>(2) not less than 75% of that class of <i>Code Participants</i> comprising <i>Code Participants</i> listed with and <i>published</i> by <i>NEMMCO</i> as a <i>Local Retailer</i> and that class of <i>Code Participants</i> comprising <i>Market Customers</i>, where that <i>Market Customer</i> is not also listed as a <i>Local Retailer</i> and is not a <i>related company</i> of a <i>Local Retailer</i>.</u></p> <p><u>A <i>Code Participant</i> is not obliged to comply with an amendment to the <i>Information Exchange Committee Election Procedures</i> unless made in accordance with this clause.</u></p> <p><u><i>NEMMCO</i> must <i>publish</i> the current version of the <i>Information Exchange Committee Election Procedures</i>.</u></p>	<p>This clause provides for the acceptance of the first Information Exchange Committee Election Procedures and sets out the basis upon which the Information Exchange Committee Election Procedures may be altered in the future.</p> <p>This clause has been designed to protect the wider interests of DNSPs and Retailers as a whole and ensure that any changes to the Election Procedures, which govern how members are elected and the qualifications of members for example, are supported by a significant number of DNSPs and Retailers.</p>
New Clause 7.2A.2(e)	<p><u>(e) A <i>Code Participant</i> must ensure that a person it nominates as a <i>Member</i> for a category satisfies the requirements for that particular category of <i>Member</i> as set out in the <i>Information Exchange Committee Election Procedures</i>.</u></p>	<p>This clause is required to ensure that Members of the Information Exchange Committee (who are not Code Participants) meet the requirements for Members as set out in the Information Exchange Committee Election Procedures.</p>

Table of Code Changes

REFERENCE	CLAUSE WITH PROPOSED AMENDMENTS	REASON
New Clause 7.2A.2(f)	<p><u>(f) The first <i>Information Exchange Committee Operating Manual</i> must be published with the changes to the Code which introduce this Clause 7.2A. The <i>Information Exchange Committee Operating Manual</i> can only be amended in accordance with the procedure set out in the <i>Information Exchange Committee Election Procedure</i> and with the support of:</u></p> <p><u>(1) not less than 75% of all <i>Code Participants</i> registered with <i>NEMMCO</i> as a <i>Distribution Network Service Provider</i> in accordance with clause 2.5.1; and</u></p> <p><u>(2) not less than 75% of that class of <i>Code Participants</i> comprising <i>Code Participants</i> listed with and published by <i>NEMMCO</i> as a <i>Local Retailer</i> and that class of <i>Code Participants</i> comprising <i>Market Customers</i>, where that <i>Market Customer</i> is not also listed as a <i>Local Retailer</i> and is not a related company of a <i>Local Retailer</i>.</u></p> <p><u>A <i>Code Participant</i> is not obliged to comply with an amendment to the <i>Information Exchange Committee Operating Manual</i> unless made in accordance with this clause.</u></p> <p><u><i>NEMMCO</i> must publish the current version of the <i>Information Exchange Committee Operating Manual</i>.</u></p>	<p>This clause provides for the acceptance of the first Information Exchange Committee Operating Manual and sets out the basis upon which the Information Exchange Committee Operating Manual may be altered in the future.</p> <p>The Operating Manual includes within it some processes for the operation of the IEC which are important to the transparent and accountable operation of that group.</p> <p>This clause has been designed to protect the wider interests of DNSPs and Retailers as a whole and ensure that any changes to the Operating Manual are supported by a significant number of DNSPs and Retailers.</p>

Table of Code Changes

REFERENCE	CLAUSE WITH PROPOSED AMENDMENTS	REASON
New Clause 7.2A.2(g)	<p><u>(g) The functions and powers of the <i>Information Exchange Committee</i> include:</u></p> <p><u>(1) developing, consulting on and making an <i>Information Exchange Committee Recommendation</i>;</u></p> <p><u>(2) managing the ongoing development of the <i>B2B Procedures</i> and any <i>changes</i> to them;</u></p> <p><u>(3) establishing the <i>Information Exchange Committee Working Groups</i>;</u></p> <p><u>(4) developing, consulting on and approving the <i>Information Exchange Committee Works Programme</i>;</u></p> <p><u>(5) reviewing and considering work completed by the <i>Information Exchange Committee Working Groups</i>;</u></p> <p><u>(6) developing proposed amendments to the <i>Information Exchange Committee Election Procedures</i>; and</u></p> <p><u>(7) developing proposed amendments to the <i>Information Exchange Committee Operating Manual</i>.</u></p>	This clause sets out the functions and powers of the Information Exchange Committee.
New Clause 7.2A.2(h)	<p><u>(h) The <i>Information Exchange Committee</i> must provide to <i>NEMMCO</i> the current version of the <i>B2B Procedures</i> and the <i>Information Exchange Committee Works Programme</i>.</u></p>	This clause provides that the Information Exchange Committee must provide the B2B Procedures and the Information Exchange Committee Works Programme to NEMMCO for publishing to facilitate the transparent and accountable operation of the Information Exchange Committee.
New Clause 7.2A.2(i)	<p><u>(i) <i>NEMMCO</i> must <i>publish</i> the <i>B2B Procedures</i> and the <i>Information Exchange Committee Works Programme</i> provided to it by the <i>Information Exchange Committee</i>.</u></p>	This clause provides that NEMMCO must publish the B2B Procedures and the Information Exchange Committee Works Programme to facilitate the transparent and accountable operation of the Information Exchange Committee.

Table of Code Changes

REFERENCE	CLAUSE WITH PROPOSED AMENDMENTS	REASON
New Clause 7.2A.2(j)	<u>(j) The Information Exchange Committee, NEMMCO, Local Retailers, Market Customers and Distribution Network Service Providers must comply with the Information Exchange Committee Election Procedures and the Information Exchange Committee Operating Manual.</u>	This clause obliges the Information Exchange Committee, Local Retailers, Market Customers and Distribution Network Service Providers to comply with the Code, the Information Exchange Committee Election Procedures and Information Exchange Committee Operating Manual.
New Clause 7.2A.2(k)	<u>(k) The Information Exchange Committee must meet at least once every 3 months.</u>	This clause obliges the <i>Information Exchange Committee</i> to meet at least once every 3 months and facilitates the accountability and transparency of the Committee's operation.
New Clause 7.2A.2(l)	<u>(l) The quorum for a meeting of the Information Exchange Committee is 5 Members comprising 2 Distribution Network Service Provider Members, 2 Local Retailer/Market Customer Members and 1 Independent Member.</u>	This clause provides for a quorum for meetings of the <i>Information Exchange Committee</i> and ensures that each category of Member is represented at a meeting for a decision to be made.
New Clause 7.2A.2(m)	<u>(m) A decision of the Information Exchange Committee is not valid and enforceable unless it is made as follows:</u> <u>(1) an Information Exchange Committee Recommendation requires the support of 6 or more Members;</u> <u>(2) any decision that a proposal under clause 7.2A.3(a) should not be considered further after initial consideration under clause 7.2A.3(b), and any decision to not recommend B2B Procedures or a change to the B2B Procedures for approval by NEMMCO requires the support of 6 or more Members;</u> <u>(3) any decision to approve the Information Exchange Committee Works Programme requires the support of 6 or more Members; and</u> <u>(4) any other decision by the Information Exchange Committee requires the support of 5 or more Members.</u>	<p>This clause sets out the minimum support required for a decision of the <i>Information Exchange Committee</i> to be valid and enforceable.</p> <p>The thresholds for support were set to ensure that any decisions of the IEC reflected the industry as a whole. Any decision requiring 6 or more members requires the support of both industry categories or the support of a majority of members from both industry categories and an independent member.</p>

