11 May 2023

Notice to all East Coast Gas System relevant entities

This Notice is to advise relevant entities on AEMO's decision to:

- Make the East Coast Gas System Procedures
- Amend the BB Procedures

These procedures are required for the implementation of the Minister initiated National Gas (South Australia) (East Coast Gas System) Amendment Act 2023.

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.

The consultation process had the following stages:

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

As required under Rule 135EE of the National Gas Rules (NGR), East Coast Gas System relevant entities and other interested parties were invited to submit comments to AEMO on the new East Coast Gas System Procedures. AEMO received the submissions summarised in Attachment B.

As required under Rule 135EE of the NGR, AEMO then published a Notice of Determination regarding this Procedures consultation on 11 May 2023. The effective date of the new Procedures is 1 June 2023.

AEMO has approved the proposed amendments to the versions issued for this consultation as set out in Attachment A of this Notice.

The key provisions are summarised below:

East Coast Gas System Procedures

The East Coast Gas System Procedures, as per NGL 91AG, are defined in the Rules. AEMO is required to have Procedures that provide for:

- The establishment of a register of relevant entities;
- The disclosure obligation requirements of relevant entities to provide information under these Procedures;
- Monitoring of the East Coast Gas System and details how AEMO will signal 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;
- Gas supply adequacy and reliability conferences; and
- Direction or trading 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 and will publish a direction notice where this occurs. AEMO will publish a trading notice where AEMO has traded in gas or gas services 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.

BB Procedures

The BB Procedure amendments include:

- Section 6.3.3 Medium term capacity outlooks for BB facilities to incorporate the new data submission time.
- minor editorial amendments throughout the Procedure to provide clarify.

Attachment A – Documentation

Final and track changes of the versions issued for this consultation are attached separately to this document:

- East Coast Gas System Procedures
- BB Procedures

Attachment B – Response to Participant Submissions

B.1 General comments on ECGS Procedures, BB Procedures and BB Data Submission Guide

Submitter	Submission Details	AEMO Response
	East Coast Gas System Procedures feedback	
Alinta	Noting the difficulties of consulting on procedures before the associated rules and legislation are published (made necessary due to the very tight legislative timelines for implementation of tranche 1 of the ECGS reforms) Alinta Energy would like to acknowledge the responsiveness of the AEMO gas reform team and the high level of support provided to participants around implementation.	Noted.
Alinta	Noting that the Guidelines are expected to be subject to a rule 8 consultation process, there does not appear to be any particular benefit to separating the information in the Guidelines from the Procedures. While we may need to wait until the publication of the final rules to fully comprehend this structure, Alinta Energy recommends that the content of the Guidelines and the Procedures be combined in a single document and a rule change be sought (if necessary) to facilitate this and align the consultation processes of each.	While there may be benefit in the same consultation approach being applied for the Procedures and Guidelines, it could be limited as the consultations follow a relatively similar approach. AEMO notes that the two documents serve different purposes and supports keeping them as separate documents. The Procedures address specific matters where the Rules require additional detail to be included in Procedures, while the Guidelines provide high level guidance to participants on how AEMO intends to exercise the new ECGS functions.
Origin	As noted in our earlier response to the ECGS Procedures, the new information reporting requirements are onerous given the large volume of data that will need to be provided by participants, and there is also significant overlap with existing requirements. This duplication has been acknowledged by the Australian Energy Market Operator (AEMO) yet the ECGS Procedures have not addressed this. If time constraints mean this duplication cannot be addressed prior to the commencement of the obligations, we would urge AEMO to review this following implementation.	AEMO supports conducting further review to minimise the duplication of reporting requirements, following the commencement of stage 1 reforms.
Jemena	We note AEMO's commentary in the Frequently Asked Questions document version 1 published on 13 April 2023 which stated that 'Gas flows subject to an AEMO direction are classified as a higher priority than firm priority.' Although we understand that AEMO may intend that pipeline operators prioritise flows which are subject to an AEMO direction, based on our review of the consultation draft NGL and NGR amendments, we believe that it would be necessary for a direction issued by AEMO to expressly instruct a pipeline operator to prioritise particular gas flows in	AEMO has updated the Frequently Asked Questions to clarify that a direction will specify the priority of that direction as well as what other actions may be necessary to ensure the effectiveness of the mitigation that AEMO is seeking.

