

<b>Reference number(s)</b>	<b>024 - NSP Decommissioning Timeframes</b>
<b>Relevant clause(s)</b>	Clause 25 of Schedule 11.1 – Creation and decommissioning of NSPs and transfer of ICPs from 1 distributor's network to another distributor's network
<b>Problem definition</b>	<p><u>Problem 1</u></p> <p>Under clause 25 of Schedule 11.1, the relevant participant must give written notice to the reconciliation manager in advance of the creation or decommissioning of an NSP. However, the clause does not specify the minimum amount of notice period.</p> <p>The absence of a minimum notice period has caused the following problems in the electricity market:</p> <ul style="list-style-type: none"> <li>a) unaccounted for electricity</li> <li>b) the provision of incorrect submission files to the reconciliation manager, which requires: <ul style="list-style-type: none"> <li>i) additional revisions; or</li> <li>ii) a reconciliation participant to commence a volume dispute under clause 15.29 of the Code.</li> </ul> </li> </ul> <p><u>Problem 2</u></p> <p>There have been instances where a participant has notified the reconciliation manager of the creation or decommissioning of NSP, but the participant has then not proceeded with the creation or decommissioning on the scheduled date.</p> <p>This has caused the following problems in the electricity market:</p> <ul style="list-style-type: none"> <li>a) Unaccounted for electricity.</li> <li>b) The provision of incorrect submission files to the reconciliation manager, which requires at least one or more of the following: <ul style="list-style-type: none"> <li>i) time and effort to address on the part of the reconciliation manager</li> <li>ii) additional revisions</li> <li>iii) a reconciliation participant to commence a volume dispute under clause 15.29 of the Code.</li> </ul> </li> <li>c) If the NSP is an embedded network, issues arise for the traders that are trading on the embedded network (or proposed embedded network), such as their system submitting electricity volumes for an NSP that does not exist. Urgent system changes are often required to prevent these issues arising.</li> </ul>
<b>Proposal</b>	<p>The Authority proposes to amend the Code:</p> <ul style="list-style-type: none"> <li>a) to require the relevant participant to advise the reconciliation manager no later than one month prior, if an NSP is to be created or decommissioned</li> <li>b) to require the relevant participant to advise the reconciliation</li> </ul>

	<p>manager, as soon as practicable, of a change to the scheduled date on which an NSP is to be created or decommissioned.</p> <p>The first part of the proposed Code amendment will enable the reconciliation manager to convey this information to the market, and ensure the reconciliation system is ready to accept reconciliation data before any reconciliation files are received from participants. The one month notification period aligns with the time period when an NSP changes hands in clause 29 of Schedule 11.1.</p> <p>The second part of the proposed Code amendment will, if an NSP is to be created or decommissioned:</p> <ul style="list-style-type: none"> <li>a) enable the reconciliation manager to: <ul style="list-style-type: none"> <li>i) convey this information to the market</li> <li>ii) ensure the reconciliation system does not reject reconciliation data inadvertently</li> </ul> </li> <li>b) give traders time to make any necessary system changes in a planned manner.</li> </ul>
<p><b>Proposed Code amendment</b></p>	<p><b>Schedule 11.1</b></p> <p><b>25 Creation and decommissioning of NSPs and transfer of ICPs from 1 distributor's network to another distributor's network</b></p> <p>(1) If an <b>NSP</b> is to be created or <b>decommissioned</b>,—</p> <ul style="list-style-type: none"> <li>(a) the <b>participant</b> specified in subclause (3) in relation to the <b>NSP</b> must give written notice to the <b>reconciliation manager</b> of the creation or <b>decommissioning</b>; and</li> <li>(b) the <b>reconciliation manager</b> must give written notice to the <b>Authority</b> and affected <b>reconciliation participants</b> of the creation or <b>decommissioning</b> no later than 1 <b>business day</b> after receiving the notice in paragraph (a).</li> </ul> <p>...</p> <p>(3) The notice required by subclause (1) must be given by—</p> <ul style="list-style-type: none"> <li>(a) the <b>grid owner</b>, if— <ul style="list-style-type: none"> <li>(i) the <b>NSP</b> is a <b>point of connection</b> between the <b>grid</b> and a <b>local network</b>; or</li> <li>(ii) if the <b>NSP</b> is a <b>point of connection</b> between a <b>generator</b> and the <b>grid</b>; or</li> </ul> </li> <li>(b) the <b>distributor</b> for the <b>local network</b> who initiated the creation or <b>decommissioning</b>, if the <b>NSP</b> is an <b>interconnection point</b> between 2 <b>local networks</b>; or</li> <li>(c) the <b>embedded network</b> owner who initiated the creation or <b>decommissioning</b>, if the <b>NSP</b> is an <b>interconnection point</b> between 2 <b>embedded networks</b>; or</li> <li>(d) the <b>distributor</b> for the <b>embedded network</b>, if the <b>NSP</b> is a <b>point of connection</b> between an <b>embedded network</b> and</li> </ul>