Table of Code Changes

REFERENCE	CLAUSE WITH PROPOSED AMENDMENTS	REASON
New Clause 7.2A.2(n)	<p><u>(n) Each Member in performing his duties or in exercising any right, power or discretion must have regard to the B2B Objective and the B2B Principles and must:</u></p> <p><u>(1) at all times act honestly;</u></p> <p><u>(2) exercise the degree of care and diligence that a reasonable person in a like position would exercise;</u></p> <p><u>(3) not make improper use of information acquired by virtue of his position to gain, directly or indirectly, an advantage for himself, or the Code Participant by which he is employed and/or which nominated him to be Member, and</u></p> <p><u>(4) not make improper use of his position to gain, directly or indirectly, an advantage for himself or the Code Participant by which he is employed and/or which nominated him to be Member.</u></p>	<p>This clause sets out the objectives and principles to which Members must have regard in exercising their duties and powers and facilitates the good governance of the <i>Information Exchange Committee</i>. (Note the provisions replicate those found in the Corporations Act in respect of directors.)</p>
New Clause 7.2A.2(o)	<p><u>(o) Subject to clause 7.2A.2(n), a Distribution Network Service Provider Member may take into account the interests of the Distribution Network Service Providers in performing his duties or in exercising any right, power or discretion.</u></p>	<p>This clause which is to be read subject to the B2B Objective, the B2B Principles and clause 7.2A.2(m) permits a Distribution Network Service Provider Member to take account of the interests of the Distribution Network Service Providers (considered as a whole) in performing his duties and in exercising any right, power or discretion.</p>
New Clause 7.2A.2(p)	<p><u>(p) Subject to clause 7.2A.2(n), a Local Retailer/Market Customer Member may take into account the interests of the Local Retailers and Market Customers in performing his duties or in exercising any right, power or discretion.</u></p>	<p>This clause which is to be read subject to the B2B Objective, the B2B Principles and clause 7.2A.2(m) permits a Local Retailer/Market Customer Member to take account of the interests of the Local Retailers/Market Customers (considered as a whole) in performing his duties and in exercising any right, power or discretion.</p>

Table of Code Changes

REFERENCE	CLAUSE WITH PROPOSED AMENDMENTS	REASON
New Clause 7.2A.2(q)	<u>(q) The Information Exchange Committee must prepare the Information Exchange Committee Annual Report for the period ended 31 December in the first calendar year following the establishment of the Information Exchange Committee and the year ended 31 December in each year thereafter. The Information Exchange Committee must provide the Information Exchange Committee Annual Report to NEMMCO by 31 March each year and NEMMCO must publish that Information Exchange Committee Annual Report.</u>	This clause requires the Information Exchange Committee to produce an Annual Report and also facilitates accountability and transparency of the operation of the Committee.
New Clause 7.2A.2(r)	<u>(r) The Information Exchange Committee Annual Report must contain the information required by the Information Exchange Committee Operating Manual.</u>	This clause specifies that the contents of the Annual Report must comply with the Information Exchange Committee Operating Manual.
New Clause 7.2A.2(s)	<u>(s) By 28 February each year the Information Exchange Committee must prepare a draft budget for the following financial year in a form which is consistent with the budget procedures of NEMMCO. Following discussion with NEMMCO the Information Exchange Committee must prepare a budget by 31 March and provide that budget to NEMMCO. When NEMMCO publishes its budget pursuant to clause 2.11.3, NEMMCO must advise the Information Exchange Committee of the final budget for the Information Exchange Committee for that financial year.</u>	This clause enables the Information Exchange Committee's budget to fit with NEMMCO's budgeting requirements and timing for preparation of those budgets.
Method of making and changing B2B Procedures		
New Clause 7.2A.3(a)	<u>(a) NEMMCO, a Local Retailer, a Market Customer or a Distribution Network Service Provider may propose B2B Procedures, or a change to the B2B Procedures, to the Information Exchange Committee. The proposal must be submitted in writing to the Information Exchange Committee and must provide details of the proposal and supporting information, including reasons for any change or B2B Procedure.</u>	This clause allows a Local Retailer, Market Customers or a Distribution Network Service Provider to propose a new B2B Procedure or a change to an existing B2B Procedure. The proposal must include certain information.

Table of Code Changes

REFERENCE	CLAUSE WITH PROPOSED AMENDMENTS	REASON
New Clause 7.2A.3(b)	<u>(b) Within 25 business days of receipt by the Information Exchange Committee of a proposal under clause 7.2A.3(a), the Information Exchange Committee must meet to determine whether on a prima facie basis making new B2B Procedures and/or changing the B2B Procedures is warranted having regard to the B2B Objective and the B2B Principles.</u>	This clause obliges the Information Exchange Committee to consider any proposal within a certain time period. As part of this consideration the Information Exchange Committee must determine if on a prima facie basis the proposed B2B Procedure or change to an existing B2B Procedure is warranted having regard to the B2B Objective and the B2B Principles.
New Clause 7.2A.3(c)	<u>(c) If after its consideration under clause 7.2A.3(b), the Information Exchange Committee decides that the proposal made under clause 7.2A.3(a) should not be considered further, the Information Exchange Committee must within 5 business days provide written reasons for that decision to NEMMCO, the Local Retailer, Market Customer or Distribution Network Service Provider making the proposal.</u>	This clause requires the Information Exchange Committee to provide in writing reasons for any decision to not consider any B2B Proposal further and facilitates the transparent and accountable operation of the Information Exchange Committee.
New Clause 7.2A.3(d)	<u>(d) If after its consideration under clause 7.2A.3(b), the Information Exchange Committee decides that the proposal made under clause 7.2A.3(a) should be considered further, the Information Exchange Committee must develop the proposal into a B2B Proposal (which may differ from the proposal originally made) and an accompanying B2B Procedures Change Pack for consultation. The Information Exchange Committee must seek NEMMCO's advice on whether a conflict with the Market Settlement and Transfer Solution Procedures arises from the B2B Proposal and include any such advice in the B2B Procedures Change Pack.</u>	If the Information Exchange Committee decides that the B2B Proposal should be considered further, this clause obliges the Information Exchange Committee to develop certain materials for consultation (Called a B2B Procedures Change Pack). At this stage the Information Exchange Committee is also required to liaise with NEMMCO and obtain NEMMCO's advise as to whether the proposed B2B Procedure or change to an existing B2B Procedure conflicts with any Market Settlement and Transfer Solution Procedure.

Table of Code Changes

REFERENCE	CLAUSE WITH PROPOSED AMENDMENTS	REASON
New Clause 7.2A.3(e)	<u>(e) The Information Exchange Committee is required to comply with the Code consultation procedures in relation to the B2B Proposal. For the purposes of clause 8.9(b), the nominated persons to whom notice must be given are Local Retailers, Market Customers, Distribution Network Service Providers and NEMMCO. The matters under consideration in the notice must include a copy of the B2B Procedures Change Pack.</u>	In consulting on any proposed B2B Procedure, the Information Exchange Committee is required to undertake a code consultation (in a manner as set out in clause 8.9 of the Code) with slight variations. This clause requires that notice of any consultation and the B2B Procedures Change Pack must be provided to Local Retailers, Market Customers and Distribution Network Service Providers, thereby facilitating the transparent and accountable operation of the Information Exchange Committee.
New Clause 7.2A.3(f)	<u>(f) NEMMCO must pursuant to clause 8.9(c) publish the notice of consultation and must notify all Local Retailers, Market Customers and Distribution Network Service Providers of the consultation.</u>	The notice referred to above, must be published by NEMMCO on its website and Local Retailers, Market Customers and Distribution Network Service Providers notified of the consultation – this in practice is done by a NEM Communication. This is consistent with current code consultation procedures.
New Clause 7.2A.3(g)	<u>(g) In addition to the matters which clause 8.9(g) requires be included in the draft report, the draft report must contain details of the Information Exchange Committee's consideration of the B2B Objective and each of the B2B Principles and how the Information Exchange Committee has considered each submission made having regard to the B2B Objective and the B2B Principles.</u>	This clause provides that after the Information Exchange Committee has conducted the consultation it must prepare a draft report. This clause specifies the minimum contents of this draft report. This is consistent with current code consultation procedures and provides accountability and transparency of decisions of the Information Exchange Committee.
New Clause 7.2A.3(h)	<u>(h) In addition to the matters which clause 8.9(k) requires be included in the final report, the final report must contain details of the Information Exchange Committee's consideration of the B2B Objective and each of the B2B Principles and how the Information Exchange Committee has considered each submission having regard to the B2B Objective and the B2B Principles.</u>	This clause specifies the minimum contents of the final report produced by the Information Exchange Committee and facilitates the transparent and accountable operation of the Information Exchange Committee.

