

Table 1A: Commentary on selected proposed changes to National Electricity Code/Rules - Chapter 3

Clause	NGF Comment
3.12 Purpose of Market Rules	The deletion of this clause is a fundamental change but consistent with the stated intent of the redraft to incorporate changes to the National Electricity Law (NEL). Section 6 of the NEL now specifies that the objective of the market is to promote efficient investment in, and use of, electricity services for the <i>long term interest of consumers of electricity with respect to price, quality, reliability, safety and security</i> . This is a significant change from the current Clause 3.1.2 which states the purpose of the Code as <i>to create a regulatory environment, which promotes an efficient, competitive and reliable market for the wholesale sale and purchase of electricity</i> . The NGF has made a separate submission on this matter.
3.1.4 Market Design Principles: Subclause (a2)(2)	The NGF notes that NECA has not completed the review in accordance with clause 3.13.11(c). Market operation can be affected as the AEMC is not required to finish the review and is left with discretion to do so. NGF propose that AEMC be required to have regard to reviews that are in the process of being completed or have recently been completed under the auspices of the Code.
3.3.12 Typical accrual	The NGF opposes this amendment as it is outside the scope of this conversion process. The amendment impacts market operations as the addition of the term <i>ancillary services prices</i> changes the accrual calculation. While this arguably picks up a likely omission on original ancillary services charges the amendment should be through a Code/Rule change process to allow transparency.
3.5.1 Determination of regions and regional reference nodes: Subsection (a), (e) and (f)	The amendment impacts market outcomes as the responsibility for approving the division of the market into regions recommended by NEMMCO has been transferred from NECA to the AEMC. The NGF understands that this is a matter yet to be decided by jurisdictions. As a result, the NGF opposes the amendment and considers that a place-marker should be inserted until such time that the transmission review is completed.

Clause	NGF Comment
3.5.3 Alteration and notification of regions	See clause 3.5.1
3.5.4 Commencement of clauses 3.5.2 and 3.5.3	See clause 3.5.1 Also note, this clause formalises the moratorium accepted by NEMMCO and NECA on changes to regional boundaries and regional reference nodes. However, the AEMC has discretion as to when the clauses come into effect (via a declaration in a Government Gazette). There is no deadline stated as to when this should occur by – presumably because the draft has been produced on the basis that the jurisdictions are still undecided about how to progress this matter.
3.6.1 Inter-regional losses: Subclause (d)(3)(i)	The NGF opposes this amendment as it is not necessary. In addition, the amendment creates considerable confusion and implies that there will be a single set of loss factors for the year. This potentially implies that inter-regional loss factors will no longer be dynamic. No argument has been put forward to demonstrate the provision is not working hence the NGF proposes that there should be no amendment to this clause.
<i>Scheduled Generator</i> definition (first use 3.7.1 Administration of PASA)	The NGF opposes this amendment as it is not necessary and outside the scope of this conversion process. However, if the range of parties is to be involved is to be widened, the NGF propose that the phrase <i>Scheduled Generator</i> should be replaced by <i>Scheduled Plant</i> to better reflect the intent.
3.8.1 Central Dispatch: Subclause (b)(10)	The NGF opposes this amendment as it is not necessary and in erroneous. An inappropriate (and unworkable) use of the defined term <i>constraint</i> is introduced, as it is a policy requirement for pro-rata loading, rather than any limitation of plant or equipment. The more general term “arrangements” [unitalicised] would work better.

Clause	NGF Comment
3.8.2 Participation in central dispatch: Subclause (d)	The NGF opposes this amendment as it is not necessary. The NGF proposes that this clause should be left unchanged. The NGF would desire to debate any changes to this provision.
3.8.9 Default bids and offers: Subsection (c)	The NGF opposes this amendment as it is outside the scope of this conversion process. As the amendment impacts market operations, a Code/Rule change process should be used to allow transparency and the NGF would wish to debate any changes to the substance of this provision.
3.12.1 Reliability Safety Net	The NGF opposes this amendment as it is outside the scope of this process. Market operation is affected as the safety net has been extended to 1 July 2006. Furthermore, the Reliability Panel must recommend whether the safety net must be reviewed prior to the new date. The recommendation of the Reliability Panel does not automatically result in a code change process. As the amendment impacts market operations, a Code/Rule change process should be used to allow transparency.
3.12A.7 Mandatory restrictions: Subclause (b1)	The NGF opposes this amendment as it is outside the scope of this process. Market operation is affected as the changes clarify the plant payment for the total of all accepted restriction offers for a Scheduled Generator or Market Participant, to be the aggregate of the maximum possible spot price (being VoLL or and administered price cap) multiplied by the capacity of the accepted restricted offers during the mandatory restriction period. As the amendment impacts market operations, a Code/Rule change process should be used to allow transparency.
3.13.11 Review of Market Ancillary Services	The NGF propose that AEMC be required to have regard to reviews that are in the process of being completed or have recently been completed under the auspices of the Code. The NGF participated in the consultation by NECA that was commenced but not completed.
3.14. and 3.15	The NGF is concerned that responsibilities for related functions associated with “special pricing” including Administered price, floor price and market intervention across clauses 3.14 and 3.15 are separated between different organisations and the AER is allocated time critical “operation” functions. The NGF proposes that these tasks should be assigned to one body that is appropriately staffed. Considering the AER has the role of administering the Rules it is considered that it is the most appropriate body for these functions.

