

# IMPACT & IMPLEMENTATION REPORT (IIR)

## Summary Section

|   |  |   |                           |
|---|--|---|---------------------------|
| <b>Proponent</b>                              | Nicole Nsair   | <b>Company</b>  | AEMO                      |
| <b>Affected Gas Market(s)</b>                 | <ul style="list-style-type: none"> <li>Capacity Trading and Auction</li> </ul>             | <b>Consultation process (Ordinary or Expedited)</b>               | Ordinary                  |
| <b>Industry Consultative forum(s) used</b>    | GWCF   | <b>Date Industry Consultative forum(s) consultation concluded</b> | Friday, 10 September 2021 |
| <b>Short Description of change(s)</b>         | Changes to section 24.2(b) in the Capacity Trading and Auction Procedure                   |   |                           |
| <b>Procedure(s) or Documentation impacted</b> | <ul style="list-style-type: none"> <li>Capacity Transfer and Auction Procedures</li> </ul> |   |                           |
| <b>IIR Prepared By</b>                        | Nicole Nsair   | <b>Approved By</b>  | Robbie Flood              |
| <b>Date IIR published</b>                     |  | <b>Date Consultation under 135EE concludes</b>                    | 3 November 2021           |
| <b>Email Address for Responses</b>            | <a href="mailto:BBO@aemo.com.au">BBO@aemo.com.au</a>                                       |   |                           |
| <b>Other key contact information</b>          |  |   |                           |

## CRITICAL EXAMINATION OF THE PROPOSAL

### 1. DESCRIPTION OF ISSUE

The procedures governing the Capacity Trading and Auction market have been identified to require changes to allow more data to be published through public reports that currently have restrictions.

AEMO has therefore amended the Capacity Transfer and Auction Procedures (CTAP) to improve transparency to Day Ahead Auction (DAA) participants when making decisions. Refer to the changes in 'Attachment to PPC' marked document<sup>1</sup>.

This consultation intends to consult of this change under section 24.2(b) and as well as some administrative and grammatical changes (that are within the changes however AEMO expects these are not contentious).

AEMO presented the changes to section 24.2(b) at the Gas Wholesale Consultative Forum (GWCF) at the 24 June 2021 meeting<sup>2</sup> where no participant raised any objections to the proposal. Additionally, AEMO has consulted more broadly across the Capacity Trading and Day Ahead Auction participants to determine support for these changes, and, to date, no participant has given any objection to these changes.

### 2. REFERENCE DOCUMENTATION

- Capacity Transfer and Auction Procedures

### 3. OVERVIEW OF CHANGES

Section 24.2(b) of the CTAP outlines the information that AEMO has chosen to restrict for publication. On review of these restrictions, AEMO has decided that these restrictions should be relaxed to improve market information transparency. Currently the restrictions impact two published public reports, the Auction Quantity Limit (AQL) report and the Product Component Price and Volume Report as well as information that is displayed in the market portal bidding application.

The AQL for each product component is published each gas day. As per rule 657(3), AEMO may restrict information that is published and specify this in the CTAP. AEMO's view is that the CTAP is unnecessarily restricting information that is resulting in reduced transparency for the DAA. To the extent that the auction results show aggregated information to a restricted product component, it does not reflect a nomination by a Gas-fired Power Generating (GPG) unit.

NEM participants are informing their decisions based on factors, such as pre-dispatch price signals. In the unlikely case that a GPG nomination could be determined, AEMO considers that this information would not be an input into the decision-making of a NEM participant.

The other minor changes in this consultation for the CTAP are clarification of the requirements for consulting on the transportation facility register, removal of the Schedule 1 Gas Day Harmonisation timetable (now obsolete), some grammatical edits and updating the document template.

