



# **Retailer Reliability Obligation Opt-in Guidelines**

## **Issues Paper and Notice of Consultation**

September 2019

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# 1 Notice of consultation on Opt-in Guidelines

On 1 July 2019, the Retailer Reliability Obligation (the RRO) came into effect through amendments to the National Electricity Law and Rules. The RRO builds on existing spot and financial market arrangements in the National Electricity Market (NEM) to facilitate investment in dispatchable capacity and demand response. In particular, the RRO should help to prevent reliability shortfalls in the future.

In addition to Market Customers (primarily retailers, and some large energy users) that are automatically liable entities, other large customers may be eligible to opt-in to manage the liability for their load under the RRO. To opt-in, eligible large customers will need to apply to the AER. The AER is required to develop and publish a guideline detailing the opt-in process, including the information to be contained within the opt-in register, the processes for registering, deregistering or amending registration, and the criteria for assessing opt-in eligibility.

The AER must publish the final *Opt-in Guidelines* by 30 June 2020. In line with the National Electricity Rules (the Rules)<sup>1</sup>, it will not be possible for parties to opt-in prior to the AER publishing this guideline, even if a reliability instrument has already been made.

This guideline is being developed in line with the *Rules Consultation Procedures*<sup>2</sup>, which ensure a multi-stage and meaningful consultation process is followed. The *Rules Consultation Procedures* require the AER to publish a notice on its website, advising of the matters under consultation. In accordance with these procedures, this Issues Paper gives notice of consultation in relation to the development of *Opt-In Guidelines* for the RRO. This Issues Paper forms part of the consultation process.

## 1.1 How to get involved

The AER welcomes submissions on this Issues Paper, or any other matter relevant to the *Opt-in Guidelines* – see Section 1.2, below. The AER may also conduct a stakeholder workshop on this paper and welcomes interested stakeholders to take part in that process.

Information and updates will be posted on the AER website at <https://www.aer.gov.au/retail-markets/retailer-reliability-obligation>.

## 1.2 Invitation for submissions

The AER invites interested stakeholders to make written submissions in response to the specific questions or issues raised in this paper, or any other matter relevant to the development of the *Opt-in Guidelines*, by the close of business on 1 November 2019.

Submissions should be sent electronically to: [RRO@aer.gov.au](mailto:RRO@ aer.gov.au)

Alternatively, submissions can be mailed to:

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<sup>1</sup> National Electricity Rules, Clause 11.116.5

<sup>2</sup> National Electricity Rules, Rule 8.9

Mr Mark McLeish  
A/G General Manager, Market Performance  
Australian Energy Regulator  
GPO Box 520  
Melbourne Vic 3001

The AER prefers that all submissions be publicly available to facilitate an informed and transparent consultative process. Submissions will be treated as public documents unless otherwise requested. Parties wishing to submit confidential information are requested to:

- clearly identify the information that is the subject of the confidentiality claim.
- provide a non-confidential version of the submission in a form suitable for publication.

All non-confidential submissions will be published on the AER website. For further information regarding the use and disclosure of information provided to the AER, see the *ACCC/AER Information Policy* (June 2014), available on the AER website.

Enquiries about this paper, or about lodging submissions, should be directed to the Market Performance branch of the AER via [AERInquiry@aer.gov.au](mailto:AERInquiry@ aer.gov.au).

### 1.3 Consultation process

The proposed engagement timeline for the development of the *Opt-in Guidelines* is set out in Table 1.

**Table 1: Indicative timeline for the development of the Opt-in Guideline**

Milestone	Indicative Date
Issues Paper and Notice of Consultation published	23 September 2019
Written submissions on the Issues Paper close	1 November 2019
Draft Guidelines published	February 2020
Written submissions on the Draft Guidelines close	March 2020
Final Guidelines published	June 2020

## 2 Introduction

The Retailer Reliability Obligation (the RRO) is a policy mechanism that builds on existing spot and financial market arrangements to facilitate investment in dispatchable capacity and demand response. It does this by introducing a contracting requirement on liable entities (eligible retailers, other Market Customers, and entities that have opted-in) that can be triggered by the AER on the basis of a material forecast reliability gap<sup>3</sup> identified by AEMO for a given NEM region.

If a reliability gap is identified in AEMO's Electricity Statement of Opportunities (ESOO) report, this will signal to the market that there is a need for investment in new capacity (for example, generation, energy storage or demand response) to meet the future need.

If AEMO's forecasts identify a material reliability gap three years out, AEMO will request the AER make a T-3 reliability instrument. A T-3 reliability instrument acts as a formal notice to the market signalling obligations may be imposed at T-1 if the forecast reliability shortfall is not addressed. This will effectively put the market on notice and the market will be expected to react to fill the gap with new capacity or by making additional existing capacity available.

If an identified gap (for which a T-3 reliability instrument was made) remains in AEMO's forecasts one year out, AEMO will request the AER make a T-1 reliability instrument. A T-1 reliability instrument will introduce obligations on liable entities under the RRO. The RRO requires all liable entities in the relevant region to assess their likely share of system peak demand and secure sufficient qualifying contracts to cover this.

Obligations apply to entities that meet the definition of a liable entity on the contract position day, usually around 12 months before the first day of an identified reliability gap<sup>4</sup>. Contracting obligations may also apply to new entrant Market Customers, in accordance with the Rules<sup>5</sup>.

Liable entities are entities registered by AEMO as a Market Customer under the Rules (mostly retailers, but also other parties that purchase electricity directly from the NEM). Other large customers (who are not Market Customers) may choose to opt-in, to manage the obligation associated with their load, rather than their retailer. Amongst other requirements<sup>6</sup>, large customers must meet minimum consumption or peak demand thresholds specified in the Rules to be eligible to opt-in.

The Rules introduce two categories of opt-in customer:

- Large opt-in customers: that meet the definition provided in the NEL (purchase electricity from a Market Customer and exceed a consumption threshold of 50 GWh per annum in the relevant region) and have been approved by the AER. They must opt-in for the entire load at a connection point<sup>7</sup>.

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<sup>3</sup> Rule 4A.A.2

<sup>4</sup> Rule 4A.C.10

<sup>5</sup> Rule 4A.D.3

<sup>6</sup> National Electricity Law, 14E

<sup>7</sup> Rule 4A.D.4

- Prescribed opt-in customers: that do not purchase electricity directly from a retailer, but have been approved by the AER as eligible to opt-in based on eligibility criteria. They may opt-in for all or part of the load at a connection point<sup>8</sup>. Generally, this category will be used by joint venture partners.

The Rules set out that large opt-in customers and prescribed opt-in customers may only opt-in for the full reliability gap period (that is, it is not permitted to opt-in for only some days of the reliability gap) and all trading intervals within this period to which the RRO applies.

The *Opt-in Guidelines* will detail the opt-in process and opt-in eligibility criteria. This Issues Paper canvases some of the outstanding issues the AER would like feedback on before developing the draft *Opt-in Guidelines* for consultation.

## 2.1 Relevant Rules

The requirement for the AER to develop *Opt-in Guidelines* is contained within the National Electricity Rules (the Rules). The Guideline must take into account the matters set out in the Rules concerning the operation of the RRO, and particularly Part D concerning liable entities.