Clause	NGF Comment
3.17.2 No liability	The NGF opposes this amendment as it is outside the scope of this conversion process. Market operation is affected as the addition of the term “ <i>maximum</i> ” broadens the scope of indemnity to the maximum permitted by law. Legal recourse is allowed to the extent permitted under the scope of this indemnity. As the amendment impacts market operations a Code/Rule change process should be used to allow transparency.
	This provision we were to go silent on because the change made seems necessary to ensure compliance with the Rules is not inconsistent with the Part IV TPA prohibitions on exclusive dealing.

Table 1B: Commentary on selected proposed changes to National Electricity Code/Rules - Chapter 4

Clause	NGF Comment
4.2.2 Satisfactory Operating State: Subclause (c)	The NGF opposes this amendment as it is outside the scope of this conversion process. Market operation is impacted through the removal of consultation with NEMMCO and it should therefore be considered through a Code/Rule change process in a transparent manner.
4.2.3 Credible and non-credible contingency events	The NGF opposes this amendment as it is not necessary and the clause should remain unchanged. It should be noted that the definition of ‘good electricity industry practice’ relates to ‘facilities’ operators. The provision recognises that ‘system operator’ is not captured in the definition of ‘good electricity industry practice’.
4.8.9 Power to issue directions and clause 4.8.9 instructions: Subclause (a1)(1)	The NGF opposes this amendment as it is outside the scope of this conversion process and is erroneous. The amendment impacts market operations as non-market non-scheduled generators were excluded by design, while the amendment inappropriately includes all generators which would seem to trigger “what if pricing” and settlement compensation for generators not otherwise party to the Market.
4.10.2 Transmission network operations: Subclause (c)	The NGF opposes this amendment as it is outside the scope of this conversion process. The amendment impacts market operations by altering an inclusive list to an optional list. Therefore, it should be amended through a Code/Rule change process to allow transparency.
4.11.2 Operational control and indication communication facilities: Subclause (b)	The NGF opposes this amendment as it is outside the scope of this conversion process. The amendment impacts market operation by removing the possibility (however small) of a DNSP control centre. There is no evidence of a problem and thus no basis for change.

Table 1C: Commentary on selected proposed changes to National Electricity Code/Rules - Chapter 5

Clause No.	NGF Comment
Narrowing of the references to Networks	<p>A number of amendments reflect a general change to narrow the operation of some clauses to “transmission networks” instead of the more general “networks” (and thus referring to both transmission and distribution). Some rationalisation of the overlap between Transmission and Distribution may be appropriate but is beyond the scope of the transfer of the Code into Rules. The NGF would be opposed to a narrowing of the reach of the Code/Rules if the transparency of distribution network planning activities was reduced, particularly where this affected embedded generation.</p> <p>The NGF is therefore concerned that there may be unintended interactions within the package that will implement the MCE transmission policy when it is finalised. The NGF is therefore opposed to the general narrowing of the reference to networks and considers it would be appropriate to review any suggestions for change in this respect when reviewing clauses that will likely be needed to implement the MCE transmission policy.</p>
5.2.3(a)	The NGF opposes this amendment as it believes it should be subject to review following relevant policy decisions by the MCE.
5.2.3(d)(9)	The NGF understands the intention of the amendment, however it is concerned that there should be obligations on all relevant parties to provide modelling data to the appropriate parties under the revised planning regime being developed by the MCE. This should be reviewed as part of clause expected to implement MCE policy for transmission after it is determined.
5.2.3(d)(10), (11)	Clause 5.2.3(d)(9) has been deleted but is cross referenced here. Assuming this is an inadvertent error it should be corrected by revised drafting.
5.3.3(b1)	The NGF opposes this amendment as it is outside the scope of this conversion process. The amendment impacts market operation and should be amended through a Code/Rule change process to allow transparency.
5.3.3(b2)	The NGF is opposed to the amendment as it is outside the scope of the conversion process. Amending ‘may’ to ‘is to’ appears to have the effect of changing the Reliability Panel’s permission to allow one participant to employ an Australian or International Standard to making that standard “the” standard for other plant in the same class.

