

PROPOSED PROCEDURE CHANGE (PPC) – EAST COAST GAS SYSTEM PROCEDURES

Impacted Jurisdiction(s)	All except Western Australia		
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Affected Gas Market(s)	East Coast Gas System	Date proposal published by AEMO	Tuesday, 28 February 2023
Short Issue Title	Implementation of the Minister initiated National Gas (South Australia) (East Coast Gas System) Amendment Bill 2022 via the East Coast Gas System (ECGS) Procedures.		
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VERSION #	PRESENTED TO	DATE
1.0	Gas Reform Working Group	28 February 2023



PROPOSED PROCEDURE CHANGE – DETAILED REPORT SECTION

CRITICAL EXAMINATION OF PROPOSAL

1. DESCRIPTION OF ISSUE

Implementation of the Minister initiated National Gas (South Australia) (East Coast Gas System) Amendment Bill 2022¹ via the East Coast Gas System (ECGS) Procedures and BB Procedures.

The new East Coast Gas System Procedures are required to be made by National Gas Law (NGL) 91AD(1)(h) and are to be effective from 1 June 2023.

2. REFERENCE DOCUMENTATION

- East Coast Gas System Procedures
- BB Procedures
- BB Data Submission Guide

3. OVERVIEW OF PROCEDURE CHANGES

3.1. East Coast Gas System Procedures

The East Coast Gas System Procedures, as per NGL91AG, may deal with the matters set out in the Rules. AEMO is required to have new Procedures that deal with the following matters:

- the establishment of a register of relevant entities;
- the disclosure obligation requirements of relevant entities to provide information under these Procedures, including defining demand and linepack zones for the purposes of the disclosure obligations;
- monitoring of the east coast gas system and details how AEMO will communicate issues via:
 - risk or threat notices – AEMO will inform relevant entities of an identified risk or threat event to all or part of the east coast gas system. This risk or threat notice will identify the location and timing an actual or potential risk or threat;
 - gas supply adequacy and reliability conferences;
 - direction notices – AEMO may direct relevant entities to undertake actions to resolve an identified risk or threat event to all or part of the east coast gas system. AEMO will publish direction notices where this occurs;
 - trading notices – AEMO will publish a trading notice if AEMO is required to trade in gas to resolve an identified risk or threat event to all or part of the east coast gas system;
- compensation methodology for relevant entities to claim direct costs as a result of an AEMO direction; and
- how the costs associated with the trading fund are to be recovered;

¹ <https://www.energy.gov.au/government-priorities/energy-ministers/priorities/gas/proposed-regulatory-amendments-extend-aemos-functions-and-powers-manage-east-coast-gas-supply-adequacy>



3.2. BB Procedures

The BB Procedures have been amended as follows:

- section 6.1 to align with the requirements of the East Coast Gas System Procedures;
- section 6.3.3 medium term capacity outlooks for BB facilities to incorporate the new data submission time, and have been updated to acknowledge a materiality threshold is now specified in the Rules;
- section 6.5.2 has been updated to align with the new definition in the Rules of storage cushion gas; and
- minor editorial amendments throughout the Procedures to provide clarity.

The BB Data Submission Guide is also attached that outlines the draft proposed data submission templates required to implement the proposed changes to the BB Procedures.

4. LIKELY IMPLEMENTATION EFFECTS AND TESTING REQUIREMENTS

The implementation plan requires:

- Data submissions to the Gas Bulletin Board through AEMO's MarketNet. The following submissions are expected to be required:
 - expected daily demand forecasts – provides on each gas day D-1 for gas days D to D+6, the expected daily gas demand and breakdown of market supply. This submission applies to gas retailers, self-contracting users, BB large user facilities and LNG export projects;
 - medium term capacity outlook is to be submitted each Monday at 22:00 hrs AEST. This is a change in timing to an existing submission.
 - linepack forecasts - provides on each gas day D-1 for gas days D to D+6, the expected linepack in each linepack zone. This is a new submission.
 - short term capacity outlooks for pipelines - provides on each gas day D-1 for gas days D to D+6, the daily capacity for each pipeline segment for gas days D to D+6. This is an existing submission.
 - extended daily capacity outlooks – provides on the last gas day of each month M-1, the daily capacity forecast for months M to M+5. This submissions requires the capacity outlook to be submitted for every day in the outlook period. AEMO seeks feedback from stakeholders as to whether there is a preference for using the existing:
 - Medium Term Capacity Outlook submission which allows for date ranges to satisfy the requirements of providing a capacity outlook for all days in the outlook period. Submitters would need to ensure that all futures Medium Term Capacity Outlooks (beyond the 6-month outlook) are also submitted each time to avoid losing already submitted data (due to the functionality associated with the submission); or
 - Short Term Capacity Outlook submission which would require a separate record for each day in the outlook period (i.e., around ~180 daily records in each submission).
 - medium term capacity outlook recall times – provides on the last gas day of each month M-1, the maintenance outlook recall times for months M to M+23. This will be incorporated into the existing Medium Term Capacity Outlook submission;



- domestic supply and export forecast - provides on the last gas day of each month M-1, information about domestic supply and LNG exports for months M to M+5.
- Register of relevant entities will be developed and released to participants - this will require relevant entities to confirm and provide contact details to AEMO;
- A system for issuing notices will be implemented that will allow AEMO to communicate with those on the Register to inform them of risk or threat notices, direction notices and trading notices via email and SMS to relevant entities registered contacts.
- The release dates for these IT system releases will be provided in the Impact and Implementation Report.

5. OVERALL COST AND BENEFITS

AEMO considers that this PPC implements the new East Coast Gas System Procedures in a way that delivers the greatest benefit and also minimises the costs of compliance with the new proposed Procedures, given the obligation to have these reforms implemented for winter 2023.

AEMO notes the new Procedures are primarily focused on:

- additional data to be submitted, utilising existing Gas Bulletin Board functionality ;
- development of linepack zones and demand zones to assist in the monitoring and assessment of the east coast gas system.

AEMO considers that the additional information provision from relevant entities represents the minimum requirement to enable AEMO to monitor east coast gas supply adequacy.

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

Implementation of the Minister initiated National Gas (South Australia) (East Coast Gas System) Amendment Bill 2022 via the East Coast Gas System (ECGS) Procedures and BB Procedures.

AEMO considers the new Procedures are appropriate in meeting the NGO in the the delivery of efficient operation and use of natural gas services for the long term interests of consumers of natural gas with respect to reliability and security of supply of natural gas.

IMPACT & IMPLEMENTATION REPORT – RECOMMENDATIONS

7. SHOULD THE PROPOSED PROCEDURES BE MADE?

AEMO recommends that the Procedures should be published as set out in the draft Procedures published with this PPC.

8. PROPOSED TIMELINES

- PPC published: 28 February 2023
- PPC consultation submissions due: 14 March 2023
- IIR expected publication date: 28 March 2023
- IIR consultation submissions due: 28 April 2023
- Decision published: 11 May 2023
- Effective Date of Procedures: 1 June 2023