Submitter	Submission Details	AEMO Response
	order to give effect to this intent. Without such an express instruction, a pipeline operator may not necessarily be able to give priority in all circumstances to AEMO directed flows above all other firm flows.	
	BB Data Submission Guide feedback	
Jemena	**Section 4.6.2. Data elements and fields – Medium term capacity outlook** We note the proposed approach of incorporating the extended daily capacity outlook into MTCO submissions, which will require the MTCO submission for a facility to include additional "events" to cover gas days where no maintenance is being undertaken (i.e. the normal nameplate capacity rating applies) within the 6 month outlook period. Although we acknowledge the NGR will require BB reporting entities to include data in the RecallTime and RecallDescription fields where an MTCO event relates to facility maintenance, these fields are not applicable to gas days where no maintenance is being undertaken. From a data submission perspective, the fields RecallTime and RecallDescription should therefore not be mandatory for MTCO submissions, allowing reporting entities to leave these fields blank where no maintenance which impacts capacity is being undertaken.	The BB data submission guide has been updated to clarify. The RecallTime and RecallDescription are only mandatory for specific facility types when there is a maintenance activity.

B.2 East Coast Gas System Procedures: Information Provision Obligations

Submitter	Submission Details	AEMO Response
AGL	**Section 2.1.4: Pipeline segments, linepack, linepack zones and demand zones** AGL suggests that instead of creating a new, untested and onerous framework of linepack and demand zones, that AEMO instead extend the current retail demand submissions to the DWGM/STTMs to provide additional information on supply demand balance for the proposed 7-day period. This framework is well known, already utilised by industry and participants and contains sufficient data for AEMO to observe upcoming reliability problems in the gas system and signal threats to participants (if required). This would be a valuable improvement in providing the market with meaningful transparency in time to provide a market response. Considering the very short implementation timeframe AGL sees this as the best efficient operational solution that aligns with the intent of the national gas objective. Alternatively, AGL suggests that AEMO create a 'by pipeline' requirement (rather than zone), which would be far more manageable and equally useful for managing system security.	As noted in Table 1, item 2.1 of the Government Information Paper the Part 27 Rules requires the proportion of expected daily gas demand to be purchased for that gas day: • from a market or gas trading exchange administered by AEMO; and • under a gas supply agreement. AEMO investigated utilising existing market scheduling processes to obtain this information, however as the obligation to provide this data is limited to Part 27 Retailers AEMO could not ensure that a full and accurate data set could be achieved. The intention of the demand zones is to breakdown the demand for the purposes of the assessments to understand the deliverability within a pipeline.