Clause No.	NGF Comment
5.6.3(a)	<p>The NGF understands the intent of the clause but is concerned that there may be unintended interactions within the package that will need to be developed to implement the MCE transmission policy when it is finalised.</p> <p>Further redrafting is required to address the incorrect cross reference to clause 5.6.3(1), which doesn't appear to exist.</p>
5.6.3(i), (l)	<p>Some rationalisation of the overlap between Transmission and Distribution may be appropriate.</p> <p>Although there seems no reason why the IRPC should be involved in assessing whether distribution assets meet the criteria for a reliability investment. The NGF is however concerned about the risk of unintended interactions within the package that will implement the MCE transmission policy when it is finalised and should be considered if relevant as part of changes to implement MCE transmission policy.</p>
5.8.4	<p>The NGF opposes this amendment as it is outside the scope of this conversion process. The amendment impacts market operation as the requirement to inform the registered participant that the relevant NSP and NEMMCO agree with the test procedures has been removed. Presumably this is because clause 5.8.4 (a) implies that the test procedures are part of the commissioning program. This seems problematic as common industry usage of "program" is a schedule of dates and events but not a testing procedure. The clause should only be amended through a Code/Rule change process to allow transparency.</p>
S5.1.9(k)	<p>The NGF opposes this amendment as it is outside the scope of this conversion process. The amendment impacts market operation because the clause previously carved out faults affecting places within a (sub)station and the amendment removes this and makes the within-station case apply generally. The NGF would expect to see specific engineering advice before such an amendment was considered. The clause should only be amended through a Code/Rule change process.</p>

Table 1D: Commentary on selected proposed changes to National Electricity Code/Rules - Chapter 6

Clause No.	NGF Comment
References to Transmission and Distribution Network Owners	<p>The NGF opposes this amendment as it is outside the scope of this conversion process. There is a general replacement of these terms with Transmission Network Service Provider and Distribution Network Service Provider on the basis that the terms include Owners under the definition.</p> <p>Thus provisions that highlighted Owners (that is the investors) separately from the broader grouping have been lost.</p> <p>A number of the provisions required a balance between the sub group of Owners, the broader group of Service Providers and Users. Any distinction of this nature is now a matter of discretion and subsequent agreement between Owners and Service Providers.</p>
6.2.1(d)	<p>The NGF opposes this amendment as it is outside the scope of this conversion process. Market operation is affected as the amendment subtly increases the authority of the central regulator, the AER, as:</p> <ul style="list-style-type: none"> • Previously a classification of a section of network as distribution, required that the network service provider (i.e. the investor) initiate the classification and required the agreement of relevant regulators; but • The amended provision allows the AER to make the classification with the agreement of the network service provider and the jurisdictional regulator; and <p>At the same time removal of mandatory consideration of ownership of the network means that the regulator has less basis on which to consider initiating the reclassification.</p>

Clause No.	NGF Comment
6.2.4(a)	The NGF opposes this amendment as it is outside the scope of this conversion process. Market operation is affected as the amendment introduces a specific cross reference to a provision (6.2.3 (c)) that allows the ACCC/AER discretion to not use the revenue capping approach to regulation, whereas the current provision does not provide this link but does refer to principles in 6.2.3 generally. The cross reference is not inconsistent with the existing provisions but there is no basis presented to demonstrate the absence of a cross reference has to date created a problem. As the amendment impacts market operation it should only be amended through a Code/Rule change process to allow transparency.
6.2.4(c)	The NGF opposes this amendment as it is outside the scope of this conversion process. The amendment extends the coverage to all service standards imposed by the Rules or by the legislation of any participating jurisdiction. This could create issues where jurisdictional service standards conflict with national market standards. As the amendment impacts market operation it should only be amended through a Code/Rule change process to allow transparency.
6.10.5 (a)	The NGF notes that the equivalent change to cross reference the discretion to use a more light handed approach that was made for Transmission in clause 6.2.4 (a) has not be made here. This seems to be an inconsistency that should be corrected so that they are aligned.
6.10.5(d)(2)	The NGF opposes this amendment as it is outside the scope of this conversion process. The amendment limits market operation as it limits standards to other service standards rather than the more general “standards”. As the amendment impacts market operation it should only be amended through a Code/Rule change process to allow transparency.

Table 1E: Commentary on selected proposed changes to National Electricity Code/Rules - Chapter 7

Clause No.	NGF Comment
7.2.8(d1)	The NGF opposes this amendment as it is outside the scope of this conversion process. Market operation is affected as the amendment creates a new obligation for NEMMCO to establish a B2B e-Hub. Also, all Registered Participants are impacted as they are required to use the B2B e-Hub. As the amendment impacts market operation it should only be amended through a Code/Rule change process to allow transparency.
S7.4.4(a)	This is a Code/Rule change as the current provisions clearly requires “any” rather than “all”. Specific NEMMCO advice would be required before accepting the position.