#### 3.1. Changes to Section 24.2(b) of the CTAP

##### 3.1.1. Publication of AQL data

AEMO's view is that the current AQL data is not benefitting NEM participants. However, by restricting this information it is reducing transparency in the DAA unnecessarily. AEMO is proposing that changes are made to the existing restriction to publish all AQL data, except for the GPG service points and zones with

<sup>1</sup> [https://www.aemo.com.au/-/media/files/stakeholder\\_consultation\\_consultations/gas\\_consultations/2021/changes-to-section-242b/capacity-trading-and-auction-procedures\\_marked-up.pdf?la=en](https://www.aemo.com.au/-/media/files/stakeholder_consultation_consultations/gas_consultations/2021/changes-to-section-242b/capacity-trading-and-auction-procedures_marked-up.pdf?la=en)

<sup>2</sup> See DRAFT minutes issued on 1 July 2021 via email



only one GPG service point. These changes will continue to uphold the intent of these original restrictions, which is that participants cannot identify a GPG nomination from the published data.

### 3.1.2. Publication of auction results

As above, AEMO upholds that there will not be any changes to the ability for participants to determine the GPG nomination data, nor will any data link to GPG units. It will still not be possible to identify who the winners of the capacity were or if any capacity was used. This is important as the published data is not an indicator of GPG nomination data.

## 4. LIKELY IMPLEMENTATION REQUIREMENTS AND EFFECTS

AEMO will need to make some minor changes to reporting to implement these changes. AEMO does not believe there are any system or testing impacts for participants.

## 5. IMPACT OF ISSUE NOT PROCEEDING

AEMO’s reporting will not be as transparent than it could otherwise be, should the above initiatives not proceed.

## 6. OVERALL COSTS AND BENEFITS AND MAGNITUDE OF THE CHANGES

The proposed changes will lead to enhanced efficiency for the Capacity Trading and Auction markets by ensuring that:

- More data is published daily.
- Reports that had restrictions on them are limited to only data that is linked to nomination data and identifying GPG units.
- The intent of data restrictions is upheld as limitation remain in place.
- These markets are more transparent and therefore encourage more participation.

AEMO does not believe there will be any costs due to this proposal. As such, AEMO believes that magnitude of these changes is non-material. No participant feedback was received for the Proposed Procedure Change (PPC).

## 7. AEMO'S PRELIMINARY ASSESSMENT OF THE PROPOSAL'S COMPLIANCE WITH SECTION 135EB:

AEMO submitted the following feedback as part of the PPC:

|   |  |
|---|--|
| Consistency with National Gas Law (NGL) and NGR | AEMO’s view is that the proposed change is consistent with the NGL and NGR. No participant raised any objections to the proposal’s consistency with any of these documents in feedback to the August/September consultations.<br><br>Participants will be given an additional opportunity to inform AEMO if they believe there is any such inconsistency as part of this IIR consultation. |
| National Gas Objective                          | As outlined in Section 6, it is AEMO's view that this change would improve transparency in markets and therefore encourage more participation.   |



## **8. CONSULTATION FORUM OUTCOMES**

AEMO published the PPC on AEMO's website on 16 August 2021<sup>3</sup> and issued the PPC by email to the Gas Wholesale Consultative Forum (GWCF). AEMO received no submissions or feedback to date. AEMO looks forward to stakeholder opportunity to feedback to this IIR.

## **RECOMMENDATIONS**

### **9. SHOULD THE PROPOSED PROCEDURES BE MADE?**

AEMO recommends that the changes published separately on the AEMO consultation webpage to be made to the CTAP as referenced in Section 2, and uploaded as 'Attachment to PPC'.

### **10. PROPOSED TIMELINES**

Subject to all necessary approvals, AEMO proposes the following timeframe:

- IIR issued 6 October 2021
- Responses to IIR due 3 November 2021
- AEMO Decision on changes 26 November 2021

If changes approved, effective date of 6 December 2021.

---

<sup>3</sup> <https://www.aemo.com.au/consultations/current-and-closed-consultations/changes-to-section-242b-in-the-capacity-trading-and-auction-procedure>



## **ATTACHMENT A – MARKED UP DOCUMENTATION CHANGES**

See proposed marked up changes to CTAP published separately on the AEMO consultation webpage.