



AGL Energy Limited

T 02 9921 2999

agl.com.au

ABN: 74 115 061 375

Level 24, 200 George St

Sydney NSW 2000

Locked Bag 14120 MCMC

Melbourne VIC 8001

Submitted online: GWCF_Correspondence@aemo.com.au

29 February 2024

AEMO's Proposed Amendments to Gas Statement of Opportunity Procedures

AGL Energy (AGL) welcomes the opportunity to provide feedback on AEMO's Proposed Amendments to Gas Statement of Opportunity (GSOO) Procedures.

Proudly Australian for more than 186 years, AGL supplies around 4.3 million energy and telecommunications customer services. AGL is committed to providing our customers simple, fair, and accessible essential services as they decarbonise and electrify the way they live, work, and move.

AGL's [Climate Transition Action Plan](#) (CTAP) sets out our approach to decarbonisation. Some of AGL's activities referred to in the CTAP include:

- conducting feasibility studies to explore the development of green hydrogen hubs at Torrens Island in South Australia and as part of AGL's Hunter Energy Hub in New South Wales
- participating in a world-first hydrogen energy supply chain project, working with the Australian, Japanese and Victorian governments and a consortium of companies to pilot the delivery of liquefied hydrogen from the Latrobe Valley to Japan
- extending its decarbonisation offerings for business into biogas plants following its acquisition of Energy360

Since 2009, the GSOO has been a valuable source of information on the gas market. It has improved information transparency, to the benefit of industry participants, potential new market entrants, policy makers, and the public.

The reliability and accuracy of the GSOO is very much dependent on the quality of the information provided by industry participants. In this regard, the role of the GSOO Procedures, and the information sought in the GSOO surveys in this regard is critical.

While AGL appreciates AEMO's Proposed Amendments to the GSOO Procedures (Draft Procedures) are largely being driven by extending the national gas regulatory framework to hydrogen, biomethane and other renewable gases, we consider other reporting entities may also be affected.

Therefore, in evaluating the Draft Procedures, AGL has considered the implications for all reporting entities.

AGL's response is attached to this letter which uses AEMO's response template.

A summary of AGL's response is also included below.

Expanding the scope of GSOO reporting entities to include hydrogen, biomethane and other renewable gases

AGL supports the decision of Energy Ministers in bringing hydrogen, biomethane and other renewable gases under the national gas regulatory framework. In turn, AGL supports changes to the GSOO Procedures to give effect to this initiative.

Consultation to help define what constitutes a 'material change' to information provided by survey participants

Through consultation, we achieve better outcomes. AGL commends AEMO for its approach in consulting with industry on this matter.



AGL notes that the National Gas Rules (NGR) already contain two definitions for ‘material change’ – in the context of the Bulletin Board, and the Capacity Trading framework. While these definitions differ, they share some similarities in that they provide a flexible approach. For example, they don’t solely rely on a TJ figure to determinate materiality, but also take into account the proportion of the change relative to the information originally provided.

Rule 135KF provides that both the form of GSOO surveys, and their responses, may vary across different GSOO reporting entities or by class of GSOO reporting entity. It may, therefore, be appropriate to adopt a similarly flexible definition of ‘material change’. This would provide clarity to reporting entities, while also ensuring a consistent approach is applied to the different circumstances and information reporting obligations.

To ensure a definition is appropriate, a review of the information requested by all the GSOO surveys may be required.

AGL would welcome the opportunity to view any draft definitions and consider how it could be applied to its GSOO reporting obligations.

Removal of the requirement for changes to survey templates and the GSOO timeline to be raised for discussion at a relevant industry forum

The survey questions are critical to ensuring the quality and accuracy of the information set out the GSOO. AGL strongly considers the current approach where changes to survey templates and the GSOO timeline are raised for discussion at a relevant industry forum, such as the Gas Wholesale Consultative Forum should be maintained.

There are a number of other reasons for maintaining the current approach:

- It is good practice to consult with industry and provide prior notice of upcoming changes. Doing so will help minimise unnecessary regulatory burden.
- Consultation with industry leads to better outcomes. Despite AEMO’s technical experience and understanding of industry, industry participants are in a unique position to understand whether a potential change will deliver on its intended objectives.
- AEMO would maintain its decision making authority. The rights and responsibilities of industry participants would remain the same in any event.

Changes to improve readability of the procedures

AGL acknowledges that there have been a number of changes to improve the readability of the procedures. This will help ensure a consistent interpretation across reporting entities. Further comments are provided in the attached response template.

If AEMO would like to discuss these matters further, we would welcome the opportunity to provide further context and discuss the points made in the submission prior to the finalisation of the proposed exposure draft.

Yours sincerely,

Chris Streets

Senior Manager Policy and Markets Regulation



Response template for PPC on GSOO Procedure changes for Hydrogen

Email responses to: GWCF_Correspondence@aemo.com.au

Review comments submitted by: AGL Energy	Confidential: No	Date: 4 March 2024
Contact Person: Chris Streets, Senior Manager Policy and Markets Regulation		

Please complete sections 1, 2 and 3.