Submitter	Submission Details	AEMO Response
Alinta	**Section 2.1.4(c): Pipeline segments, linepack, linepack zones and demand zones** The Procedures refers to a 'starting point' and an 'end point' of a BB pipeline in the singular which may lead to some confusion about its applicability to pipelines with multiple starting or end points (i.e. any pipeline with a lateral). For example, a strict interpretation of this could mean that a simple point to point pipeline with a single lateral (let's say two injection points and one withdrawal point) would consist of two linepack zones which partly overlap.	AEMO has incorporated this change.
Alinta	**Section 2.1.5: Linepack types and measurement** The distinction between Amber linepack bound and Red linepack bound is not clear and may depend on a myriad of operational conditions of the pipeline itself and adjacent facilities. There is a strong risk that individual facility operators will interpret this provision uniquely in respect of their own facilities and any differences will not be evident to users of this information. This is particularly the case for smaller pipelines where the operations of adjacent facilities have an immediate impact on linepack levels, rendering the information in the linepack forecast potentially misleading.	AEMO will continue to work with pipeline operators to understand the complexities that apply to each pipeline. To the extent these definitions can be improved, AEMO encourages further feedback to be provided and as previously communicated, will make necessary changes and run a subsequent consultation prior to next winter 2024 if there is a need to do so.
AGL	**Sections: 2.2.1.(g); 2.2.2 (e); 2.2.3 (i), 2.2.5(f), and 2.2.6(h): Information provision obligations** AGL is concerned at the possibility of having requirements tied to volumes as low as 5 TJ/day. For example, a pipeline to a gas powered generator (GPG) might routinely change volumes greater than this throughout the day in response to electricity market needs. We suggest this number in the formula should instead be 10 TJ/day, which better reflects gas flow changes that will impact the wider market and helps to minimise the administrative burden of the reform. Ultimately though, we believe our proposed alternative set of reforms (summarised below) provides a better outcome and a more realistic outlook given it will be based upon overall conditions in the NEM.	The materiality threshold that has been used in the ECGS Procedures has been replicated from the Part 18 rules to provide consistency in reporting obligations across Part 18 and Part 27. Given the change in purpose of the data submissions (Part 18 is focussed on market transparency where Part 27 is about ensuring adequate and reliable supply) it is difficult to see how a lower threshold for materiality could be applied than what is in place for Part 18. AEMO is supportive of a review of the Part 18 materiality thresholds to ensure they are fit-for-purpose.
AGL	**Section 2.2.1: Expected daily gas demand** This section introduces a 7 day demand forecast. We note that all NEM participants (including GPG) are obliged to provide ST PASA (7 day) outlook and are obliged to always make offers that are not false or misleading. Specifically, there is a 7-day forecast that captures GPG risks – referenced as "PD7 GPG". We consider this existing framework should be used by AEMO instead of creating a duplicative reporting requirement, not only because it reduces operational burden on participants, but also because this would be a NEMDE solved solution/forecast that considers the whole NEM outlook, whereas a participant providing a forecast will only be providing their view (which will not be as accurate as NEMDE). Should AEMO have concerns with the accuracy of PD7 GPG, we would encourage AEMO to improve compliance with or accuracy of that report instead of creating a new reporting requirement. That said, AGL believe the best place to assess demand is at the DWGM and STTM, as they are material demand points, familiar to participants, and gross pools (i.e., all GJ's	As there is no requirement for all generators to provide extended pre-dispatch submissions, the GPG forecasts are more likely to be inaccurate. As noted in Table 1, item 2.2 of the Government Information Paper the Part 27 Rules also requires a breakdown of the proportion of the expected daily gas demand to be purchased for that gas day: • from a market or gas trading exchange administered by AEMO; and • under a gas supply agreement. AEMO would also not be aware of changes in operation of dual fuel plant. With regards to an extended DWGM and STTM, AEMO is supportive of this approach noting the current limitations on why this hasn't been used at this stage. AEMO investigated utilising existing market scheduling processes to obtain this information, however as the obligation to provide