Table of Code Changes

REFERENCE	CLAUSE WITH PROPOSED AMENDMENTS	REASON
New Clause 7.2A.3(i)	<p><u>(i) The Information Exchange Committee can conclude not to recommend the proposed B2B Procedures be made or not to recommend a change to the B2B Procedures. The Information Exchange Committee may make an Information Exchange Committee Recommendation and in doing so may recommend a different B2B Procedure or change to the B2B Procedures from that originally proposed under clause 7.2A.3(a). A conclusion not to recommend the B2B Procedures be made, or not to recommend a change to the B2B Procedures, or to make an Information Exchange Committee Recommendation must be included in the final report required under clause 8.9(k).</u></p>	<p>This clause permits the Information Exchange Committee to recommend not to make a B2B Procedure, or change an existing B2B Procedure. This clause also permits the Information Exchange Committee to recommend a B2B Procedure or a change to a B2B Procedure which is different from that originally proposed.</p>
New Clause 7.2A.3(j)	<p><u>(j) In coming to a conclusion not to recommend the B2B Procedures, or not to recommend a change to the B2B Procedures, to make an Information Exchange Committee Recommendation, the Information Exchange Committee must have regard to the B2B Objective and the B2B Principles.</u></p>	<p>This clause requires the Information Exchange Committee to have regard to the B2B Objective and the B2B Principles in making a recommendation to NEMMCO in respect of a B2B Procedure or a change to a B2B Procedure.</p>
New Clause 7.2A.3(k)	<p><u>(k) If the Information Exchange Committee concludes not to make the B2B Procedures or not to change the B2B Procedures, NEMMCO must take no further action in respect of those B2B Procedures. NEMMCO must consider an Information Exchange Committee Recommendation and must approve that Information Exchange Committee Recommendation, unless it concludes that:</u></p> <p><u>(1) the Information Exchange Committee has failed to have regard to the B2B Objective and/or the B2B Principles;</u></p> <p><u>(2) the Information Exchange Committee Recommendation would conflict with the Market Settlement and Transfer Solution Procedures; or</u></p> <p><u>(3) The Information Exchange Committee has not followed the Code consultation procedures (as supplemented by this clause 7.2A.3).</u></p>	<p>This clause requires NEMMCO to consider any recommendation from the Information Exchange Committee, and requires NEMMCO to approve the recommendation unless certain conditions have not been met.</p> <p>This reflects industry’s view that the Information Exchange Committee representing industry and those who will be primarily affected by a B2B Proposal should consider the merits of the decision. NEMMCO has two roles, namely to ensure that there is no conflict between the B2B Procedures and the MSATS Procedures and providing an administrative check to the processes of the Information Exchange Committee.</p>

Table of Code Changes

REFERENCE	CLAUSE WITH PROPOSED AMENDMENTS	REASON
New Clause 7.2A.3(l)	<p><u>(l) In considering an Information Exchange Committee Recommendation, NEMMCO must not consider:</u></p> <p><u>(1) the manner in which the Information Exchange Committee considered the B2B Objective and the B2B Principles or the weight given by the Information Exchange Committee to the different B2B Principles or the balancing between them; or</u></p> <p><u>(2) the merits of the Information Exchange Committee Recommendation.</u></p>	<p>This clause prohibits NEMMCO from considering the merits of any recommendation made by the Information Exchange Committee.</p> <p>This clause is consistent with clause 7.2A.3(k).</p>
New Clause 7.2A.3(m)	<p><u>(m) NEMMCO must not amend the Information Exchange Committee Recommendation and must not conduct any further consultation on the Information Exchange Committee Recommendation prior to its making of a B2B Decision.</u></p>	<p>This clause prohibits NEMMCO from amending any recommendation from the Information Exchange Committee or undertaking external consultation on the recommendation.</p> <p>This clause is consistent with clause 7.2A.3(k).</p>
New Clause 7.2A.3(n)	<p><u>(n) NEMMCO must publish and make available on its website its B2B Decision, with reasons, within 10 business days of receiving an Information Exchange Committee Recommendation from the Information Exchange Committee.</u></p>	<p>This clause requires NEMMCO to publish its decision, with reasons, to approve or not approve the recommendation from the Information Exchange Committee within a certain time frame.</p>

Table of Code Changes

REFERENCE	CLAUSE WITH PROPOSED AMENDMENTS	REASON
New Clause 7.2A.3(o)	<p><u>(o) If NEMMCO decides not to approve the <i>Information Exchange Committee Recommendation</i>, the reasons for the <i>B2B Decision</i> which are to be <i>published</i> in accordance with clause 7.2A.3(q) must include an explanation of the following, where applicable:</u></p> <p><u>(1) to which of the <i>B2B Objective</i> and/or the <i>B2B Principles</i>, NEMMCO considers the <i>Information Exchange Committee</i> did not have regard;</u></p> <p><u>(2) how the <i>Information Exchange Committee Recommendation</i> would give rise to a conflict with the <i>Market Settlement and Transfer Solution Procedures</i>; or</u></p> <p><u>(3) how the <i>Information Exchange Committee</i> did not follow the <i>Code consultation procedures</i> (as supplemented by this clause 7.2A.3).</u></p>	This clause requires NEMMCO if it decides not to approve a recommendation from the Information Exchange Committee to address in its reasons for doing so particular matters.
Content of the B2B Procedures		
New Clause 7.2A.4(a)	<p><u>(a) The <i>B2B Procedures</i> may provide for <i>B2B Communications</i>.</u></p>	
New Clause 7.2A.4(b)	<p><u>(b) For each <i>B2B Communication</i>, the <i>B2B Procedures</i> must contain:</u></p> <p><u>(1) the required <i>B2B Data</i> inputs and <i>B2B Data</i>, outputs;</u></p> <p><u>(2) the required business process flows and related timing requirements;</u></p> <p><u>(3) the required content and format;</u></p> <p><u>(4) the required delivery method; and</u></p> <p><u>(5) the back-up delivery method to be used where the required delivery method cannot be used.</u></p>	This clause sets out the minimum contents of the B2B Procedures. These elements are required to ensure that the B2B Procedures contain all necessary information required for the B2B Procedures to be effective.