Section 1 - General Comments on the Procedure changes

Topic	Please Provide Response Here
Expanding the scope of GSOO reporting entities to include hydrogen, biomethane and other renewable gases	AGL supports changes to the GSOO Procedures to reflect the operations and entities involved in hydrogen, biomethane and other renewable gases.
Removal of the requirement for changes to survey templates and the GSOO timeline to be raised for discussion at a relevant industry forum	<p>AGL considers the survey questions are critical to ensuring the quality and accuracy of the information published in the GSOO. The current approach of consulting with industry on changes to survey templates and the GSOO timeline should be maintained for several reasons:</p> <ul style="list-style-type: none"> • It is good practice to consult with industry and provide prior notice of upcoming changes. Doing so will help minimise unnecessary regulatory burden. • Consultation with industry leads to better outcomes. Despite AEMO’s technical experience and comprehensive understanding of the gas markets, industry

AGL submission – amendments to GSOO procedures – 4 March 2024

	<p>participants can explain whether a potential change will deliver on its intended objectives taking into account their unique position and operation in the market.</p> <ul style="list-style-type: none">• AEMO would maintain its decision making authority even if industry consultation continued.
--	--

Section 2 – Specific Question from PPC

Topic	Please Provide Response Here
<p>Question 1: What do participants consider to be a material change in the context of the GSOO Procedures?</p>	<p>AGL considers a common understanding among reporting entities of what constitutes a material change is desirable. This will help strengthen the quality and accuracy of the GSOO.</p> <p>That said, AGL does not underestimate the potential complexity of this task. We commend AEMO for its approach in consulting with industry on this matter by clearly identifying the issue and specifically inviting responses.</p> <p>AGL provides the following comments with the intention that it will assist AEMO in its consideration of this matter.</p> <p>As AEMO notes in its consultation document, there are different classes of reporting entities (e.g. LNG Producers and Storage Facility Operators), as well as different between entities within the same reporting class (e.g. gas producers with a single production facility compared to producers with a portfolio of production assets). This may lead to varied approaches in deciding what constitutes a material change.</p> <p>This is also acknowledged in rule 135KF of the NGR, which provides that both the form of GSOO surveys, and their responses, may vary across different GSOO reporting entities or by class of GSOO reporting entity.</p> <p>AGL suggests it may be appropriate to consider whether a flexible definition of ‘material change’ could be developed which takes into account these differences. This could provide clarity to reporting entities, while also ensuring a consistent approach is applied to the different circumstances and information reporting obligations.</p>

	<p>AGL notes that the National Gas Rules (NGR) already contain two definitions for ‘material change’ – in the context of the Bulletin Board (rule 141 of the NGR), and the Capacity Trading framework (In schedule 5, for the transitional provisions for the introduction of the capacity trading reforms, part 5, rule 1).</p> <p>While these definitions are not identical, they each provide flexibility so that relevant differences in information can be taken into account. For example, the approaches don’t rely solely on a TJ threshold to determine materiality, they also take into account the proportion of the change relative to the information originally provided.</p> <p>To help ensure that AEMO implements a workable definition, a review of the different GSOO surveys issued, and the information they request, may be required.</p> <p>Also, many of the GSOO reporting entities have obligations under the NGR and NER around ‘material changes’, so achieving consistency where appropriate would minimise confusion and any unnecessary regulatory burden on industry.</p> <p>The importance of considering the broader arrangements is demonstrated by the fact that Bulletin Board reporting entities – which already have a set definition of ‘material change’ in the NGR – are also GSOO reporting entities.</p> <p>AGL would welcome the opportunity to assist AEMO further with this work, for example providing feedback on any draft definitions and consider its application to AGL’s GSOO reporting obligations.</p>
--	--

AGL submission – amendments to GSOO procedures – 4 March 2024

Section 3 – Feedback on the documentation changes in the Procedures

Participants are to complete the relevant columns below in order to record their response.			
GSOO Procedures			
Procedure Clause #	Issue / Comment	Proposed text Red strikeout means delete and <u>blue underline</u> means insert	AEMO Response (AEMO only)
1.3.1	Given the multiple definitions to 'material change' in the NGR, it is important that any new definition provided in the Procedures is made clear	N/A	
1.3.2 (b)	This clause notes "All values should be provided to the level of accuracy noted in the survey". Does the level of accuracy vary between surveys? Also, clause 3.4 (b) states that all information in a GSOO survey response must be accurate. Further clarity on this may improve the quality of the information provided to AEMO.	N/A	
2 – Table 1	'Relevant entities' is included as item (g) in the list of GSOO reporting entities. It is described as a relevant entity under Part 27 of the NGR. Is this a reference to the "Part 27 Register" that AEMO is meant to maintain for the purposes of Part 27 and the East Coast Gas System Procedures? If so, it might be clearer to provide a link to AEMO's Part 27 Register, rather than refer to the NGR.	N/A	