2 December 2021

Mr Daniel Westerman
Chief Executive Officer & Managing Director
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Sent by email: GWCF_Correspondence@aemo.com.au

Dear Mr Westerman

AEMO Consultation paper - Extending the national gas regulatory framework to hydrogen blends & renewable gases

Jemena Gas Networks (NSW) Ltd (JGN) welcomes the opportunity to provide a submission on the AEMO consultation paper on Extending the national gas regulatory framework to hydrogen blends & renewable gases JGN distributes gas to over 1.4 million residential, business and industrial sites in Sydney, Newcastle, the Central Coast, Wollongong and more than 20 regional centres.

JGN largely supports the approach proposed by AEMO towards the required changes to the procedures in NSW and the ACT. Within NSW and the ACT, the existing gas network can work from an operational and technical viewpoint for Natural Gas Equivalents.

We agree that the Procedures as currently written work for a Natural Gas Equivalent (NGE) but think they could be improved to assist the emerging NGE market. Some of the improvements JGN considers necessary are:

- Subject to a materiality threshold, small NGE facilitates can be exempt from participating in the STTM with the materiality threshold to be determined by AEMO on a regular basis having regard to the market.

- NGE facility operators should be able to aggregate facilities and participate in the STTM as though it was a single facility.

The definition of gas in both the STTM Procedures and the Retail Market Procedures for NSW-ACT will need to be amended in line with Energy Law And Rules.

We note in the consultation paper AEMO acknowledges that "*they may need to make further amendments to definitions and terms if there are changes to defined terms (or new defined terms) in the NGR following the AEMC's review"*. JGN agrees with this statement.

JGN is pleased to see progress in the moving the regulatory framework towards a renewable gas future. We believe more work needs to be done to make it easier for small producers to participate in existing markets to enable a new market to evolve. We are keen to continue engaging in this.

JGN has also provided feedback in the form requested by AEMO as Attachment A.

Should you have any questions please do not hesitate to contact Marc Flynn on (02) 9867 7127 or Catherine Marshall on (02) 9867 7363.

Yours sincerely,

Usman Saadat
General Manager Customer & Commercial

AEMO Procedure Review - Extending the national gas regulatory framework to hydrogen blends & renewable gases Participant Response Template

Review comments submitted by: Jemena Gas Networks Date: 2 Dec 2021

Contact Person: Marc Flynn, Catherine Marshall

Section 1 – Introduction

No questions in Section 1.

Section 2 – AEMO's Review

Question #	Section # in paper	Question	Please Provide Response Here
1	2.1 – Scope of AEMO's review	Are there any other relevant matters that should be considered in AEMO's review of the Procedures that fall within the scope of the terms of reference?	Not applicable

Section 3 - Declared Wholesale Gas Market (DWGM) Procedures

Question #	Section # in paper	Question	Please Provide Response Here
2	3.8 – DWGM Distribution UAFG Procedures	Do you think the approach to determining and allocating distribution UAFG should be changed in the Procedures? If so, what changes to the processes do you think should be made?	Not applicable
3	3.9 – DWGM General	Considering this section, the scope of the DDCF rule change and, Attachment A, are there any other matters you think AEMO should consider to facilitate NGEs in the DWGM? If so, please identify the relevant Procedure and explain why a change is required to accommodate NGEs.	Not applicable