In summary, the Rules<sup>9</sup> specify that the *Opt-In Guidelines* must include:

1. the process for establishing and maintaining the opt-in register;
2. the information to be included in the register;
3. the extent to which information on the register is to be accessible to Market Customers and the public;
4. the process to register, deregister, or change the registration, of an opt-in customer;
5. the criteria used to determine whether to approve an application to register or deregister as, or change the registration of, an opt-in customer;
6. the information requirements and verification process for approving an opt-in application;
7. when a site is considered to have more than one connection point;
8. the circumstances in which an opt-in applicant must apply to opt-in for all connection points at a site;
9. how annual peak demand is determined for the purposes of opting-in;
10. any requirements for a prescribed opt-in customer to register in respect of a percentage of a load; and
11. notification and consent requirements for registrations and changes to registrations.

For full details of what the Guidelines must contain, the opt-in process and the RRO more broadly, please consult the latest version of the Rules on the AEMC's website:

<https://www.aemc.gov.au/regulation/energy-rules/national-electricity-rules/current>.

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<sup>8</sup> Rule 4A.D.5

<sup>9</sup> Rule 4A.D.13



### 3 Overview of Opt-in Process

If the AER makes a T-3 reliability instrument, eligible entities will have the opportunity to apply to opt-in for the identified gap period. To opt-in, eligible entities must apply to the AER and be granted opt-in approval. Applications must be made in accordance with the *Opt-in Guidelines* and, if AEMO chooses to develop an additional *Opt-in Procedure*<sup>10</sup>, in accordance with AEMO’s procedure. Entities can opt-in as either large opt-in customers or prescribed opt-in customers, depending on their circumstances.

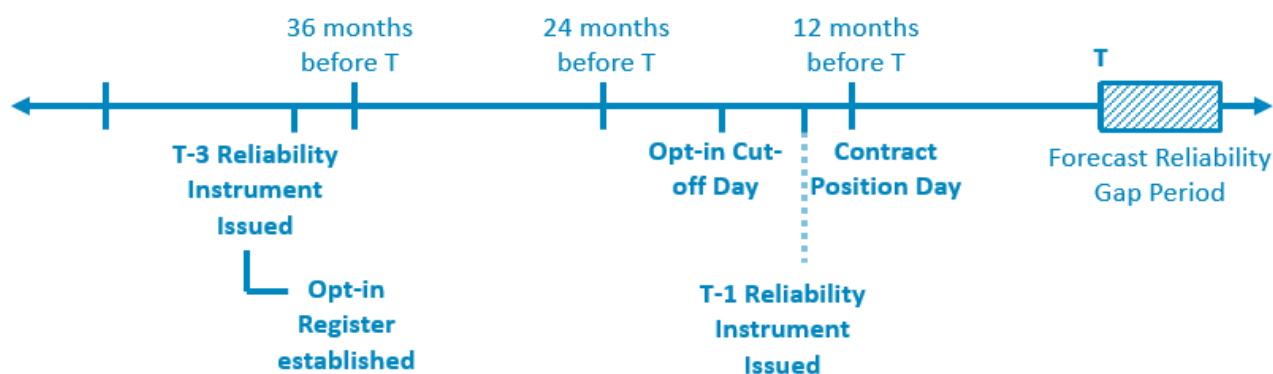
Applications for opt-in approval must be received by the AER after the relevant opt-in register is established and before close of business on the opt-in cut-off day, which will be 18 months after the T-3 reliability instrument is effective, or on the next business day.

Once AER approval is secured, large opt-in customers and prescribed opt-in customers will be listed on the AER’s relevant opt-in register and in the online opt-in register summary. Entities can apply to the AER for approval to either deregister or – for prescribed opt-in customers – adjust the load for which they have opted-in, up until close of business on the opt-in cut-off day.

Ordinarily, this will give retailers around six months’ notice of the opt-in load of their customers before the contract position day, and time to adjust their contract positions accordingly.

It is important to note that each opt-in register will only apply to a single T-3 reliability instrument and therefore a single forecast reliability gap period. Entities must submit separate applications, and receive separate AER approval, for each opt-in register on which they wish to be registered.

**Figure 1: Indicative timeline of key elements of the RRO**



<sup>10</sup> Rule 4A.D.12 states that AEMO may, but is not required to, develop Opt-In Procedures for the RRO. If developed, these may include creditworthiness requirements and details regarding credit support.

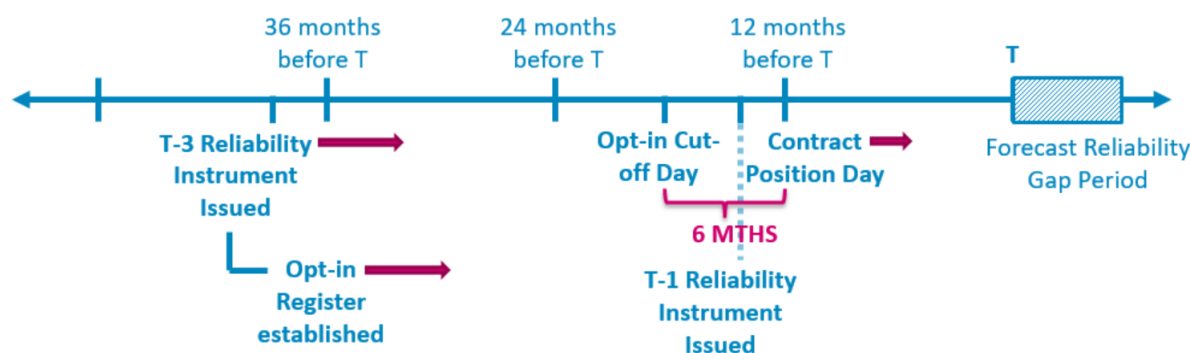
### 3.1 South Australian Regulation

The South Australian Government has introduced legislation and regulations that amend how the RRO will operate in the state<sup>11,12</sup>. The amendments do not affect the operation of the RRO in other regions of the NEM.

Under the SA-specific legislation and regulations, the SA Minister has the power to make a T-3 reliability instrument for the state (rather than the AEMO-AER process under the Rules) and can do so up until 15 months before a reliability gap period commences. To accommodate the potentially shortened timeframes, the SA-specific regulations define new timelines for the operation of the RRO. When the SA Minister has made a T-3 reliability instrument, the opt-in cut-off day is defined as the day six months before the contract position day (rather than 18 months after a T-3 reliability instrument is made). The contract position day is, in turn, six months before the first day of the forecast reliability gap period. The amended opt-in cut-off day definition, under the SA-specific arrangements, has been introduced to ensure Market Customers still have six months to ready their contract positions with certainty of their liable load (net of the opt-in load).

It is important to note that these amendments do not prevent the nationally-legislated RRO process (AEMO and AER-led process with full timelines) from operating normally in SA. The amendments introduce an additional process by which the RRO can be triggered, and associated timelines.

**Figure 2: Indicative timeline of some key elements of the RRO, with SA adjustments identified in red**



It will not be possible to opt-in to the RRO, in any jurisdiction, until after the AER has published the final *Opt-in Guidelines*. The AER is required to publish the *Opt-in Guidelines* by 30 June 2020. If the opt-in cut-off day for a reliability instrument occurs prior to the *Opt-in Guidelines* being published (prior to 30 June 2020), it will not be possible to opt-in for this reliability instrument.

This is particularly relevant in SA because of the state-specific adjustments to the opt-in cut-off day and contract position day timeframes. For example, if the SA Minister identifies a reliability gap period commencing in December 2020, the contract position day for this reliability instrument would be six months prior, in June 2020, and the opt-in cut-off day

<sup>11</sup> National Electricity (South Australia) Act 1996, Part 7A

<sup>12</sup> National Electricity (South Australia) (Local Provisions) Regulations 2019

would be twelve months prior, in December 2019. It would not be possible to opt-in to this reliability instrument because the opt-in cut-off day would fall before the AER has issued its final guideline.