Table of Code Changes

REFERENCE	CLAUSE WITH PROPOSED AMENDMENTS	REASON
New Clause 7.2A.4(c)	<u>(c) The B2B Procedures may include obligations in relation to the information to be maintained and provided to support B2B Communications.</u>	This clause provides for the provision and maintenance of data ancillary to B2B Communications, for example contact lists.
New Clause 7.2A.4(d)	<u>(d) For each B2B Communication the B2B Procedures may also include:</u> <u>(1) details for testing and certification;</u> <u>(2) provisions relating to contingency arrangements;</u> <u>(3) examples of how a B2B Communication may operate in practice; and</u> <u>(4) the method for dealing with a dispute (which may include provisions deferring the use of the dispute resolution procedures in the Code and access the courts).</u>	This clause sets out other matters which the B2B Procedures may contain. This clause provides some examples of other matters which may be included in the B2B Procedures, while not mandatory they will be useful to drafters of the B2B Procedures to have regard to when drafting B2B Procedures in years to come.
New Clause 7.2A.4(e)	<u>(e) The B2B Procedures or a change to the B2B Procedures, must also include a date for the commencement of the B2B Procedures or the change. That date must be not less than 10 business days after the related B2B Decision is published. The Information Exchange Committee may extend that date following consultation with affected Code Participants. If the date is extended by the Information Exchange Committee, the Information Exchange Committee shall provide NEMMCO with that date and NEMMCO shall publish that date.</u>	This clause provides that the B2B Procedures may include a commencement date for the date on which a B2B Procedure is to become effective. The potential delay between the promulgation of the B2B Procedure and the effective date allows affected parties to undertake any IT build or address any other implementation matters.
New Clause 7.2A.4(f)	<u>(f) A change to the B2B Procedures may also include provisions relating to a date for the end of a process related to a B2B Communication. That date may be after the date of commencement of the change and may be left to the discretion of the Information Exchange Committee. If the date is set by the Information Exchange Committee, the Information Exchange Committee shall provide NEMMCO with that date and NEMMCO shall publish that date.</u>	This clause allows for the grandfathering of existing requirements contained in the B2B Procedures.

Table of Code Changes

REFERENCE	CLAUSE WITH PROPOSED AMENDMENTS	REASON
New Clause 7.2A.4(g)	<u>(g) The B2B Procedures may be constituted by one or more separate documents.</u>	This clause is to provide clarity as to the architecture of the B2B Procedures.
New Clause 7.2A.4(h)	<u>(h) The B2B Procedures may include roles and responsibilities for Metering Providers.</u>	This clause allows the B2B Procedures to also govern Metering Providers.
New Clause 7.2A.4(i)	<u>(i) Subject to the Information Exchange Committee following the requirements placed upon it in the Code in relation to the B2B Procedures, Local Retailers, Market Customers, Distribution Network Service Providers, NEMMCO and Metering Providers must comply with the B2B Procedures.</u>	This clause requires Local Retailers, Market Customers, Distribution Network Service Providers, NEMMCO and Metering Providers to comply with the B2B Procedures.
New Clause 7.2A.4(k)	<u>(k) Local Retailers, Market Customers and Distribution Network Service Providers may on such terms and conditions as agreed between them communicate a B2B Communication on a basis other than as set out in the B2B Procedures in which case the parties to the agreement need not comply with the B2B Procedures to the extent that the terms and conditions agreed between them are inconsistent with the B2B Procedures.</u>	This clause permits Code Participants to vary by way of contract the manner in which they communicate a B2B Communication.
New Clause 7.2A.4(l)	<u>(l) B2B Data is confidential information and may only be disclosed as permitted by the Code.</u>	As B2B Data is potentially commercially sensitive this clause provides that B2B Data must be considered confidential and only disclosed as permitted by the Code.
New Clause 7.2A.4(m)	<u>(m) If a change to the B2B Procedure is of a minor or procedural nature or is necessary to correct a manifest error in the B2B Procedures, the Information Exchange Committee may recommend the change to NEMMCO. The Information Exchange Committee need not consult on such change in accordance with the Code consultation procedures. Clauses 7.2A.3(i) to (o) (inclusive) and clauses 7.2A.4(e) and (f) apply to such change (with any necessary modifications). In addition to publication of its B2B Decision, NEMMCO must notify all Local Retailers, Market Customers and Distribution Network Service Providers of the change.</u>	This clause permits an amendment to a B2B Procedure on a “fast-track” basis where the amendment relates to a minor or procedural matter or is necessary to correct a manifest error. Any such change requires a decision of the Information Exchange Committee and NEMMCO both of which are decisions which may be disputed pursuant to clause 8.2 of the Code.

Table of Code Changes

REFERENCE	CLAUSE WITH PROPOSED AMENDMENTS	REASON
Transition of B2B Communications from the Market Settlement and Transfer Solution Procedures		
New Clause 7.2A.5(a)	(a) <u>At 9.00am (EST), on the day immediately following the day on which the <i>Information Exchange Committee</i> is established pursuant to Clause 7.2A.2(a) ("transition day"), those <i>Market Settlement and Transfer Solution Procedures</i> entitled "<i>MSATS Procedures: B2B Procedures</i>" shall be deemed to have been the subject of an <i>Information Exchange Committee Recommendation</i> under clause 7.2A.3(k) and approved by <i>NEMMCO</i> in accordance with Clause 7.2A.3(m) and shall be <i>B2B Procedures</i>.</u>	This clause provides for the transition of certain procedures relating to B2B made under the Market Settlement and Transfer Solution Procedures to B2B Procedures.
New Clause 7.2A.5(b)	(b) <u>All things done in relation to a <i>B2B Communication</i> the subject of the <i>Market Settlement and Transfer Solution Procedures</i> entitled "<i>MSATS Procedures: B2B Procedures</i>" immediately before the transition day must under the <i>B2B Procedures</i> continue to have the same the status, operation and effect as they would have under the <i>Market Settlement and Transfer Solution Procedures</i> entitled "<i>MSATS Procedures: B2B Procedures</i>". In particular, this clause 7.2A.5 does not disturb the status, operation or effect of any <i>B2B Communication</i> or any proceeding, liability, rights or other matter or thing made, done, effected, obtained, given, accrued, incurred, acquired, existing or continuing before the transition day. Such a deemed <i>Information Exchange Committee Recommendation</i> and deemed <i>B2B Decision</i> shall not be within the scope of clause 8.2.5(f).</u>	This clause provides that the transition from the Market Settlement and Transfer Solution Procedures to B2B Procedures does not affect the operation of those procedures including any liability, rights or other matter or thing made, done, effected, obtained, given etc before the transition day.

Table of Code Changes

REFERENCE	CLAUSE WITH PROPOSED AMENDMENTS	REASON
Cost Recovery		
New Clause 7.2A.6(a)	(a) <u>The development of the <i>B2B Procedures</i>, the establishment and operation of the <i>Information Exchange Committee</i> (including the engagement costs of specialist advisers, remuneration and payment of the reasonable expenses of the <i>Independent Members</i>), all of which shall be set out in the budget prepared by the <i>Information Exchange Committee</i> pursuant to clause 7.2A.2(s) and the <i>Information Exchange Committee Annual Report</i> and the operational costs associated with any service provided by NEMMCO to facilitate <i>B2B Communications</i> (including providing and operating a <i>B2B e-Hub</i>) must be paid by NEMMCO in the first instance and recouped by NEMMCO as <i>Participant fees</i>.</u>	This clause permits NEMMCO to pay for the costs of the development of the B2B Procedures, the establishment and operation of the Information Exchange Committee and recover those costs as part of <i>Participant Fees</i> .
New Clause 7.2A.6(b)	(b) <u>Subject to clause 7.2A.6(a), the cost of any <i>Member</i> (other than an <i>Independent Member</i>) and involvement of individuals in the <i>Information Exchange Committee Working Groups</i> shall not be borne by NEMMCO.</u>	This clause makes clear that any costs of a Member (other than an Independent Member) shall not be borne by NEMMCO and therefore will not be recouped as part of Participant Fees.
New Clause 7.2A.6(c)	(c) <u>The cost to a <i>Local Retailer, Market Customer and Distribution Network Service Provider</i> of implementing and maintaining the necessary systems and processes to ensure compliance with a <i>B2B Procedure</i> must be met by that <i>Local Retailer, Market Customer and Distribution Network Service Provider</i>.</u>	This clause makes clear that the cost of implementing, maintaining and ensuring compliance with the B2B Procedures is the responsibility of each Code Participant and is to be recovered under paragraph (a).