	<p>another <b>network</b>.</p> <p>...</p> <p>(5) <u>The <b>participant</b> required to give notice under subclause (1) must give notice no later than 30 days prior to the intended date of creation or <b>decommissioning</b> of the NSP.</u></p> <p>(6) <u>If a participant changes the intended date of creation or <b>decommissioning</b> after giving notice under subclause (1), the <b>participant</b> must give a replacement notice advising the new intended date of creation or <b>decommissioning</b>, as soon as possible after the <b>participant</b> decides to change the intended date.</u></p>
<p><b>Assessment of proposed Code amendment against section 32(1) of the Act</b></p>	<p>The proposed Code amendment is consistent with the Authority's objective and section 32(1)(c) of the Act because it would:</p> <ul style="list-style-type: none"> <li>a) help the reconciliation manager to avoid expending unnecessary effort to identify unaccounted for electricity or incorrect submission files caused by: <ul style="list-style-type: none"> <li>i) NSP changes not being notified; or</li> <li>ii) notified NSP changes not proceeding</li> </ul> </li> <li>b) help traders to avoid adjusting their systems urgently: <ul style="list-style-type: none"> <li>i) if the date of an intended creation or decommissioning of an NSP changes; or</li> <li>ii) to create or reverse out submission information, if the date of the intended creation or decommissioning of an NSP has passed.</li> </ul> </li> </ul> <p>The proposed Code amendment is expected to have little or no effect on competition or reliability of supply.</p>
<p><b>Assessment against Code amendment principles</b></p>	<p>The Authority is satisfied the proposed Code amendment is consistent with the Code amendment principles, to the extent they are relevant.</p>
<p>Principle 1: Lawfulness.</p>	<p>The proposed Code amendment is consistent with the Act, as discussed above in relation to the Authority's statutory objective and the requirements set out in section 32(1) of the Act.</p>
<p>Principle 2: Clearly Identified Efficiency Gain or Market or Regulatory Failure</p>	<p>The proposed Code amendment is consistent with principle 2 because it addresses an identified efficiency gain, which requires a Code amendment to resolve.</p>
<p>Principle 3: Quantitative Assessment</p>	<p>Please refer to the assessment of costs and benefits in section 3 of the consultation paper.</p>
<p><b>Regulatory statement</b></p>	
<p>Objectives of the proposed amendment</p>	<p>The objective of the Code amendment proposal is to facilitate the efficient operation of the electricity industry by reducing the costs incurred through late, or no, notification of NSP creation or decommissioning.</p>

Evaluation of the costs and benefits of the proposed amendment	Please refer to the assessment of costs and benefits in section 3 of the consultation paper.
Evaluation of alternative means of achieving the objectives of the proposed amendment	The Authority has not identified an alternative means of achieving the objectives of the proposed Code amendment.