This Issues Paper reflects the national policy.

## 4 Summary of questions

**Table 2: Questions in this Issues Paper for feedback and consultation**

<p><b>Question 1:</b> Public opt-in registers would provide greater transparency for opt-in customers and Market Customers, however the AER is currently proposing that the registers are confidential in order to protect potentially commercially sensitive information. In particular, opt-in registers will identify the specific connection points (NMIs) for which each opt-in customer is liable, which is information not otherwise in the public domain.</p> <p>Would the public listing of NMIs be an issue for opt-in customers or could the opt-in registers containing this information be made public?</p>
<p><b>Question 2:</b> Is there any reason that a large opt-in customer applicant would not be able to provide documented evidence to verify its annual aggregate consumption in a region?</p>
<p><b>Question 3:</b> The information and evidence requirements for opt-in applications are designed to ensure the AER has the information it needs to make its assessment of an application, while not imposing an undue administrative burden on the applicant.</p> <p>Are the information and evidence requirements proposed in this Guideline reasonable for applicants to meet, or should alternative requirements be considered?</p>
<p><b>Question 4:</b> When applying to the AER to opt-in, prospective large opt-in customers must provide evidence from their retailer (or other Market Customer) that they are the customer purchasing electricity at the connection point(s) for which they are applying to opt-in. This evidence should also identify when multiple connection points occur at a single site.</p> <p>Is there any reason that retailers (or other Market Customers) would not be able to provide the opt-in applicant this confirmation?</p>
<p><b>Question 5:</b> Currently, it is proposed that prescribed opt-in customers be required to opt-in to liability for a fixed percentage of load at a connection point. This fixed percentage would apply to all days and trading intervals for the relevant gap period. The AER welcomes feedback on whether it is feasible for prescribed opt-in customers to nominate a fixed percentage of load for which they are responsible, or whether another metric would be more appropriate.</p>
<p><b>Question 6:</b> Calculating and demonstrating annual peak demand for a connection point, or annual peak coincident demand across multiple connection points at a single site, may be challenging for some applicants. This is likely to require access to demand data per connection point at trading interval granularity. The AER welcomes feedback on whether this is an achievable requirement, and whether there are alternative options for providing evidence of annual peak demand that the AER should consider.</p>
<p><b>Question 7:</b> To be eligible to opt-in as a prescribed opt-in customer, an applicant must demonstrate that it is financially exposed to some or all of the cost of electricity at a connection point. Is a contract between the applicant and a Market Customer or other relevant entity at the site a suitable form of evidence of financial exposure?</p>

## 5 Issues to consider: Opt-in register

The AER will establish an opt-in register for each T-3 reliability instrument<sup>13</sup>, to record opt-in customers and the connection points for which they have opted-in. An opt-in register will be treated as a definitive record of opt-in status for the given T-3 reliability instrument and will be used for compliance purposes.

Ordinarily, the Rules require the AER to establish an opt-in register within 30 business days of a T-3 reliability instrument being issued. However, as a transitional measure, the AER will not establish an opt-in register until the *Opt-in Guidelines* are in place (which must be before 30 June 2020). As a result, if a T-3 reliability instrument is issued before the final *Opt-in Guidelines* are published, eligible large customers will not be able to opt-in until this time.

At a minimum, the Rules require that an opt-in register record:

- a list of registered large opt-in customers and their connection points;
- a list of registered prescribed opt-in customers and their connection points; and
- for prescribed opt-in customers, the percentage of the load for which they are a liable entity at their connection points.

The Rules state that, if an opt-in register has been established for a T-3 reliability instrument and a subsequent T-1 reliability instrument is not made, the AER will close the register and will no longer be required to maintain it.

### 5.1 Establishing an opt-in register

The Rules require that the *Opt-in Guidelines* must include details of the process for establishing an opt-in register.

In accordance with the Rules, the AER will establish an opt-in register within 30 business days of a T-3 reliability instrument being issued, but not prior to publishing the *Opt-in Guidelines*. If a T-3 reliability instrument is issued prior to publication of the *Opt-in Guidelines*, the opt-in register will not be established until the day the *Opt-in Guidelines* are issued. The opt-in register will not be established if the final *Opt-in Guidelines* are published after the opt-in cut-off day for the relevant T-3 reliability instrument.

When the AER establishes an opt-in register, information about this register will be made available on the AER website. This will include details of how to apply to the AER for approval to opt-in, deregister or adjust an opt-in registration, and the date of the opt-in cut-off day for the given register. The AER is not proposing that the full opt-in register itself be published, but that an opt-in register summary will be published on the AER website, making clear which T-3 reliability instrument the given opt-in register summary applies to.

### 5.2 Maintaining an opt-in register

The Rules require that the *Opt-in Guidelines* must include detail of the process for maintaining an opt-in register.

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<sup>13</sup> Except in transitional circumstances detailed in Section 4.1.

The AER is responsible for maintaining an opt-in register from the time it is established until either the end of the forecast reliability gap period or on publication of a notice by the AER stating that a T-1 reliability instrument will not be issued in relation to the relevant T-3 reliability instrument.

The Rules are clear that an opt-in register is taken to be correct. The AER will update a register with changes, including additions, removals and adjustments, soon after the applications have been approved. An opt-in register will reflect approved registrations, deregistrations and adjustments, and will not reflect any applications received and not yet processed.

Opt-in customers are responsible for notifying the AER of any changes to details in the register to ensure the register reflects the most current information.

As stated in the Rules, the AER will issue approved opt-in customers with a certificate confirming their opt-in details at that time. Further information about this notification is provided in Section 5.6, below.

The AER will also maintain the public opt-in register summary to reflect changes to the opt-in register as they are made. The AER will establish and maintain the opt-in register summary over the same timeframes as it will establish and maintain the opt-in register.

### 5.3 Access to the opt-in register

The Rules list a minimum level of information which must be included in an opt-in register, but do not specify the extent to which some or all of the information in an opt-in register is accessible to Market Customers and the public. Instead, the Rules require that the *Opt-in Guidelines* define this accessibility.

Due to the commercially sensitive nature of some of the information in the opt-in register, the AER is proposing to keep the opt-in register confidential. This means it will not be accessible to Market Customers, opt-in customers or the public. In particular, this is due to the potential sensitivities of publishing the specific connection points (identified by NMIs) for which each opt-in customer has opted-in<sup>14</sup>.

The AER will maintain the opt-in registers to track opt-in arrangements and as a record for the purposes of compliance and enforcement.

In order to provide some indication of opt-in arrangements for a given T-3 reliability instrument, the AER will publish an opt-in register summary on its website for each T-3 reliability instrument. This summary will provide some transparency to retailers and others about the opt-in status of specific customers but not the connection points for which they have opted-in or – in the case of prescribed opt-in customers – the portion of load for which they have opted in at the nominated connection points.

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<sup>14</sup> The National Electricity Rules prescribe that National Metering Identifier (NMI) Standing Data, which includes NMIs alongside a range of other data, is treated as confidential (Rule 7.15.1). Although this does not explicitly apply to NMI data on its own, the AER respects that this data may still be commercially sensitive and is best treated as confidential.

## 5.4 Information to be included in an opt-in register

The Rules require that the *Opt-in Guidelines* must define the information to be included in an opt-in register. As outlined in Sections 5.1 and 5.2 above, the AER will establish and maintain opt-in registers for each T-3 reliability instrument and these will be confidential documents.