Submitter	Submission Details	AEMO Response
	are submitted). The market would benefit from a longer-term provisional outlook and submission information. The STTMs solve in under a minute, the DWGM often a few minutes for provisional. Extending the market outlook is a much better solution for the industry.	this data is limited to Part 27 Retailers AEMO could not ensure that a full and accurate data set could be achieved.
Alinta	**Section 2.2.1: Expected daily gas demand** Compiling individual forecasts from each retailer in respect of a demand zone, with each retailer using different forecasting methodologies, making different assumptions about inputs such as weather and individual errors arising from churn (where a party fails to account for a transfer) will compound errors and likely render the information unusable, particularly in respect of forecasts past the current gas day. Future reforms may consider a single forecast for each demand zone (perhaps performed by AEMO) informed by historical gas flows, relevant information provided by distributors, and based on a single set of assumptions about conditions such as weather	AEMO will consider this as part of Stage 2 reforms.
AGL	**Section 2.2.2: Medium term maintenance demand** Section 2.2.2(b)(iii) requests information about the expected maximum daily demand during maintenance. GPG assets already provide maintenance information via the MTPASA system in the NEM. They must provide weekly energy constraints which provides fuel information that AEMO could be using for the purpose of these gas procedures. AGL suggests that AEMO should make use of this information instead of introducing a duplicate process for GPG assets. GPG assets should be exempt from this requirement.	The Procedures have provisions for the exemption of data to be submitted, the exemption application must include details of the exemption that the relevant entity is seeking and the reasons why the relevant entity considers an exemption is warranted.
Alinta	**Section 2.2.2: Medium term maintenance demand** BB large user facilities who are generators in the NEM already provide information about availability via the PASA. AEMO should consider providing such facilities an exemption from reporting under this provision.	As noted above.
Origin	**Section 2.2.2: Medium term maintenance demand** Origin note that BB Large User facilities (including gas powered generators (GPG)) will be required to provide details of maintenance work for the next 24 months. It will be very challenging for GPG to provide accurate information on expected gas consumption during maintenance periods. - Fundamentally, the dynamic nature of the market means any attempt to forecast when GPG is likely to run over a two-year horizon would be subject to significant uncertainty. This is compounded by the fact that many GPG are fast-start peaking plants which typically only run occasionally and at short notice making it even more difficult for participants to provide meaningful “details of the likely demand during the maintenance period”. - Additionally, GPG may also have partial station outages (e.g. while one unit may need to come offline, another unit at the same station may remain in service), which will affect the operation of the station and further complicates this reporting. To help address this issue, we strongly recommend AEMO introduce a materiality threshold for the Medium-Term Maintenance Demand reporting obligation as it applies to	AEMO sees the benefit in the maximum demand during partial outages being reported as this will be an input into the assessments. It is a Part 27 Rule requirement for the anticipated impact of the maintenance on the expected daily gas demand. The Procedures have been updated for BB large user facilities to provide the potential maximum daily demand and the description has been clarified that the likely demand is to be provided, where applicable.

Submitter	Submission Details	AEMO Response
	GPG, such that the details only need to be provided for GPG maintenance work that involves a full station outage.	
Jemena	**Section 2.2.3: Extended daily capacity outlooks** To improve clarity and participant understanding of the submission requirements relating to the extended daily capacity outlook, we suggest that the outlook period referred to in clause 2.2.3(a) be modified to align with the weekly submission requirement by specifying a period of 26 weeks, rather than 6 months.	AEMO has incorporated this change into the Procedures and BB data submission guide.
AGL	**Section 2.2.4: Medium term capacity outlook recall times** Medium term capacity outlook recall times are required "by 7.00 pm on each Monday of", however this should also consider public holidays. These tasks are not "critical" and should not be required on a day when additional staffing is not absolutely necessary (such as on a public holiday). AGL suggests adding the following, "or the first next business day based on the location of the reporting entity".	There are disclosure obligation requirements applicable to every gas day. Business processes will need to account for this, which may include submitting information and data in advance of a long weekend where necessary and to be aware to submit updates where there has been a material change.
AGL	AGL is concerned that the new reporting requirements to identify system security issues are complicated, piecemeal and are therefore unlikely to be fully effective. AGL suggests that an effective alternative would be to require pipeline operators to report to AEMO: - in circumstances when 'gas in' is well below 'gas out'; or - there is a material change between the anticipated entry and exit volumes on a BB pipeline. Pipeliners hold the overall picture of supply and demand for everyone moving gas from production to consumption. They are the key party in establishing whether there is an issue (AGL note that a facility/pipeline meeting is the first, and only required meeting before a contingency gas event can be declared – so the information they hold is already well recognised and understood). This approach would be more effective and efficient, and more closely meets the National Gas Objective, than obtaining information from every participant to determine the supply/demand balance on a pipeline.	The Procedures have provisions for the exemption of data to be submitted, the exemption application must include details of the exemption that the relevant entity is seeking and the reasons why the relevant entity considers an exemption is warranted. Materiality thresholds for pipeline submissions are specified in the Part 18 Rules. AEMO has incorporated elements of the STTM CG conferences into the gas supply adequacy and reliability conference framework of the east coast gas system functions.
Jemena	**Section 2.2.5: Linepack forecasts** As previously outlined to AEMO, the calculation of red, amber and green linepack bounds by Jemena will be a manual process involving pipeline modelling. We understand that the intent behind the requirement to provide red, amber and green linepack bounds is that these are not expected to be recalculated in response to short term (i.e. day-to-day) changes in conditions on a pipeline, for example during a period of planned pipeline maintenance. The data update requirements applicable to the submission of red, amber and green linepack boundaries should be modified to reflect this intent, and should expressly clarify that a BB reporting entity need only provide updates to previously submitted linepack	AEMO sees a benefit in having materiality thresholds on the linepack bounds to identify changes in the available gas on a pipeline. AEMO has updated the threshold for updates to be provided where the change is expected to apply for at least 7 days or where the change in the bounds results in the operational linepack changing between the green, amber or red linepack bounds.