Table of Code Changes

REFERENCE	CLAUSE WITH PROPOSED AMENDMENTS	REASON
Rights of access to data		
Clause 7.7(a)	<p>(a) The only persons entitled to have either direct or remote access <i>metering data</i> from a <i>metering installation</i>, the <i>metering database</i> or <i>metering register</i> in relation to a <i>connection point</i> are:</p> <p>...</p> <p>(4) <i>NEMMCO</i> and <i>NECA</i> and its authorised agents; and</p> <p>(5) any <i>Customer</i> who is registered with <i>NEMMCO</i> and who purchases electricity at the associated <i>connection point</i>; and</p> <p><u>(6) <i>Code Participants</i> as provided for in the <i>Market Settlement and Transfer Solution Procedures</i> and <i>B2B Procedures</i>.</u></p>	This amendment makes it clear that parties named as having the right to information (for example connection point information for the transfer of a customer, where the relevant party has explicit informed consent) may have that information even though that Code Participant may not have an account with NEMMCO which relates to energy flowing through that connection point.
Application of clause 8.2 to B2B Determination Disputes		
Application of this Chapter		
New Clause 8.2A.1(a)	<u>(a) For the purposes of a B2B Determination Dispute, this Chapter applies to <i>Code Participants</i> and the <i>Information Exchange Committee</i>.</u>	This provision is necessary to broaden the scope of clause 8.1.2 to allow Chapter 8 to apply to the proposed review by way of a dispute under the Code.
New Clause 8.2A.1(b)	<u>(b) For clause 8.2.1(a) substitute:</u> <u>(a) "Clause 8.2 applies to a B2B Determination Dispute subject to clause 8.2A.2."</u>	This provision is necessary to broaden the scope of Chapter 8 to apply to the proposed review by way of a dispute under the Code.
How this Chapter applies		
New Clause 8.2A.2(a)	<u>In relation to a B2B Determination Dispute:</u> <u>(a) For clause 8.2.1(e)(1) substitute:</u> <u>"(1) be guided by the <i>B2B Objective</i> and the <i>B2B Principles</i>."</u>	This provision ensures the DRP is guided by appropriate objectives.
New Clause 8.2A.2(b)	<u>(b) In clause 8.2.1(f):</u> <u>(i) after "clauses 8.2.4 to 8.2.10" insert "(as amended by clause 8.2A.2)"; and</u> <u>(ii) insert a new sentence at the end of the paragraph as follows:</u> <u>"The subject matter of a <i>B2B Determination Dispute</i> which has been determined by the DRP cannot be the subject of further review."</u>	Consequential drafting change.

Table of Code Changes

REFERENCE	CLAUSE WITH PROPOSED AMENDMENTS	REASON
New Clause 8.2A.2(c)	<u>(c) Clause 8.2.3 does not apply to the <i>Information Exchange Committee</i>.</u>	NEMMCO is the Secretary for the Information Exchange Committee. It is administratively sensible that NEMMCO also be the DMS Contact for the Committee.
New Clause 8.2A.2(d)	<u>(d) The contact for the <i>Information Exchange Committee</i> in relation to disputes will be the <i>DMS Contact for NEMMCO</i>.</u>	As for previous amendment.
New Clause 8.2A.2(e)	<u>(e) Clause 8.2.4 does not apply.</u>	As the dispute is in the nature of a “merits review” there is no role for Stage 1 dispute resolution.
New Clause 8.2A.2(f)	<u>(f) Clauses 8.2.5(a), (b), (c) and (d) do not apply.</u>	As the dispute is in the nature of a “merits review” new clause 8.2.5(f) provides for how such a dispute can be commenced. These clauses are appropriate for a dispute moving from stage 1 to stage 2 but are not so for the initiation of a “merits review”. Publication of the dispute remains important.

Table of Code Changes

REFERENCE	CLAUSE WITH PROPOSED AMENDMENTS	REASON
New Clause 8.2A.2(g)	<p><u>(g) Insert a new clause 8.2.5(f) as follows:</u></p> <p><u>“(1) A Market Customer, Local Retailer or a Distribution Network Service Provider adversely affected by an Information Exchange Committee Recommendation or a B2B Decision may apply to the Adviser for review of that Information Exchange Committee Recommendation or that B2B Decision. The application must be made within 10 business days of publication of the Information Exchange Committee Recommendation or the B2B Decision, state grounds for the review and give full particulars of where the applicant believes the Information Exchange Committee Recommendation or a B2B Decision is in error.</u></p> <p><u>(2) Where an application for review of an Information Exchange Committee Recommendation is made, NEMMCO must not take any further action in relation to that Information Exchange Committee Recommendation until the DRP has made its decision in relation to the dispute.</u></p> <p><u>(3) An application for review of a B2B Decision stays the B2B Decision.</u></p> <p><u>(4) On receiving the application the Adviser must refer the dispute to a DRP for determination in accordance with clauses 8.2.6A to 8.2.6D.”</u></p>	As the dispute is in the nature of a “merits review” new clause 8.2.5(f) provides for how such a dispute can be commenced. The clause also provides that the initiation of the dispute acts as a “stay” of the decision under challenge to provide investment certainty to affected Code Participants. Finally, a dispute must be referred to a DRP for resolution.
New Clause 8.2A.2(h)	<u>(h) In clause 8.2.6A(a), for “decides to refer” substitute “refers”.</u>	Consequential drafting change.
New Clause 8.2A.2(i)	<u>(i) In clause 8.2.6A(c), for “the parties to the Stage 1 dispute resolution process” substitute “the parties to the dispute”.</u>	Consequential drafting change.
New Clause 8.2A.2(j)	<u>(j) In clause 8.2.6A(h)(1) before “a Code Participant” insert “the Information Exchange Committee or”</u>	The Information Exchange Committee is not a Code Participant.

Table of Code Changes

REFERENCE	CLAUSE WITH PROPOSED AMENDMENTS	REASON
<p>New Clause 8.2A.2(k)</p>	<p><u>(k) For clause 8.2.6B(a)(1) substitute:</u></p> <p><u>“(1) The Code Participant making application for a review of the Information Exchange Committee Recommendation or the B2B Decision, a Code Participant affected by the Information Exchange Committee Recommendation or the B2B Decision under review and the Information Exchange Committee or, if the Information Exchange Committee is unable to act as a party, any other Code Participant wishing to support the position of the Information Exchange Committee. NEMMCO is a party to an application for review of a B2B Decision and may be a party, in accordance with clauses 8.2.6B(b) and 8.6.2(B)(c), to an application for review of an Information Exchange Committee Recommendation.</u></p> <p><u>(2) Where the Information Exchange Committee is unable to act as a party, and another Code Participant is a party to support the position of the Information Exchange Committee, the Information Exchange Committee must give to that party all assistance including access to both documents and Members. A Code Participant of which a Member is an employee must ensure that Member is available to provide such assistance.</u></p> <p><u>(3) Where NEMMCO is a party to a B2B Determination Dispute, the Information Exchange Committee must give NEMMCO all assistance including access to both documents and Members. A Code Participant of which a Member is an employee must ensure that Member is available to provide such assistance.”</u></p>	<p>This clause provides for the parties to the dispute. It recognises that the Information Exchange Committee, not being a Code Participant, may need to be represented by a Code Participant. It is considered that this structure is sensible and that a Code Participant which has supported the decision of the Information Exchange Committee will continue to support that decision when challenged.</p>
<p>New Clause 8.2A.2(l)</p>	<p><u>(l) Clause 8.2.6C(d) does not apply to a B2B Determination Dispute.</u></p>	<p>Mediation is inappropriate for a dispute in the nature of “merits review”.</p>