The AER's opt-in registers will contain the following details of each approved opt-in customer:

- Business name, ABN and ACN of registered opt-in customer;
- Category of registration: prescribed opt-in customer or large opt-in customer;
- Connection points (National Metering Identifiers, or NMIs) for which the customer has opted-in to liability; and
- For prescribed opt-in customers, the portion of total load for which they have opted-in to liability at each connection point.

Additional details collected by the AER for the purposes of assessing an opt-in application (or deregistration, or adjustment application), such as consumption and demand data, will not be included in the opt-in register.

As noted in Section 5.2, the AER will maintain the information in an opt-in register based on approved applications and information updates provided by Market Customers.

## 5.5 Information to be included in an opt-in register summary

In addition to the opt-in registers, the AER will establish and maintain high-level opt-in register summaries in the public domain to provide some degree of transparency of opt-in customers without disclosing commercially sensitive information (such as NMIs).

The AER proposes that the following details of each approved opt-in customer be included in public opt-in register summaries:

- Business name, ABN and ACN of registered opt-in customer;
- Category of registration: prescribed opt-in customer or large opt-in customer;
- Number of connection points for which it has (fully or partially) opted-in.

The individual connection points for which a large customer has opted-in will not be identified, nor the portion of load for which a prescribed-opt-in customer has opted-in to liability for.

**Question 1:** Public opt-in registers would provide greater transparency for opt-in customers and Market Customers, however the AER is currently proposing that the registers are confidential in order to protect potentially commercially sensitive information. In particular, opt-in registers will identify the specific connection points (NMIs) for which each opt-in customer is liable, which is information not otherwise in the public domain.

Would the public listing of NMIs be an issue for opt-in customers or could the opt-in registers containing this information be made public?

## 5.6 Notifying a Market Customer of Opt-in changes

The Rules state that the *Opt-in Guidelines* must include the requirements for notification to, and consent of, relevant persons at the connection point for registrations and changes to registrations.

### 5.6.1 Opt-in Registration

In applying to the AER to be either a large opt-in customer or a prescribed opt-in customer, an applicant must provide evidence that it has notified the Market Customer(s) for the relevant connection point(s) of the application. The applicant does not need to secure or provide any evidence of consent from the Market Customer(s) when applying to opt-in.

If the opt-in application is approved and the opt-in customer is added to the opt-in register, the AER will notify the opt-in customer. The AER is required to provide a certificate<sup>15</sup> confirming the customer's opt-in status at that time, as detailed in Section 5.7.

The AER is not required to notify the relevant Market Customer(s) for the opted-in connection point(s) when an application is approved, and will generally not do so unless requested by the Market Customer. Market Customers will already have been notified of the opt-in application by the applicant, and will be able to access high-level information about opt-in customers in the opt-in register summary.

If the AER rejects an application, it must give the applicant written reasons for its decision. The AER will notify the relevant Market Customer(s) of the rejected application.

Note that if, based on stakeholder consultation and feedback on this Issues Paper, a decision is made to make opt-in registers public, this will provide Market Customers greater transparency of approved opt-in customers and their connection points. With Market Customers able to access this information, the AER would not independently notify Market Customers of a rejected application unless requested. The AER would still notify the opt-in applicants.

### 5.6.2 Large opt-in customer deregistration

A large opt-in customer may, before the opt-in cut-off day, apply to the AER for approval to be deregistered as an opt-in customer for all or some connection points for which it is opted-in.

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<sup>15</sup> The Rules require the AER issue a 'certificate'. It is likely that this will take the form of a letter or email from the AER.



In applying to deregister (or 'opt-out') from the large opt-in customer category, the large opt-in customer must provide the AER with evidence that a Market Customer, or another opt-in customer approved by the AER, has agreed to take on the liability for each connection point.

If the AER approves the changes, they will be reflected in the relevant opt-in register and visible to both the customer and Market Customer in the online opt-in register summary. The AER will notify the Market Customer that the application has been approved and that it has assumed liability. If the opt-in customer retains some level of liability (for example, because it has only deregistered for some connection points), the AER will issue a formal certificate to the opt-in customer detailing its revised opt-in status.

It is important to note that there is no obligation on Market Customers to consent to assuming liability from an opt-in customer. If a Market Customer does not consent to assuming liability, the opt-in customer remains on the opt-in register and is subsequently liable under the RRO.

### **5.6.3 Prescribed opt-in customer deregistration or adjustment**

A prescribed opt-in customer may, before the opt-in cut-off day, apply to the AER for approval to be deregistered as an opt-in customer for a connection point, or to adjust the percentage of load for which it is registered.

As with large opt-in customer deregistration, if a prescribed opt-in customer is deregistering or adjusting its liability down, it will need to provide the AER with evidence that the entity that will assume liability for the given load at the connect point(s) has consented to doing so. The entity assuming liability may be either a Market Customer or another approved opt-in customer at the connection point(s).

In the case of prescribed opt-in customer A taking on some or all of the opt-in load when prescribed opt-in customer B deregisters or adjusts their load share downward, both prescribed opt-in customers A and B must apply to the AER for opt-in adjustments separately.

Where a prescribed opt-in customer applies to reduce its share of load for the gap period, the applicant must still satisfy the demand thresholds specified in the Rules.

If the opt-in changes are approved, the AER will update the relevant opt-in register and opt-in register summary. The AER will notify the Market Customer or other prescribed opt-in customer that the application has been approved and that it has assumed liability. If the opt-in customer retains some liability in the opt-in register, the AER will issue it a new certificate reflecting the updated opt-in status.

As noted above, there is no obligation on Market Customers or on other prescribed opt-in customers to consent to assuming liability from a prescribed opt-in customer. If an eligible entity does not consent to assuming liability, the opt-in customer remains on the register and is subsequently liable under the RRO.

## 5.7 Evidence of Consent to assume Liability

As discussed above, when a large opt-in customer or prescribed opt-in customer applies to the AER to deregister or adjust their liable load, it must provide the AER with evidence of consent from the entity that will assume the liability (either the Market Customer, prescribed opt-in customer, or another entity approved by the AER).

The evidence should take the form of written consent from an authorised representative of the entity assuming liability. The written consent should contain the specific connection point(s) (NMIs) the entity is consenting to assume liability for under the RRO, the portion of load to be taken on due to the adjustment, and the exact opt-in register and T-3 reliability instrument to which it refers.

The AER may choose to contact the entity assuming liability to confirm details of its consent if it considers this necessary. The AER does not need to notify the opt-in customer that submitted the application if it chooses to contact this entity independently.

## 5.8 Certificate of Opt-in Status

The Rules require that an authorised officer at the AER issue a certificate stating that an opt-in application has been approved and that the opt-in customer and its opted-in connection points have been recorded in the opt-in register at a particular time. The AER will issue this certificate in the form of a formal letter or email to the opt-in customer.

The certificate will include the following information:

- The date the certificate comes into effect;
- The T-3 reliability instrument the opt-in register relates to;
- The opt-in customer category the opt-in customer is registered in;
- All connection points (NMIs) the opt-in customer has opted-in for;
- For prescribed opt-in customers, the percentage of load at each connection point the opt-in customer had opted-in for;
- Other information the AER considers useful or necessary.

The certificate will only pertain to the status of the given opt-in customer in the specific opt-in register on the date it is issued. In the case that an opt-in customer applies to – and is approved to - opt-in for additional connection points, deregister from its opt-in position for particular connection points, or adjust its opt-in arrangements, a new certificate will be issued by the AER reflecting the updates.

