

# IMPACT & IMPLEMENTATION REPORT (IIR)

<b>Issue number</b>	22		
<b>Impacted jurisdiction(s)</b>	Queensland, New South Wales, South Australia		
<b>Proponent</b>	AEMO	<b>Company</b>	AEMO
<b>Affected gas market(s)</b>	Gas Supply Hub	<b>Consultation process (ordinary or expedited)</b>	Expedited
<b>Industry consultative forum(s) used</b>	Gas Supply Hub Reference Group	Click or tap to enter a date.	
<b>Short description of change(s)</b>	Amendments to correct formatting errors and spread product specifications in the Gas Supply Hub Exchange Agreement.		
<b>Procedure(s) or documentation impacted</b>	Gas Supply Hub Exchange Agreement		
<b>Summary of the change(s)</b>	Administrative changes to: <ul style="list-style-type: none"> <li>• Add missing spread product specifications for the Wallumbilla-SEQ spread product</li> <li>• Add missing spread product specifications for the Wallumbilla-Moomba spread product</li> <li>• Correct referencing errors in the Exchange Agreement</li> <li>• Correct numbering and formatting errors in the Exchange Agreement</li> </ul>		
<b>IIR prepared by</b>	Nicholas Pope	<b>Approved by</b>	Paddy Costigan
<b>Date IIR published</b>	4 September 2021	<b>Date consultation concludes</b>	20 September 2021
<b>Email address for responses</b>	Hub_Reference@aemo.com.au		



## IMPACT & IMPLEMENTATION REPORT – DETAILED REPORT SECTION

### CRITICAL EXAMINATION OF PROPOSAL

#### 1. DESCRIPTION OF ISSUE

##### Spread product specifications

AEMO has identified a number of missing product specifications in the Exchange Agreement relating to spread products between the Wallumbilla and SEQ, and Wallumbilla and Moomba trading locations. Spread products were initially implemented on the Gas Supply Hub (GSH) in June 2016 between the Wallumbilla and Moomba trading locations for the daily, day-ahead and monthly product tenors. In March 2017, as part of the implementation of the Wallumbilla single product, AEMO expanded the coverage of spread products to include all tenors between the Wallumbilla and Moomba trading locations and all tenors between Wallumbilla and the newly created SEQ trading location. These changes to the product specifications were made in consultation with the Gas Supply Hub Reference Group. AEMO has identified that not all product schedules were correctly updated in the Exchange Agreement to reflect the changes in spread product coverage implemented in 2017. Specifically, the following product specifications are missing from the Exchange Agreement:

- Moomba-Wallumbilla on-the-day gas spread product
- Moomba-Wallumbilla weekly gas spread product
- SEQ-Wallumbilla on-the-day gas spread product
- SEQ-Wallumbilla daily gas spread product
- SEQ-Wallumbilla weekly gas spread product
- SEQ-Wallumbilla monthly gas spread product

Despite these product tenors not being included as schedules to the Exchange Agreement, they have been available for trade via the electronic trading system since their system implementation in March 2017. AEMO is seeking to amend the Exchange Agreement to correct this administrative error and reflect the consultation outcome reached in 2017 by aligning the Exchange Agreement with the products that are available on the electronic trading system.

In addition to the missing product specifications, AEMO has identified reference errors in *Schedule 16: Product Specification for Monthly Physical Gas Spread Product (Moomba-Wallumbilla)* and *Schedule 32: Product Specification for Day-Ahead Non-Netted Gas Spread Product (Moomba-Wallumbilla)*. Schedule 16's premium product refers to the product set out in schedule 8, which has expired. The correct reference should be *Schedule 20: Product Specifications for Monthly Physical Gas (Wallumbilla)*. Schedule 32's base product refers to schedule 30 when it should be schedule 24. AEMO is seeking to amend these references as part of this proposed change.

##### Numbering and formatting errors

Multiple numbering and format errors have been identified in the Exchange Agreement that are the result of a corruption to the document's template. The new version of the Exchange Agreement will correct these issues and bring the document's formatting and numbering inline with previous versions of the Exchange Agreement.

##### Expedited change

AEMO is seeking to make these changes using the expedited consultation process outlined in section 3.4 of the Exchange Agreement. AEMO considers that the proposed changes meet the criteria for an expedited change as they are both minor and administrative in nature and will not materially impact AEMO or Gas Supply Hub members.



## 2. REFERENCE DOCUMENTATION

See draft *Gas Supply Hub Exchange Agreement version 15.1*, published with this impact and implementation report.

## 3. OVERVIEW OF CHANGES

AEMO is proposing to amend the agreement to include the following product specifications:

- Product Specification for on-the-day gas spread product (Moomba – Wallumbilla)
- Product Specification for weekly spread product (Moomba – Wallumbilla)
- Product Specification for on-the-day gas spread product (SEQ-Wallumbilla)
- Product Specification for daily spread product (SEQ-Wallumbilla)
- Product Specification for weekly spread product (SEQ-Wallumbilla)
- Product Specification for monthly spread product (SEQ-Wallumbilla)

The new product specifications will be added as an additional six schedules to the Exchange Agreement following on from the current Exchange Agreement's final product schedule – schedule #37. The new product specifications are drafted with the same terms as the existing spread product specifications with the only differences being those related to the specific tenor for each product. AEMO is also proposing that schedule 8 is amended to correctly refer to schedule 20 for its premium product and schedule 32 is amended to correctly refer to schedule 24 for its base product.

Multiple changes have been made throughout the Exchange Agreement to correct issues identified with numbering (particularly for lists) in the agreement. These changes are a format change only and do not affect the substance of the agreement. It is not possible to change mark all of the format changes as some of the changes are in the menu structure of the document. Gas Supply Hub Members may view the proposed version 15.1 of the Exchange Agreement against version 15 published on the AEMO website.

## 4. LIKELY IMPLEMENTATION EFFECTS AND REQUIREMENTS

AEMO considers that there are no implementation effects for industry that will result from the proposed changes. The implementation of the proposed changes does not require any data interface changes by AEMO or Gas Supply Hub members.

## 5. OVERALL COST AND BENEFITS

AEMO expects no implementation costs and no increase to ongoing GSH costs from these changes. The benefit of the proposed changes is that they will correct errors and omissions in the Exchange Agreement and bring the document in line with previous consultation outcomes and current trading practice on the electronic trading system.

## 6. MAGNITUDE OF THE CHANGES

AEMO considers these changes are of a minor magnitude. The proposed changes are not material changes to the Exchange Agreement and there are no changes to market systems. AEMO considers that impact on industry participants is not material.



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

In accordance with NGR rule 540 and clause 3 of the Exchange Agreement, AEMO is satisfied that the proposed changes will contribute to the National Gas Objective as they:

- Improve the transparency and accuracy of the Exchange Agreement.
- Align the Exchange Agreement with the electronic trading system and consultation outcomes.
- Are not costly to implement.

## **8. CONSULTATION FORUM OUTCOMES**

The original consultation for the expanding the coverage of spread products was undertaken in 2016 as part of the consultation on the Wallumbilla Single Product and the package of changes was supported by the GSHRG and implemented in the trading system in March 2017.

## **IMPACT & IMPLEMENTATION REPORT – RECOMMENDATION(S)**

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

AEMO recommends that the proposed amendments to the Gas Supply Hub Exchange Agreement are made.

### **10. PROPOSED TIMELINES**

In accordance with the expedited consultation process outlined in the Exchange Agreement, if the changes proceed, AEMO is proposing an implementation date of 22 September 2021.