Table of Code Changes

REFERENCE	CLAUSE WITH PROPOSED AMENDMENTS	REASON
New Clause 8.2A.2(m)	<p><u>(m) Insert a new clause 8.2.6C(g) as follows:</u></p> <p><u>“In considering a B2B Determination Dispute, the DRP must conduct a full reconsideration of the Information Exchange Committee Recommendation or B2B Decision and:</u></p> <p><u>(1) can rely on any material available and is not confined to only considering material that was before the Information Exchange Committee in relation to an Information Exchange Committee Recommendation or NEMMCO in relation to a B2B Decision; and</u></p> <p><u>(2) may exercise all powers and discretions that are conferred on the Information Exchange Committee in relation to an Information Exchange Committee Recommendation or NEMMCO in relation to a B2B Decision.”</u></p>	Powers are provided to the DRP akin to those provided to a tribunal engaged in a “merits review”.
New Clause 8.2A.2(n)	<p><u>(n) Insert a new clause 8.2.6D(da) as follows:</u></p> <p><u>“The DRP must make a decision in writing:</u></p> <p><u>(1) affirming the Information Exchange Committee Recommendation or the B2B Decision</u></p> <p><u>(2) varying the Information Exchange Committee Recommendation or the B2B Decision; or</u></p> <p><u>(3) setting aside the Information Exchange Committee Recommendation or the B2B Decision and substituting its own decision.”</u></p>	Decision making authority is provided to the DRP akin to those provided to a tribunal engaged in a “merits review”.
New Clause 8.2A.2(o)	<u>(o) Clause 8.2.7(a) does not apply.</u>	Consequential drafting change.
New Clause 8.2A.2(p)	<u>(p) Clauses 8.2.9(a), (b), (c)(2) and (d) do not apply.</u>	Once a dispute in the nature of a “merits review” has commenced it is inappropriate for it to be resolved by agreement.

Table of Code Changes

REFERENCE	CLAUSE WITH PROPOSED AMENDMENTS	REASON
New Clause 8.2A.2(q)	<u>(q) In clause 8.2.12(a), after “Code Participant” insert “or the Information Exchange Committee”.</u>	The Information Exchange Committee is not a Code Participant.
Chapter 10 – Glossary		
Insert new definition	<u>B2B Data</u> <u>Data relating to B2B Communications.</u>	
Insert new definition	<u>B2B Communications</u> <u>Communications between Local Retailers, Market Customers and Distribution Network Service Providers relating to an end-user or supply to an end-user provided for in the B2B Procedures.</u>	
Insert new definition	<u>B2B Decision</u> <u>The decision of NEMMCO to approve or not approve the Information Exchange Committee Recommendation.</u>	
Insert new definition	<u>B2B Determination Dispute</u> <u>A dispute in relation to either a B2B Decision or an Information Exchange Committee Recommendation.</u>	
Insert new definition	<u>B2B e-Hub</u> <u>An electronic information exchange platform established by NEMMCO to facilitate B2B Communications.</u>	
Insert new definition	<u>B2B Objective</u> <u>The Information Exchange Committee’s objective is that the benefits from B2B Communications to Local Retailers, Market Customers and Distribution Network Service Providers as a whole outweigh the detriments to Local Retailers, Market Customers and Distribution Network Service Providers as a whole.</u>	

Table of Code Changes

REFERENCE	CLAUSE WITH PROPOSED AMENDMENTS	REASON
<p>Insert new definition</p>	<p><u>B2B Principles</u></p> <p><u>In seeking to achieve the <i>B2B Objective</i> the <i>Information Exchange Committee</i> must have regard to the following principles:</u></p> <p>(a) <u><i>B2B Procedures</i> should provide a uniform approach to <i>B2B Communications</i> in <i>participating jurisdictions</i> in which there are <i>no franchise customers</i>;</u></p> <p>(b) <u><i>B2B Procedures</i> should detail operational and procedural matters and technical requirements that result in efficient, effective and reliable <i>B2B Communications</i>;</u></p> <p>(c) <u><i>B2B Procedures</i> should avoid unreasonable discrimination between <i>Local Retailers</i>, <i>Market Customers</i> and <i>Distribution Network Service Providers</i>; and</u></p> <p>(d) <u>the <i>B2B Procedures</i> should protect the confidentiality of commercially sensitive information,</u></p> <p><u>and to the extent of any conflict between these principles, the <i>Information Exchange Committee</i> may determine the manner in which they can best be reconciled or which of them should prevail.</u></p>	
<p>Insert new definition</p>	<p><u>B2B Procedures</u></p> <p><u>Procedures prescribing the content of, the processes for, and the information to be provided to support, <i>B2B Communications</i>.</u></p>	

Table of Code Changes

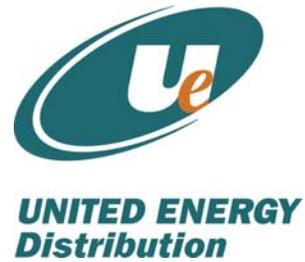
REFERENCE	CLAUSE WITH PROPOSED AMENDMENTS	REASON
Insert new definition	<p><u>B2B Procedures Change Pack</u></p> <p><u>A document consisting of:</u></p> <p>(a) <u>the B2B Proposal;</u></p> <p>(b) <u>a report setting out an overview of the likely impact of the B2B Proposal on NEMMCO, Local Retailers, Market Customers and Distribution Network Service Providers;</u></p> <p>(c) <u>draft B2B Procedures (incorporating proposed changes in mark up, where appropriate); and</u></p> <p><u>an issues paper explaining why the B2B Proposal is being presented.</u></p>	
Insert new definition	<p><u>B2B Proposal</u></p> <p><u>A proposal for B2B Procedures, or a change to the B2B Procedures, the subject of consultation by the Information Exchange Committee.</u></p>	
Insert new definition	<p><u>Distribution Network Service Provider Member</u></p> <p><u>A Member appointed to the Information Exchange Committee in that membership category as set out in the Information Exchange Committee Election Procedure.</u></p>	
Insert new definition	<p><u>Independent Member</u></p> <p><u>A Member appointed to the Information Exchange Committee in that membership category as set out in the Information Exchange Committee Election Procedure.</u></p>	
Insert new definition	<p><u>Information Exchange Committee</u></p> <p><u>The committee established under clause 7.2A.2(a) of the Code.</u></p>	

Table of Code Changes

REFERENCE	CLAUSE WITH PROPOSED AMENDMENTS	REASON
Insert new definition	<p><u>Information Exchange Committee Annual Report</u></p> <p><u>The annual report prepared by the <i>Information Exchange Committee</i> in accordance with the <i>Information Exchange Committee Operating Manual</i></u></p>	
Insert new definition	<p><u>Information Exchange Committee Election Procedures</u></p> <p><u>Those procedures of that title which set out the process for election of <i>Members</i>.</u></p>	
Insert new definition	<p><u>Information Exchange Committee Operating Manual</u></p> <p><u>The manual of that title prepared by the <i>Information Exchange Committee</i> which sets out the processes pursuant to which the <i>Information Exchange Committee</i> operates.</u></p>	
Insert new definition	<p><u>Information Exchange Committee Recommendation</u></p> <p><u>A recommendation made by the <i>Information Exchange Committee</i> to <i>NEMMCO</i> to make <i>B2B Procedures</i> or a change the <i>B2B Procedures</i>.</u></p>	
Insert new definition	<p><u>Information Exchange Committee Works Programme</u></p> <p><u>The work programme prepared by the <i>Information Exchange Committee</i> in respect of the development, implementation and operation of the <i>B2B Procedures</i> and other matters which are incidental to effective and efficient <i>B2B Communications</i>.</u></p>	
Insert new definition	<p><u>Information Exchange Committee Working Groups</u></p> <p><u>The groups established by the <i>Information Exchange Committee</i> to assist with the <i>Information Exchange Committee Works Programme</i>.</u></p>	

Table of Code Changes

REFERENCE	CLAUSE WITH PROPOSED AMENDMENTS	REASON
Insert new definition	<p><u>Local Retailer/Market Customer Member</u></p> <p><u>Means a <i>Member</i> appointed to the <i>Information Exchange Committee</i> in that membership category as set out in the <i>Information Exchange Committee Election Procedure</i>.</u></p>	
Insert new definition	<p><u>Member</u></p> <p><u>Means a person appointed to the <i>Information Exchange Election Committee</i> pursuant to the <i>Information Exchange Committee Election Procedures</i>, and includes all membership categories, unless a contrary intention appears.</u></p>	



422 Warrigal Road
Moorabbin Victoria 3189
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Telephone (03) 9265 7700
Facsimile (03) 9265 7771

3 December 2004

Mr Peter Adams
Manager surveillance and enforcement
National Electricity Code Administrator Limited
Level 5
41 Currie St
Adelaide SA 5000

Dear Mr Adams

RE: B2B Governance

United Energy Distribution (UED) appreciates the opportunity to provide comments on the B2B Governance Framework which consists of the B2B Code changes, the Information Exchange Committee Election Procedures and the Information Exchange Committee Operating Manual.