As each opt-in register applies to one specific T-3 reliability instrument, a certificate will only apply to opt-in status for one T-3 reliability instrument.

## 6 Issues to consider: Large opt-in customer eligibility

The Retailer Reliability Obligation has been designed to incentivise retailers, and other liable entities, to support the reliability of the power system through their contracting and investment decisions.

Obligations apply to entities that meet the definition of a liable entity at the end of the contract position day, approximately 12 months ahead of a forecast reliability gap commencing. A liable entity, for the purposes of the RRO, is defined<sup>16</sup> as:

- an entity who is a Registered Participant in the NEM (a retailer or other Market Customer); or
- an entity that has elected to assume responsibilities on another's behalf (an opt-in customer); or
- another entity specified in the Rules (the Rules provide for new entrant Market Customers to be liable entities in some circumstances).

The Rules clarify that an entity can elect to assume responsibilities on another's behalf, as allowed under the NEL liable entity definition, if the AER approves the entity as a large opt-in customer or a prescribed opt-in customer.

An entity can apply to opt-in as a large opt-in customer for a connection point, after the *Opt-in Guidelines* are published and no later than the opt-in cut-off day, when it meets criteria set out in Section 6.3.

The AER may only register an entity as a large opt-in customer for the entire load at a connection point and for the entire forecast reliability gap period specified in the T-3 reliability instrument.

### 6.1 Consumption threshold for large opt-in customer eligibility

The Rules<sup>17</sup> state that, to be eligible to opt-in in the large opt-in customer category, an entity's aggregate consumption of electricity at all connection points in the region must exceed, or be expected to exceed, 50 GWh per annum as determined in accordance with the *Opt-In Guidelines*. The region, in this case, is the single region of the NEM to which the T-3 reliability instrument and related opt-in register pertain.

For the avoidance of doubt, the aggregate consumption of electricity will be the sum of all electricity purchased by the applicant from a Market Customer(s) at connection points in the relevant NEM region, over a 12 month period immediately prior to the AER receiving the opt-in application (or within four weeks thereof). This reflects consumption of pool purchased electricity only, and does not include any additional consumption from non-pool purchase

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<sup>16</sup> Based on the National Electricity Law, 14D. Text in parenthesis is not in the NEL.

<sup>17</sup> Rule 4A.D.2 and Rule 4A.D.4(3).

sources (such as behind-the-meter supply). The entity does not have to be applying to opt-in at all connection points to include them in its aggregate consumption calculation.

This threshold is intended to enable larger customers, of sufficient size to manage their liability, to have the option to assume this liability, while protecting smaller customers from the associated risk. The threshold is set by the Rules and cannot be altered through the guidelines.

When applying to the AER for approval to register as a large opt-in customer, an applicant will be required to provide evidence of annual consumption. This will likely take the form of a billing history or notice of use from the applicant's retailer or distribution network service provider (DNSP). Whatever form the evidence of annual consumption takes, it must be clear that it relates only to NMIs at which the applicant purchases electricity, and only in the relevant region. The annual consumption should be calculated based on the 12 months prior to when the application is received by the AER (or within four weeks of this) unless the AER considers it appropriate to use a different timeframe.

If the applicant does not have 12 months of historic data, or does not believe that the previous 12 months are indicative of the anticipated annual consumption for the coming years, the applicant may provide an anticipated consumption value along with justification of this anticipated volume. This may take the form of retail contracts that indicate expected consumption, evidence of historic consumption along with contracts or development approvals indicating load growth, or other evidence. The AER will assess the anticipated consumption and justification on a case-by-case basis.

An applicant's annual consumption will be used by the AER, along with other information, to assess its eligibility to opt-in. If an opt-in application is approved, the AER will not revisit the annual consumption from this point. If an opt-in customer's load changes and its annual consumption is no longer expected to meet the threshold, the opt-in customer will remain on the opt-in register and will retain liability.

Note that the consumption information required by the AER to assess an opt-in application will not appear in the opt-in register or the public opt-in register summary.

**Question 2:** Is there any reason that a large opt-in customer applicant would not be able to provide documented evidence to verify its annual aggregate consumption in a region?

## 6.2 Information requirements for large opt-in customers

The Rules require the *Opt in Guideline* to include the information required by the AER to determine whether to approve an opt-in customer application and, if required, how that information will be verified.

Prospective opt-in customers will be able to commence their application once a relevant opt-in register is established, and before the opt-in cut-off day. Information about the application process will be available on the AER website.

The application process will require the applicant to submit information, including documented evidence, that the AER considers necessary to assess the application.

An applicant seeking approval in the large opt-in customer category (for a given T-3 reliability instrument) will be required to provide the following information and evidence to the AER:

**Table 3: Information and evidence requirements for large opt-in customer registration**

Information required	Evidence required
Applicant business name	Nil.
ABN	Nil.
ACN	Nil.
If applying on behalf of a partnership or trust, name of partnership or trust	If relevant, evidence of the partnership or trust, such as a copy of the Partnership Agreement or the Trust Deed establishing the trust.
All connection points (National Metering Identifiers, or NMIs) in the region for which the applicant is applying to opt-in	<p>Documented confirmation from the Market Customer(s) supplying electricity at the connection point(s) that the applicant is the purchaser of electricity for each connection point.</p> <p>For each connection point listed which occurs at a site with multiple connection points, the confirmation from the Market Customer(s) must clearly identify, by NMI, all other connection points at the site (irrespective of whether all NMIs at the site are included in the opt-in applicant's application).</p>
<p>Annual aggregate electricity consumption (GWh) for the 12 months preceding the application across all the applicant's connection points in the relevant region (the applicant does not have to be opting-in to liability for all of these connection points)</p> <p>Or, anticipated annual aggregate consumption (GWh) if historic data is not available or is not considered indicative</p>	<p>Evidence of the annual aggregate electricity consumption provided by the Market Customer(s) supplying electricity to the connection point(s), such as a billing history or notice of use.</p> <p>This evidence must clearly identify that the annual consumption relates to connection points in the relevant region only.</p> <p>Where nominating an anticipated annual aggregate consumption, documentation justifying the anticipated volume must be provided. For example, retail contracts with expected consumption, or evidence of historic consumption in addition to evidence of increased load at these connection points.</p>
If AEMO <i>Opt-In Procedures</i> are introduced, confirmation (Y/N) the applicant has met any requirements specified by the Procedures	If required by AEMO <i>Opt-In Procedures</i> , documentation from AEMO confirming the applicant has satisfied creditworthiness

Information required	Evidence required
	requirements, has provided satisfactory credit support, or has received an exemption.
Confirmation (Y/N) the applicant has notified the relevant Market Customer(s) of their application to opt-in	Evidence the applicant has given notice of the opt-in application to the Market Customer for the connection point, such as a copy of a letter addressed to the Market Customer and signed by an appropriate representative of the applicant's organisation.
Contact details	Nil.
Authorisation (Y/N) that the applicant approves the AER contacting other parties to verify information provided in the application, if considered necessary.	Nil.
Confirmation (Y/N) that the applicant understands and accepts the risks associated with registering as an opt-in customer for the Retailer Reliability Obligation	Signed declaration from an appropriate officer of the company.

The AER may request additional information from applicants if it deems this necessary to assess the applicant's eligibility to opt-in. The AER will seek to verify the information included in an opt-in application where it considers this necessary.

