

# Gas Market Parameter Review

Workshop – 6 December 2022



We acknowledge the Traditional Owners of country throughout Australia and recognise their continuing connection to land, waters and culture.

**We pay respect to their Elders past, present and emerging.**

# Agenda

1. Welcome and Housekeeping
2. Gas Market Parameter Review Consultation
3. Modelled Parameters
4. Questions
5. Reviewed Parameters
6. Questions
7. Draft Determination
8. Next steps in consultation
9. Questions

# Forum Housekeeping

- Please mute your microphone, this helps with audio quality as background noises distract from the information being shared.
- Video is optional, but having it turned off helps with performance and minimises distractions.
- We ask that you utilise the Chat function for any questions or comments you may have. This aids note keeping and keeps discussions flowing smoothly.
- Each participant will be allowed two minutes for questions at the end of each session.
- Raise your hand if you wish to speak to an item. This keeps conversations orderly.
- If you have dialled in via phone, please email [gwcf\\_correspondence@aemo.com.au](mailto:gwcf_correspondence@aemo.com.au) your name and organisation for our records.
- If your name appears abbreviated on Teams, please add your name and organisation to the chat for our records.
- For anyone from media this is an industry forum please contact AEMO's media ([AEMO.Media@aemo.com.au](mailto:AEMO.Media@aemo.com.au)) if you require any information.
- Be respectful of all participants and the process.

# Meeting Recording

- Please note that this meeting will be recorded by AEMO and may be accessed and used by AEMO for taking meeting notes. By continuing, you consent to AEMO recording the call and using the recording for this purpose. If you do not consent, you may exit the meeting. No other recording of the meeting is permitted.

# AEMO Competition Law Meeting Protocol

- AEMO is committed to complying with all applicable laws, including the Competition and Consumer Act 2010 (CCA). In any dealings with AEMO regarding proposed reforms or other initiatives, all participants agree to adhere to the CCA at all times and to comply with this Protocol. Participants must arrange for their representatives to be briefed on competition law risks and obligations.
- Participants in AEMO discussions must:
  - Ensure that discussions are limited to the matters contemplated by the agenda for the discussion
  - Make independent and unilateral decisions about their commercial positions and approach in relation to the matters under discussion with AEMO
  - Immediately and clearly raise an objection with AEMO or the Chair of the meeting if a matter is discussed that the participant is concerned may give rise to competition law risks or a breach of this Protocol
- Participants in AEMO meetings must not discuss or agree on the following topics:
  - Which customers they will supply or market to
  - The price or other terms at which Participants will supply
  - Bids or tenders, including the nature of a bid that a Participant intends to make or whether the Participant will participate in the bid
  - Which suppliers Participants will acquire from (or the price or other terms on which they acquire goods or services)
  - Refusing to supply a person or company access to any products, services or inputs they require

Under no circumstances must Participants share Competitively Sensitive Information. Competitively Sensitive Information means confidential information relating to a Participant which if disclosed to a competitor could affect its current or future commercial strategies, such as pricing information, customer terms and conditions, supply terms and conditions, sales, marketing or procurement strategies, product development, margins, costs, capacity or production planning.

AEMO has published its Competition Law Meeting Protocol on the [AEMO website](#). For further information, please see the [Competition and Consumer Act](#).

# Overview

- AEMO is required to undertake a review of the STTM market parameters under NGR492. In addition AEMO is voluntarily undertaking the DWGM market parameter review in parallel.
- AEMO split this review into Parameters:
  - Modelled by Market Reform where the parameter could be more effective, or could be subject to changes in cost structure; and
  - Reviewed by AEMO where the parameter is unlikely to become more effective, or are not subject to significant changes in cost structure.
- AEMO considers that the NGO is best met by the efficient operation of the STTM and DWGM. AEMO has assessed the STTM and DWGM gas market parameters via modelling undertaken by Market Reform using relevant scenarios that can be expected to occur in the next 5 years.

# Summary of Market Parameters

Market Parameters	STTM	Regulatory Reference	DWGM	Regulatory Reference	Assessment Methodology
Market Price Cap (STTM) / Value of Lost Load (DWGM)	\$400/GJ	NGR 364 – See MPC definition	\$800/GJ	NGR 200 – see VoLL definition	Modelled Parameter
Minimum Market Price (STTM) / Minimum Bid Price (DWGM)	\$0/GJ	NGR 364 – See MMP definition	\$0/GJ	NGR209(5)(a) – see minimum bid price of \$0/GJ.	Reviewed Parameter
Administered Price Cap (APC)	\$40/GJ	NGR 364 – see APC definition	\$40/GJ	Administered Pricing Procedures	Modelled Parameter
Cumulative Price Threshold (CPT)	\$440/GJ	NGR 364 – see CPT definition	\$1400/GJ	Administered Pricing Procedures	Modelled Parameter
CPT Horizon (STTM) / Cumulative price period (DWGM)	7 days	NGR 364 – see CPT Horizon definition	35 consecutive scheduling intervals (7 Days)	Administered Pricing Procedures	Reviewed Parameter



# Gas Market Parameter Review Consultation

- AEMO will be providing a short presentation to AEMO's Consultative Forum (7 Dec) and GWCF (8 Dec) in addition to this workshop.
- AEMO's consultation page for the [Gas Market Parameter Review](#) outlines the following:

Stage 1 – Determination of Review Methodology	Date
Gas Market Parameter Workshop #1	8 September 2022
Initiation of consultation	15 September 2022
Participant submissions on review methodology	7 October 2022
Final Modelled Parameter Review Methodology	2 November 2022
Stage 2 – Determination of Market Parameters	Date
Draft Determination of Market Parameters	1 December 2022
Gas Market Parameter Workshop #2	6 December 2022
Participant submissions on Draft Determination	19 January 2023
Final Determination of Market Parameters	16 February 2023

# Modelled Parameters

Please note each participant will be allowed two minutes for questions at the end of Market Reforms presentation.

# Reviewed Parameters

AEMO has assessed whether the:

- Minimum Market Price (STTM) / Minimum Bid Price (DWGM);
  - Under the principles that:
    - no shipper should want to supply the spot market at a price less than MMP;
    - the MMP should be set sufficiently low as to not constrain a schedule.
  - Market prices outcomes have only shown a few (0.06%) of DWGM schedules had a \$0/GJ price since 1 January 2017 until 27 November 2022.
  - No STTM market prices have had a \$0/GJ market price.
  - Therefore, AEMO concluded the \$0/GJ minimum market price remains appropriate.
- CPT Horizon (STTM) / Cumulative price period (DWGM)
  - Compared the operation of the CPT horizon to other markets and notes the NEM (2,016 5 minute trading intervals), DWGM (35 intraday schedules) and STTM (7 days) all use 7 day periods.
  - Therefore, AEMO concluded a 7 day CPT period remains appropriate.

# Questions

- Each participant will be allowed two minutes for questions at the end of each session.

# Summary of Draft Determination

- AEMO's Draft Determination is to maintain the current market parameters.

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# Next steps in consultation

- AEMO welcomes submissions on the Draft Determination by 19 January 2023. Details can be found on the consultation page for the [Gas Market Parameter Review](#), which outlines the following:

Stage 2 – Determination of Market Parameters	Date
Participant Submissions on Draft Determination	19 January 2022
Final Determination on Gas Market Parameters	16 February 2023

- AEMO will provide a recommendation on changes, if any, to market parameters.
- The final stage of the process is for AEMC rule change and AEMO procedure change processes to proceed with a separate consultation to implement any recommended change.

# Further Questions

- Each participant will be allowed two minutes for questions at the end of each session.



For more information visit

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