UED considers the approach provides benefits for retailers operating in more than one jurisdiction by lowering IT and business process costs through a consistent national approach. The representative committee established under the Code should provide a reasonable decision making framework to ensure that decisions made allow convergence to a national standard and minimise further state based divergence. The framework provides a base for jurisdictions that are yet to join the NEM or yet to commence FRC with a solid starting point, thus avoiding the (proliferation of) jurisdictional differences of the past and hence promoting retail competition.

Whilst UED recognises the benefits for retail competition such an approach promotes, many of these benefits rest with retailers. UED only operates in one state, as do many other distributors and the move to national B2B transactions is at a cost with little or no benefits to the distributors. Distributors are continually expected to make system or process changes in order to facilitate end to end process that better suit individual retailer expectations and their specific needs. Often distributors do this without full cost recovery. It is hoped that a national approach with better specified detail will avoid this situation and assist to stabilise the change process in the future.

UED have several detailed comments in relation to the Code changes;

7.2.A.2(j) The reasoning provided for this clause suggests that all parties should comply with the Code, however this is not reflected in the drafting. UED suggest that compliance with the Code be added to the clause "...must comply with the Code, the Information Exchange Committee Election Procedures and...".

7.2A.2(o) "A Distribution Network Service Provider (DNSP) Member may take into account the interests of the DNSP's." For a single jurisdiction DNSP without an inhouse stapled retailer, as such UED would prefer that this clause be strengthened to "...Member must take into account the interests of the DNSP's (considered as a whole)." UED consider that Clause 7.2A.2(n), the B2B Objectives and the B2B Principles combined with the Independent members ensure that decisions are considered taking into account the interests of all parties for the benefit of end use customers. It is important that the three DNSP Members must also consider UED's issues in the overall decision making process bearing in mind that particular interests of DNSP's will always be subservient to interests of the industry considered as a whole.

UED support the changes proceeding in a timely manner despite the significant quantity of work being undertaken as part of the Ministerial Council on Energy process. Timely approval of these Code changes will assist in facilitating the second tranche of B2B which is better accommodated by these Code changes. Any delays in the finalisation of these Code changes beyond Q2 2005 will cause tranche 2 B2B procedures to be implemented under a jurisdictional approach and will also impede the adoption of the fast tracked change process intended to be utilised for any last minute changes to the B2B procedures for Tranche 1.

Should you require any further information on the above, please do not hesitate to contact me on 03 9265 7738.

Yours sincerely

Verity Watson
Market Regulation & Government Relations



AGL Energy Sales & Marketing Limited
ABN 18 076 092 067

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Eastwood SA 5063
GPO Box 888
Adelaide SA 5001

Telephone 1300 137 245
Facsimile 1800 654 337

23 November 2004

Mr P Adams,
NECA
Level 5, 41 Currie Street
ADELAIDE SA 5000

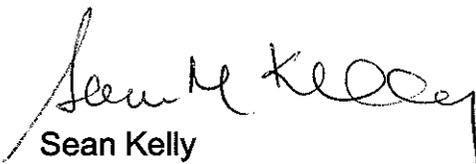
Dear Peter,

Thank you for the opportunity to comment to the Code Change Panel on the proposed code changes relating to B2B governance arrangements.

The AGL group ("AGL") of retail companies (including AGL SA, AGL Electricity and AGL Victoria) supports these code changes to improve the effectiveness and efficiency of full retail electricity competition in Australia. Improved B2B is critical and AGL supports the implementation of the code changes as soon as practicable. The proposed changes have undergone considerable consultation within industry and in the interest of a timely implementation AGL does not require any changes to the NEMMCo submission.

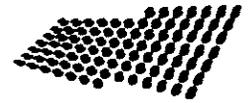
If you wish to discuss this further please contact AGL's Manager Retail Market Development, Robert Petersen on 02 9922 8922 or robpeter@agl.com.au.

Yours sincerely


Sean Kelly
General Manager Retail Regulation
AGL Energy Sales & Marketing



29 November 2004



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Paul A Broad
Managing Director

Mr John Eastham
Managing Director
National Electricity Code Administrator
PO Box 2575
ADELAIDE SA 5000

Dear ~~Mr Eastham~~,

Proposed Code Changes: B2B Governance

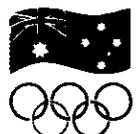
I refer to the B2B Code Change Proposal dated 1 November 2004 seeking submissions on the matters under the consultation. Thank you for providing the opportunity to comment on the formal adoption of a National B2B Governance Framework under the National Electricity Code.

EnergyAustralia continues to support the implementation of a National Governance Framework for business to business procedures operating under the Code in order to provide investment certainty and operational efficiency in the National Electricity Market.

EnergyAustralia have had significant input into the development of the Code Change Proposal and supports the Code Change Proposal as issued on 1 November 2004. Please contact Mr Geoff Lilliss, General Manager Customer Service on (02) 49519209 if you require further information regarding our response.

Yours sincerely,

(GEORGE MALTABAROW)
A/Managing Director



Partner



CitiPower Pty
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Powercor Australia Ltd
ACN 064 651 109
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3 December 2004

Code Change Panel
National Electricity Code Administrator
PO Box 2575
ADELAIDE SA 5000

Email: padams@neca.com.au

Dear Sir

Proposed amendments to the Code B2B Governance

Thank you for the further opportunity to comment on the proposed amendments to the National Electricity Code.

I offer the following comments for your consideration on behalf of CitiPower and Powercor who, as Distribution network Service Providers, are affected Code participants.

Code Changes

Clause 7.2A2(o) provides that the "Distribution Network Service Provider Member may take into account the interests of the Distribution Network Service Providers in performing his or her duties or in exercising any right, power or discretion". It would seem to be more appropriate to require the member to take into the account the interests of the constituents that they represent rather than leaving it up to his discretion. Consider changing "may" to "must".

Clause 7.2A.3(n) may include a typographical error. Consider the following amendment. "NEMMCO must publish and make available on its website ~~all~~ B2B Decisions, with reasons,"

Election Procedures

Clause 6.3 (b) seeks to constrain the membership of the Committee and refers to "the later in time member who would have been elected". It is unclear how this time factor can be interpreted in deciding who is ineligible if, for example two retail members or two distribution members are involved as they are effectively elected at the same time.

Conversion of the Code into National Electricity Rules.

Efficient and effective B2B communication is essential to the operation of retail competition. To avoid the implementation of different jurisdictional standards a National B2B governance structure should be implemented as a matter of priority. CitiPower and Powercor are

concerned that the work currently underway to convert the Code into the National Electricity Rules may delay the implementation of an effective National B2B governance structure. Please ensure that any necessary delays are minimised as much as possible.

I would be pleased to discuss any of the above matters with you in more detail if you wish.