If a large opt-in customer is applying to the AER to deregister from some or all of its registered liability, information about this application process will also be available online. The information and evidence requirements of an application to deregister include the following:

**Table 4: Information and evidence requirements for large opt-in customer deregistration**

Information required	Evidence required
Applicant business name	Nil.
All connection points (National Metering Identifiers, or NMIs) in the relevant region which the applicant is currently opted-in for, and for which it is now applying to deregister	Nil.
Confirmation (Y/N) the applicant has secured consent from a Market Customer(s) to assume liability for each connection point the opt-in customer is applying to deregister from	Letter(s) of consent from a Market Customer(s) agreeing to assume full liability for the specific connection point(s) the applicant is applying to deregister from. The connection point(s) must be identified by NMI.

**Question 3:** The information and evidence requirements for opt-in applications are designed to ensure the AER has the information it needs to make its assessment of an application, while not imposing an undue administrative burden on the applicant.

Are the information and evidence requirements proposed in this Guideline reasonable for applicants to meet, or should alternative requirements be considered?

## 6.3 Criteria to assess an opt-in application

The Rules state that the AER must approve or reject an application to opt-in in accordance with the *Opt-In Guidelines*.

### 6.3.1 Criteria to assess an application to register as a large opt-in customer

As noted above, the Rules provide the following criteria for large opt-in customer eligibility, that an applicant must meet at the time of application:

- the applicant purchases electricity supplied to that connection point from the Market Customer for that connection point;
- the applicant's aggregate consumption of electricity at all connection points in the region exceeds, or is expected to exceed, 50 GWh per annum;
- the applicant opts-in for all connection points at a site (if there are multiple connection points at a site);
- the applicant satisfies any requirements set by AEMO in its *Opt-in Procedures*, if these procedures are developed; and
- any other requirements set out in the *Opt-in Guidelines*.

In addition to these criteria, the AER will also consider the following criteria:

- the application was received prior to close of business on the opt-in cut-off day;
- the applicant has provided all information and evidence required in the opt-in application prior to close of business on the opt-in cut-off day; and
- the applicant has confirmed that it understands and accepts the risks associated with opting-in to liability under the RRO.

### 6.3.2 Criteria to assess an application to deregister as a large opt-in customer

If an entity is registered as a large opt-in customer, it may apply to the AER for approval to deregister as long as the application is received before close of business on the opt-in cut-off day. If the entity is opted-in for multiple connection points, the application to deregister can pertain to all or some of the connection points. However, if multiple connection points occur at a single site, the entity must either remain opted-in for all connection points at the site or deregister for all connection points at the site.

The AER will assess the application against the following criteria, which the entity must meet at the time of application:

- A Market Customer, or another opt-in customer approved by the AER, has consented to assuming the full liability under the RRO for the load at each of the connection points for which the applicant is seeking to deregister;
- If the applicant will remain a large opt-in customer for one or more connection points, the applicant remains opted-in for all connection points at a site (if there are multiple connection points at a site);
- The applicant has provided all information and evidence required in the opt-in application to deregister before close of business on the opt-in cut-off day.

## 6.4 Identifying sites with multiple connection points

The Rules state that the *Opt-in Guidelines* must include how the AER will determine whether there are multiple connection points at a site for which a large customer is seeking to opt-in. If opting in for a connection point at a site with multiple connection points, the large opt-in customer must opt-in for all of these connection points.

When applying to the AER for approval to register as a large opt-in customer, the applicant will be required to submit supporting evidence that it purchases electricity at the connection point(s) for which it is applying to opt-in. This evidence may be from the relevant retailer or other Market Customer from whom the applicant purchases electricity. This evidence should identify if any of the listed connection points are located at a site with multiple connection points. Where this is the case, the document should list the other connection points (by NMI) at the site, including any connection points that do not appear on the applicant's opt-in application. This data will enable the AER to assess whether the applicant is applying to opt-in for all connection points at a single site as required.

If an opt-in customer applies to deregister for some but not all of the connection points for which it has opted-in, the AER will use this same information when assessing that application. The applicant will only be allowed to deregister from all or none of the connection points at sites with multiple connection points.

**Question 4:** When applying to the AER to opt-in, prospective large opt-in customers must provide evidence from their retailer (or other Market Customer) that they are the customer purchasing electricity at the connection point(s) for which they are applying to opt-in. This evidence should also identify when multiple connection points occur at a single site.

Is there any reason that retailers (or other Market Customers) would not be able to provide the opt-in applicant this confirmation?



## 7 Issues to consider: Prescribed Opt-in Customer eligibility

As stated above, the Rules clarify that a large customer can elect to assume responsibilities under the RRO, as allowed under the NEL liable entity definition, if the AER approves the large customer as a large opt-in customer or a prescribed opt-in customer.

The prescribed opt-in customer category has been introduced to address particular contracting arrangements that could potentially exclude some large energy users from registering as a large opt-in customer. For example, some large customers may require flexibility to share or manage the RRO between more than one entity (such as between joint venture partners).

Unlike a large opt-in customer, a prescribed opt-in customer may elect to assume part of the load (a fixed percentage, across all days and trading intervals for the relevant gap period) at a connection point.

According to the Rules, an entity can apply to opt-in as a prescribed opt-in customer for all or part of the total load at a connection point, no later than the opt-in cut-off day, when:

- the applicant is not eligible to register as a large opt-in customer for that connection point;
- the applicant is financially exposed to the cost of purchasing electricity for some or all of the load at the connection point;
- the applicant, and the portion of load for which it is applying to opt-in, satisfies the prescribed opt-in customer demand thresholds:
  - The connection point for which the applicant is opting-in has an annual peak demand that is greater than or equal to 30 MW;
  - The percentage of the total load that the applicant wishes to opt-in for has an annual peak demand that is greater than or equal to 5 MW;
- If required by the AEMO *Opt-In Procedures* (if any), the applicant satisfies the requirements set by AEMO; and
- the applicant satisfies any other requirements set out in the *Opt-In Guidelines*.

**Question 5:** Currently, it is proposed that prescribed opt-in customers be required to opt-in to liability for a fixed percentage of load at a connection point. This fixed percentage would apply to all days and trading intervals for the relevant gap period. The AER welcomes feedback on whether it is feasible for prescribed opt-in customers to nominate a fixed percentage of load for which they are responsible, or whether another metric would be more appropriate.

### 7.1 Demand threshold for prescribed opt-in customer eligibility

The Rules state that, to be eligible to opt-in in the prescribed opt-in customer category, an entity must meet the following demand thresholds:

- the annual peak demand (MW) for a connection point must be equal to or greater than 30 MW (this is termed the “opt-in customer threshold”); and
- the percentage of the annual peak demand for that connection point, for which the entity is seeking approval to opt-in for, is equal to or greater than 5 MW (this is termed the “minimum opt-in threshold”).

The Rules also state that, for the purposes of determining the annual peak demand for a connection point:

- the annual peak demand is the maximum demand at that connection point for a single trading interval in the 12 months preceding the application for registration with the AER unless the AER considers it appropriate to have regard to other information; and
- if there are multiple connection points at a site, the loads at those connection points may be aggregated so that the annual peak demand for each connection point is taken to be the maximum coincident demand for all connection points at that site in a single trading interval.

As with the consumption threshold for large opt-in customers, the opt-in customer threshold and minimum opt-in threshold are set by the Rules and cannot be altered through the guidelines.