Submitter	Submission Details	AEMO Response
	boundary values where the BB reporting entity expects the changed value to apply for a period of at least three months.	

B.3 East Coast Gas System Procedures: Trading

Submitter	Submission Details	AEMO Response
Origin	**Section 5.1: Cost Recovery** The ECGS Procedures do not adequately explain how the costs of AEMO's trading activities will be recovered. In determining entities' trading fund contribution rates, the procedures offer AEMO broad scope to have regard to any relevant factors. We recommend AEMO considers a 'causer pays' approach and explicitly set this out in the procedures. For example, in a scenario where a market shortfall exists due to a particular retailer ('Retailer X') holding a significant short position and AEMO trades to avert this shortfall, Retailer X should be liable for covering AEMO's trading costs – these costs should not be smeared across the market. Smearing costs would: - diminish the incentive for participants to employ prudent risk management strategies. - penalise customers that had selected a prudent retailer, as they would bear costs arising from other retailers' failure to effectively manage risks.	The constraint that AEMO has is that the Procedures need to be broad enough to allow for the different options for financing the trading fund. AEMO is expecting to initially finance the trading fund via debt, rather than participant contributions to minimise cost to industry given that: • The timing and extent of AEMO trading is highly uncertain (especially if trading is a last resort). • Cashflows in and out of the fund will likely not be simultaneous. • Participants are not eligible for refunds from the trading fund so any amounts contributed cannot be returned adding to the impost on industry. This cost of establishing and administering the debt would be recovered via fees. If trading is required and the trading fund is used, then the cost of any trades would be recovered via participant contributions per the principles outlined in the Procedures. In line with CEPA's recommendations, AEMO is proposing to recover the costs of trades on a similar basis to funding compensation for directions.
Origin	Origin also reiterate our concerns with AEMO's new trading function – AEMO would effectively be competing with market participants in procuring gas and there may be a level of information asymmetry between those parties that could distort efficient market outcomes and reduce participants' commercial incentives to manage their own risk. Origin have outlined changes to the framework that would assist with addressing this issue in our separate response to the ECGS Guidelines.	As outlined in the Guidelines, if there is a potential for an industry response AEMO would be unlikely to use the trading function, to ensure AEMO is not competing with industry in trying to procure gas. To the extent that an industry response does not mitigate the risk or threat, AEMO's preferred option is to secure services from industry through a transparent procurement process.

B.4 East Coast Gas System Procedures: Conferences

Submitter	Submission Details	AEMO Response
Alinta	**Section 3.7: Gas supply adequacy and reliability conferences** It is noted that AEMO intends to develop a protocol for contacting part 27 relevant entities who are required to attend a Gas Reliability and Supply Adequacy Conference where the notice period is less than 24 hours. This is welcomed. Alinta Energy also recommends that AEMO collaborate with the AER to develop guidelines for participants around expected minimum response times. This will assist such entities in developing systems and business processes to support the framework and ensure that the costs of implementation for industry are not excessive and subsequently passed on to consumers.	AEMO will raise this with the AER, but it would be at the AER's discretion as to what guidelines they publish regarding their functions.