Yours sincerely

Rolf Herrmann
Manager Regulation

Ref.:

3 December 2004

Attention: Peter Adams

National Electricity Code Administrator Limited
Level 5, 41 Currie St
Adelaide SA 5000

Email: padams@neca.com.au

Dear Mr Adams

Proposed Code Changes: B2B Governance

We refer to the above consultation and thank you for the opportunity to provide comments on these procedures. Please accept this letter as Ergon Energy Corporation Ltd and Ergon Energy Pty's ("Ergon Energy") submission on this consultation.

In response to the proposed B2B Governance arrangements, Ergon Energy makes the following comments:

B2B Governance Arrangements Generally

Ergon Energy supports the inclusion of proposed clause 7.2A.4(j). It is important that Code Participants operating in states in which there is no full retail contestability are not obligated to comply with the B2B procedures.

We are also supportive of proposed clause 7.2A.4(k) which gives Code Participants scope to vary B2B communications. Ergon Energy believes this will be beneficial for existing DNSP and Retailer relationships that involve large volumes of B2B communications.

Ergon Energy believes it is imperative that both the recommendations of the IEC and NEMMCO be subject to a merits review process. The merits review process is a key accountability mechanism which will ensure quality, transparency and consistency of decision making.

Method of Making and Changing B2B Procedures Clause 7.2A.3

We recommend that any proposed changes to the B2B Procedures should be progressed through a working group as is currently undertaken with the CATS procedures. In our experience the Transfer Procedures Working Group (TPWG) has worked well in managing proposed changes to the CATS Procedures and would be

the obvious group to do the same for the B2B Procedures. Participants could still go direct to the IEC with a proposal to change the B2B Procedures (7.2A.3(c)) but the TPWG has proven that it provides an excellent forum to discuss issues and gain industry consensus before going through more formal consultation process.

If you have any queries regarding the matter please contact Jenny Walker on 07 4091 0580

Yours sincerely

Tony Pfeiffer
Manager Regulation Network

Enc.:

c.c.:

Telephone: 07 32287711
Facsimile: 07 32288255
Email: tony.pfeiffer@ergon.com.au



Hydro Tasmania

the renewable energy business

22 November 2004

Peter Adams
NECA
Level 5, 41 Currie Street
ADELAIDE SA 5000

By email: padams@neca.com.au

Dear Peter

Code Change Panel: proposed amendments to the Code

NECA has invited comments on three Code change proposals before the Code Change Panel.

Hydro Tasmania is currently in the process of registering as a market participant in preparation for the entry of Tasmania into the National Electricity Market.

In relation to the “**B2B Governance**” proposal, we note that this is specifically limited to certain classes of market participants, not including Hydro Tasmania’s future role as a *market generator*. We will therefore not comment on the detail of the proposal.

However we do propose greater clarity and certainty in relation to the cost of the proposed arrangements. Under the proposed Clause 7.2A.6(a) it is specified that the costs are to be recouped as participant fees. We would hope that, under Code rules for the determination of participant fees, this cost would be allocated only to the relevant classes of participant.

However, in the interest of greater clarity and certainty we suggest that this be made explicit in the proposed new clause. This could be done by the addition of the words “levied on *Local Retailers, Market Customers and Distribution Network Service Providers*”.

In relation to the “**Publication Date of the Statement of Opportunities**”, we have no concerns with the proposed changes. There appears to be continuing trend in electricity demand toward summer peak loads. Given this pattern, the logical time to re-forecast load is following completion of the summer peak

season. We can appreciate that the workload to complete both the SOO and the ANTS, following input from the TNSPs will lead to publication late in the calendar year. With this timing, and the overlap of information between the SOO and the MTPASA, we have no concerns regarding the proposed elimination of the January update of the SOO.

In relation to the “**Proposed Derogation re recovery of Costs of Regulation Market Ancillary Services**”, we appreciate the desire for this interim measure, and have no issues with the proposal. We note one issue in relation to the timing of the derogation. The derogation proposal allows NEMMCO to collect data in Tasmania to calculate factors used for ancillary service settlement prior to Tasmanian entry into the NEM, and this is clearly desirable. However, this power is not available to NEMMCO until the derogation is in place. Therefore, it is desirable that the derogation be in place for at least 4 weeks prior to Tasmanian entry into the NEM.

If you have any questions, please contact the undersigned on 03-62305775.

Yours sincerely,

A handwritten signature in black ink that reads "D. Bowker". The signature is written in a cursive style with a horizontal line underneath the name.

David Bowker
Manager Regulatory Affairs

Peter Adams
National Electricity Code Administrator
padams@neca.com.au

25 November 2004

Dear Mr Adams

B2B Governance

Integral is pleased to be provided the opportunity to comment on the proposed changes to the National Electricity Code relating to Business to Business (B2B) governance arrangements.

Integral is supportive of these arrangements, as the proposed governance model will provide the direction and the means of enforcement that have been missing from the B2B process to date.

Integral, however, is concerned that the application of section 6.3(b) of the Election Procedures to NSW State Owned Corporations (SOCs) is unclear.

This section, in some instances, renders ineligible for election to the committee more than one person from any group of related companies. In particular, this includes the employees of companies that have the same person holding a controlling interest.

In general Integral agrees with the principle that companies that are effectively the same entity should be prevented from having multiple committee members.

However, although this is not likely to be the intent, the wording of this clause may be taken to also SOCs by virtue of two NSW ministers being legislated as common shareholders of all Electricity SOCs.

The case of related private parties is clearly different from the case of the NSW SOCs, who are essentially competing companies and are only related by virtue of the manner in which the establishing Act created these entities.

While NSW SOCs have identical shareholders they do not operate as if they are parts of a single entity. It is clear from market behaviour that the three businesses operate as competitors.

Disenfranchising NSW SOCs on account of this Act would be creating a bias against government owned businesses without any sound basis.

Integral therefore requests that section 6.3(b) of the Election Procedures be clarified to ensure that NSW SOCs are not inadvertently included in the definition of related parties.

If you have any questions on this matter please contact Steve Lette on (02) 9853 6817.

Yours sincerely

Richard Powis
Chief Executive Officer
In reply please quote file no.: 2001_04539



3 December 2004

Peter Adams
Manager Surveillance and Enforcement
National Electricity Code Administrator
Level 5, 41 Currie St
Adelaide SA 5000
email: padams@neca.com.au

Dear Mr Adams

B2B GOVERNANCE CODE CHANGE PROPOSAL

Thank you for the opportunity to comment upon the proposed National Electricity Code changes covering B2B governance.

Origin supports the proposal and the B2B governance structure that it will establish within the National Electricity Market. The current governance arrangements are unsatisfactory and Origin is encouraged by Industry's collaborative efforts to propose a workable and fair arrangement in the form of the Information Exchange Committee.

However, one issue not considered in the proposal, but which has become evident through B2B forums, is the lack of adequate, nationally consistent, Distribution ring-fencing guidelines. Specifically, Origin believes that clause 6.20.2(d) of the Code does not adequately address ring fencing in relation to Distribution and Retail operations. As currently drafted the clause only requires jurisdiction to consider consistency in ring-fencing guidelines, between jurisdictions and with other regulatory areas.

Leaving aside the failure of jurisdictions to promote consistency, the clause provides no protection for independent retailers competing against stapled businesses. For example, there is no requirement for ring-fencing guidelines to prohibit discriminatory behaviour, or any requirement for the operational separation of staff and IT systems.

Origin supports the development of a nationally consistent ring fencing approach, to ensure a level playing field for all participants, and to provide confidence to independent retailers when dealing with distribution businesses aligned to retail competitors. As a more national approach is taken to energy regulation, the area of ring fencing is one that should be addressed as a priority.

Origin recommends that the NECA conduct a review of the existing jurisdictional ring-fencing arrangements, to assess compliance with clause 6.20.2(d) and the extent to which the clause is sufficient in the context of the Code's competitive market objective.

Yours sincerely

Gerald White
National Manager, Strategy & Regulation