Note that the NEM currently operates in 30-minute trading intervals, and this will change to 5-minute trading intervals from 1 July 2021. Applicants should follow the trading interval definition applicable over the 12-month period that their demand data concerns. If drawing on demand records which span the 1 July 2021 transition, the opt-in applicant should consider demand in 30-minute trading intervals for the period prior to the transition and 5-minute trading intervals subsequently.

Demand information provided to the AER as part of the opt-in application process will not be included in the opt-in register or the opt-in register summary. The information will be used by the AER to assess eligibility only. As for large opt-in customers, the AER will not monitor the demand of prescribed opt-in customers once they are approved. If their annual demand falls below threshold levels subsequent to their opt-in approval, they will remain opted-in unless approved to deregister from opt-in status.

### **7.1.1 Opt-in customer threshold**

If calculating annual peak demand for a single connection point, the applicant will be required to provide the highest demand (MW) recorded in a single trading interval at the connection point in the 12 months prior to the AER receiving the opt-in application (or within four weeks). To be eligible to opt-in, the annual peak demand at the connection point must be above 30 MW.

It is likely that applicants applying to opt-in at sites with multiple connection points will choose the aggregated approach to calculating peak demand, to ensure that all connection points at the one site are recorded as having annual peak demand above the opt-in customer threshold.

Using the aggregated approach, the annual peak demand recorded against each connection point at the site will be the same value. This value will be the highest coincident demand recorded across connection points in a single trading interval in a 12-month period. For example, if a potential prescribed opt-in customer is calculating its aggregate peak demand across three connection points, it will need to find the single trading interval in the year during which the sum of demand across the three was the highest. The aggregate demand in this trading interval will be the annual peak demand for the purposes of determining opt-in eligibility. If using the aggregated peak demand approach, the applicant will need to list all connection points (NMIs) included in the calculation.

This demand should be only the demand on grid electricity, through pool purchases, and not additional demand met by behind-the-meter or other non-market generation.

Applicants will be required to provide the AER evidence of annual peak demand. This will likely take the form of demand records for each connection point. If the applicant does not have access to this information, or is unable to provide the information, the AER will consider accepting alternative forms of evidence. This may include confirmation of the annual peak demand (or annual peak coincident demand, when using the aggregated approach) from the Market Customer or DNSP for the connection point, or the contract maximum demand on the applicant's network bill.

As for a large opt-in customer applicant, a prescribed opt-in customer applicant will be required to provide the AER documentation verifying whether any connection points for which the applicant is opting-in are at a site with multiple connection points, and if so which connection points (NMIs). This documentation is likely to be a contract, bill or other certification from the Market Customer supplying electricity to the site. The AER will use this information to verify the annual aggregate peak demand has been calculated for connection points at a single site only.

The peak annual demand should be calculated for the 12 months prior to the application being received by the AER, or 12 months concluding up to four weeks prior to the application being received. Where this is not practical, the AER will consider alternative timeframes for calculation of annual peak demand on a case-by-case basis.

In the circumstance that an applicant does not believe its historic annual peak demand to be indicative of peak demand in the coming years, it may provide an anticipated annual peak demand value. As with large opt-in customer applicants, applicants to the prescribed opt-in customer category will be expected to provide evidence to justify their anticipated annual peak demand value. This evidence could include retail contracts, historic peak demand data alongside evidence for an increase in load, or other data.

**Question 6:** Calculating and demonstrating annual peak demand for a connection point, or annual peak coincident demand across multiple connection points at a single site, may be challenging for some applicants. This is likely to require access to demand data per connection point at trading interval granularity. The AER welcomes feedback on whether this is an achievable requirement, and whether there are alternative options for providing evidence of annual peak demand that the AER should consider.

## 7.1.2 Minimum opt-in threshold

Prescribed opt-in customers have the option to opt-in to liability for part of the load at the connection point(s), rather than the full load. This partial opt-in must be defined as a percentage of total load at the connection point, and this will apply as a fixed percentage across all days and trading intervals in the gap period.

In addition to the opt-in customer threshold that requires that an applicant only opts-in for connection points or sites of high (greater than 30 MW) peak demand, applicants must also meet the minimum opt-in threshold that requires the applicant to opt-in for a substantial portion of load at the connection point or site.

Specifically, the minimum opt-in threshold requires that the percentage of the annual peak demand for that connection point, for which the entity is seeking approval to opt-in for, is equal to or greater than 5 MW.

For example, if the annual peak demand value for the connection point is 50 MW, the applicant would need to be opting in for at least 10% of load at the connection point to meet the 5 MW threshold. Similarly, if the aggregated approach is used for a site and the connection points have an aggregate annual peak demand of 50 MW, the applicant would need to opt in for at least 10% at each of the aggregated connection points, to meet the 5 MW threshold.

The percentage of load for which an applicant is seeking to opt-in should be consistent with or less than the applicant's level of financial exposure at the site. For example, if an entity is financially exposed to electricity costs for 50 percent of the load at a site, that entity should opt-in for liability covering no more than 50 percent of the load at the site.

## 7.2 Defining financial exposure

One of the eligibility criteria for registering as a prescribed opt-in customer is that the applicant must be financially exposed to the cost of electricity for some or all of the load at the connection point(s) for which it is seeking to opt-in. Unlike applicants seeking to register in the large opt-in customer category, however, the applicant will not purchase electricity from a Market Customer that supplies the site.

For the purposes of the RRO and assessing an entity's eligibility to opt-in as a prescribed opt-in customer, financial exposure will be defined as responsibility for payment of some or all costs of electricity supplied to the given connection point from the electricity grid (not including payments for any behind-the-meter, non-market, generation). This is intended to capture the applicant's nominal exposure to the cost, noting that applicants may, in practice, have financial arrangements in place to reduce or hedge against exposure.

If an applicant is exposed to a portion of the total costs of the load at a connection point, the applicant must notify the AER of this portion.

Evidence of this exposure is likely to take the form of a contract between the applicant and another entity at the connection point, conveying an agreement to pay for some or all of the electricity costs accrued to that entity for the given connection point.

In the case that an applicant is not currently financially exposed but anticipates it will be in the coming year, or where the applicant’s extent of financial exposure is anticipated to change materially, the applicant may work with the AER to determine a suitable approach to demonstrate this anticipated financial exposure on a case-by-case basis.

**Question 7:** To be eligible to opt-in as a prescribed opt-in customer, an applicant must demonstrate that it is financially exposed to some or all of the cost of electricity at a connection point. Is a contract between the applicant and a Market Customer or other relevant entity at the site a suitable form of evidence of financial exposure?

### 7.3 Information requirements for Prescribed Opt-in Customers

The Rules require the *Opt-in Guidelines* to include the information required by the AER to determine whether to approve an opt-in customer application and, if required, how that information will be verified.

As for large opt-in customers, prospective prescribed opt-in customers will be able to submit an application form to the AER. The form will require the applicant to submit information, included documented evidence, that the AER considers necessary to assess the application.

An applicant seeking approval to opt-in in the prescribed opt-in customer category (for a given T-3 reliability instrument) will be required to provide the following information and evidence to the AER:

**Table 5: Information and evidence requirements for prescribed opt-in customer registration**

Information required	Evidence required
Applicant business name	Nil.
ABN	Nil.
ACN	Nil.
If applying on behalf of a partnership or trust, name of partnership or trust	If relevant, evidence of the partnership or trust, such as a copy of the Partnership Agreement or the Trust Deed establishing the trust.
All connection points (National Metering Identifiers, or NMIs) in the relevant region for which the applicant is applying to opt-in	<p>Documented confirmation from the Market Customer(s) supplying electricity at the connection point(s) or another appropriate entity at the connection point, confirming that the applicant is responsible for some or all electricity costs at the connection point.</p> <p>For each connection point listed which occurs at a site with multiple connection points, the documentation from the Market Customer(s) or other entity must clearly identify, by NMI, the</p>

## Information required

## Evidence required

For all connection points for which the applicant is applying to opt-in: the extent of the applicant's financial exposure to electricity costs at the connection points.

other connection points at the site (irrespective of whether all NMIs at the site are included in the opt-in applicant's application).