Section 4 - Short Term Trading Market (STTM) Procedures

Question #	Section # in paper	Question	Please Provide Response Here
4	4.3 – STTM hub definition change framework	Do you think a more streamlined consultation process should be considered for amendments to STTM hub definitions? If yes, what steps do you think should be involved in such a consultation process?	The current hub definition and change framework is not fit for purpose for NGE facilities. A more streamlined process whereby STTM hub definitions sit in a separate document which only requires agreement from the relevant network operator and a 30 business day notice period to be updated would be more appropriate.
5	4.3 – STTM market operations	Do you agree with AEMO's assessment that the STTM market operations do not need to change to facilitate NGEs? If not, what changes do you believe may be required?	While the current STTM market operations do not have to change to facilitate NGEs, there are some changes which could help facilitate NGEs. These changes are: • Simplified amendments to STTM hub definitions • a materiality threshold for NGE facilities below which need registration is optional, with the materiality threshold to be determined by AEMO having regard to the market. JGN sees this threshold as changing over time as the NGE market matures. • the ability to aggregate NGE facilities under common operation or where requested. The rules from exemption should look to align with the rules in place for the electricity market where appropriate.
6	4.3 – STTM administered market states	Do you consider that threshold for significant constraints for a trading participant to trigger the significant constraints process is appropriate? If not, what would an appropriate threshold be?	The current threshold 5TJ/50% is appropriate.
7	4.3 – Other areas of the STTM Procedures	Considering this section and Attachment B, are there any other areas of the Procedures that you consider need to be changed to facilitate participation of NGEs in the STTM?	Not applicable

Question #	Section # in paper	Question	Please Provide Response Here
		If so, please identify the procedure and explain why changes are required to accommodate NGEs.	

Section 5 – Retail Market Procedures

Question #	Section # in paper	Question	Please Provide Response Here
8	5.3 – Definitions and concepts in the retail market procedures	Do you agree with proposed potential changes to the terms in table 3? If not, please provide details on which RMP jurisdiction and details about the reason why you don't agree with the proposed changes?	NSW-ACT. Yes agree.
9	5.3 – Definitions and concepts in the retail market procedures	Do you think there could be any unintended consequences from amending these terms? If so, please provide details on which RMP jurisdiction, clause reference # and details about the reason why you believe unintended consequences could occur).	NSW-ACT. No unintended consequences from proposed changes.
10	5.3 – Definitions and concepts in the retail market procedures	Noting the review scope described in sections 2.1 and 5.2, are there any other terms in the RMP AEMO should consider amending to facilitate the participation of NGEs or NGE facilities?	NSW-ACT No change is needed to the term "Network receipt point" as it can cover all gas entering a network, noting that it may not be always a user who is injecting or arranging to inject the gas into the network section. The definition of heating value could be amended to incorporate "vary in accordance with the mixture of gas in the network section" which would cover NGEs.
11	5.3 – Balancing, allocation, and reconciliation	Do you agree with AEMO's view that the existing obligations and processes in the procedures for determining balancing, allocations and reconciliation will be fit for purpose for NGEs and NGE facilities? If not, please provide details on which RMP jurisdiction, clause reference # and what changes do you consider may be required?	NSW-ACT. Yes, agree with AEMO's view.
12	5.3 – Balancing, allocation, and reconciliation	Will users and distributors be able to meet their obligations under the procedures to provide AEMO with information on injections	NSW-ACT. Yes. An NGE facility can be considered as an STTM Custody Transfer Point or a Network Receipt Point (where outside of STTM).

Question #	Section # in paper	Question	Please Provide Response Here
		(and withdrawals), if NGE facilities connect to distribution networks? If not please provide details on which RMP jurisdiction, clause reference # and, what issues do you think AEMO needs to consider?	
13	5.3 – Metering	Do you agree with AEMO's assessment that the RMP with respect to metering are able to accommodate NGEs? If not, please provide details on which RMP jurisdiction, clause reference # and what changes do you think may be required?	NSW-ACT. Agree with AEMO's assessment that existing metering assets are able to accommodate NGEs and low-level hydrogen blends.
14	5.3 – Distribution UAFG	Do you agree with AEMO's view that the distribution UAFG process in the retail market procedures in NSW and ACT, Queensland and South Australia do not require change to facilitate NGEs? If not, what changes do you believe may be required?	NSW-ACT. Yes, no changes required for the NSW-ACT distribution UAFG process in the RMP to facilitate NGEs.
15	5.3 – General Retail Market Procedures	Considering section 5.3 and Attachment C, do you believe there are any other matters AEMO should consider in reviewing the RMPs? If you believe there are other matters AEMO should consider please provide details on which RMP jurisdiction, clause reference # and why you believe it may need to be reviewed to accommodate NGEs.	NSW-ACT. Yes, the scope of AEMO's review is for NGEs and low-level hydrogen blends.