Evidence of the extent of the applicant's financial exposure to electricity costs at the connection points for which is it opting-in (a percentage of total costs, or alternative configuration). This may take the form of a contract with a Market Customer or other entity.

For all connection points for which the applicant is applying to opt-in: annual peak demand (MW) at the connection point, measured in a single trading interval in the 12 months preceding the application

Evidence of the annual peak demand provided by the Market Customer(s) supplying electricity to the connection point(s) or another suitable entity at the site. For example, records of measured demand at the connection point(s) at trading interval resolution.

Or the annual peak coincident demand (MW) across a number of connection points at a single site (this single aggregated number must be listed against each connection point individually), measured in a single trading interval in the 12 months preceding the application

Where an aggregated approach has been used, evidence of annual peak coincident demand is required, clearly indicating the specific connection points (NMIs) included in the calculation.

For each connection point, the percentage of load for which the applicant is opting-in to be liable for (if not 100 percent). Note that the percentage should be no more than the percentage of load for which the applicant is exposed to electricity costs.

Evidence of the percentage of load for which the applicant is financially exposed to electricity costs at each connection point.

If AEMO *Opt-In Procedures* are introduced, confirmation (Y/N) the applicant has met any requirements specified by the Procedures

If required by AEMO *Opt-In Procedures*, documentation from AEMO confirming the applicant has satisfied creditworthiness requirements, has provided satisfactory credit support, or has received an exemption.

Confirmation (Y/N) the applicant has notified the relevant Market Customer(s) or prescribed opt-in customer(s) of their application to opt-in

Evidence the applicant has given notice of the Opt-in application to the Market Customer for the connection point or the prescribed opt-in customer currently liable for load at the connection point (if this application will reduce their load), such as a letter addressed to the Market Customer or prescribed opt-in customer and signed by an appropriate delegate of the applicant's organisation

Contact details

Nil.

Authorisation (Y/N) that the applicant approves the AER contacting other parties to verify

Nil.

Information required	Evidence required
information provided in the application, if considered necessary.	
Confirmation (Y/N) that the applicant understands and accepts the risks associated with registering as an opt-in customer for the Retailer Reliability Obligation	Signed declaration from an appropriate officer holder of the company.

The AER may request additional information from applicants if it deems this necessary to assess the applicant’s eligibility to opt-in. The AER will seek to verify the information included in an opt-in application where it considers it necessary.

If a prescribed opt-in customer is applying to the AER to deregister from some or all of its registered liability, or to adjust the portion of load for which it is liable, information about this application process will also be available on the AER website. The information and evidence requirements for an application to deregister or adjust registration include the following:

**Table 6: Information and evidence requirements for prescribed opt-in customer deregistration or adjustment**

Information required	Evidence required
Applicant business name	Nil.
All connection points (National Metering Identifiers, or NMIs) in the relevant region which the applicant is currently opted-in for, and for which it is now applying to deregister or adjust registration	Nil.
For adjustments to opt-in registration, the new percentage of total load at each connection point.  Adjustments must be identified as the percentage of load at the connection point for which they are applying to be liable. For example, if previously liable for 50% of load, and now applying to be liable for only 20% of load, the application should state 20% against the relevant connection point.	Nil.
If deregistering or adjusting liable load down (reducing liability): Confirmation (Y/N) the applicant has secured consent from a Market Customer or appropriate prescribed opt-in customer to assume liability for the portion of load at each connection point the opt-in customer is applying to deregister from or adjust	Letter(s) of consent from a Market Customer(s) or prescribed opt-in customer consenting to assume full liability for the specific portion of load at the specific connection point(s) the applicant is applying to deregister from or adjust registration for. The connection point(s) must be identified by NMI.

## Information required

## Evidence required

If adjusting liable load up (increasing liability):  
Confirmation (Y/N) the applicant has notified the relevant Market Customer(s) or prescribed opt-in customer(s) of their application to opt-in

Evidence the applicant has given notice of the Opt-in application to the Market Customer for the connection point or the prescribed opt-in customer currently liable for load at the connection point, such as a letter addressed to the Market Customer or prescribed opt-in customer and signed by an appropriate delegate of the applicant's organisation

## 7.4 Criteria to assess an opt-in application

The Rules state that the AER must approve or reject an application to opt-in in accordance with the *Opt-In Guidelines*.

If the AER approves an application, the approved prescribed opt-in customer will be notified and receive a certificate of its opt-in status. If the AER rejects an application to register, it must give the applicant written reasons for its decision in accordance with the *Opt-In Guidelines*, and must also inform the Market Customer.

### 7.4.1 Criteria to assess an application to register as a Prescribed Opt-in Customer

As noted above, the Rules provide the following criteria for prescribed opt-in customer eligibility, that an applicant must meet at the time of application:

- the applicant is not eligible to register as a large opt-in customer for that connection point;
- the applicant is financially exposed to the cost of some or all of the load at the connection point;
- the applicant satisfies the prescribed opt-in customer demand thresholds for the connection point:
- The connection point for which the applicant is opting-in has an annual peak demand that is greater than or equal to 30 MW;
- The percentage of the total load that the applicant wishes to opt-in for has an annual peak demand that is greater than or equal to 5 MW; and
- If required by the AEMO *Opt-In Procedures* (if any), the applicant satisfies any requirements set by AEMO.

In addition to these criteria, the AER will also consider the following criteria:

- the application was received prior to close of business on the opt-in cut-off day;
- the applicant has provided all information and evidence required in the opt-in application;
- the information provided by the applicant can be verified;



- the applicant has confirmed that it understands and accepts the risks associated with opting-in to liability; and
- if the applicant has opted-in to responsibility for part of the load at a connection point, the proportion of the load for which it has opted-in does not exceed the proportion of the load for which it is financially exposed.

If an applicant meets all criteria specified in the Rules but fails to meet the additional criteria set by the AER, the AER may choose to decline the application. Meeting this criteria is considered necessary for the administration of the RRO.

#### **7.4.2 Criteria to assess an application to deregister or adjust as a prescribed opt-in customer**

If an entity is listed on an opt-in register as a prescribed opt-in customer, it may apply to the AER for approval to deregister from some or all connection points as long as the application is received before the opt-in cut-off day. Additionally, prescribed opt-in customers have the option to apply to the AER for approval to adjust the portion of load for which they have opted-in to liability.

The AER will assess an application to deregister or adjust opt-in load against the following criteria that the entity must meet at the time of application:

- the application, including all information and evidence required, was received prior to close of business on the opt-in cut-off day
- a Market Customer has consented to assuming the full liability under the RRO for the load at each of the connection points for which the applicant is seeking to deregister or reduce its liability through an adjustment
- If the applicant is applying to increase its liability at a connection point by adjusting upwards, the applicant has notified the relevant Market Customer or other prescribed opt-in customer at the site of their application.

Where a prescribed opt-in customer applies to reduce its share of load for the gap period, the applicant must still satisfy the demand thresholds specified in the Rules.