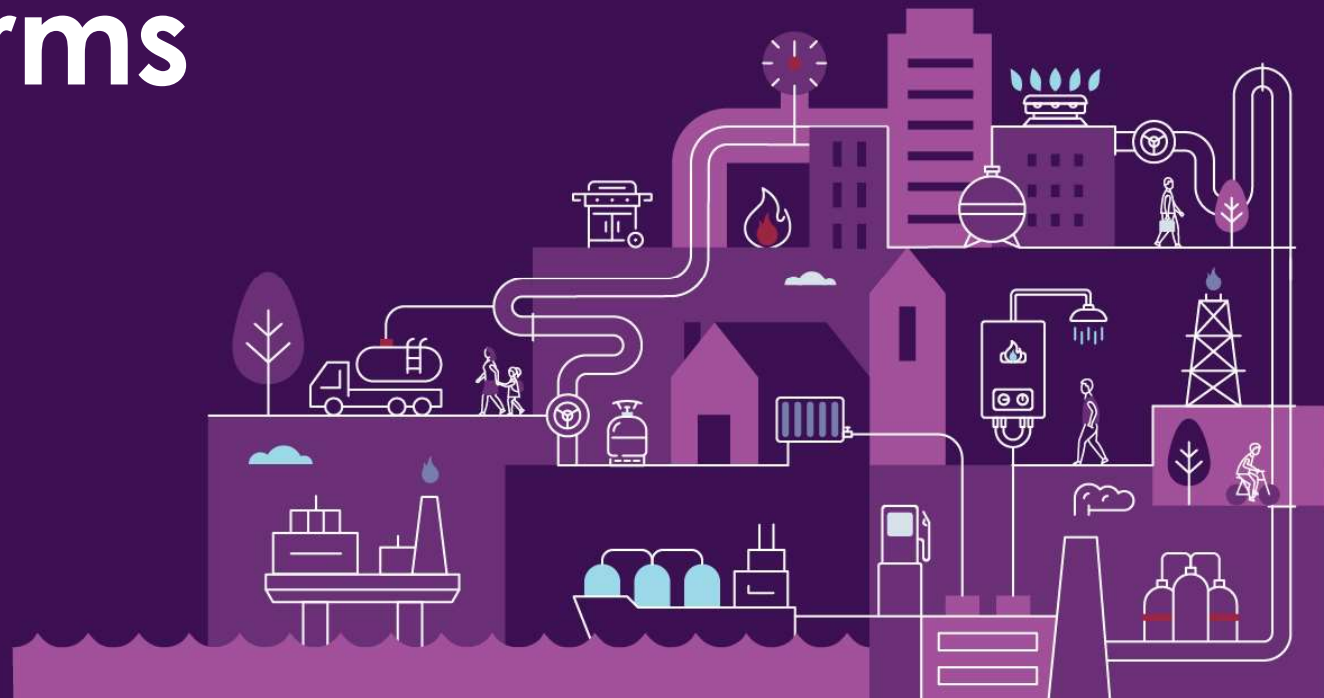


East Coast Gas System Reforms

Tranche 1 implementation



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.

Meeting recording notice



Please note that this meeting will be recorded by AEMO and may be accessed and used by AEMO for the purpose of taking meeting notes.

By attending the meeting, you consent to AEMO recording the meeting and using the record for this purpose. 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.

For further information, please see the [Competition and Consumer Act](#).

Online forum housekeeping



1. Please mute your microphone, this helps with audio quality as background noises distract from the information being shared.
2. Video is optional, but having it turned off helps with performance and minimises distractions.
3. 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.
4. Raise your hand if you wish to speak to an item. This keeps conversations orderly.
5. If you have dialled in via phone, please email GasReform@aemo.com.au your name and organisation for our records.
6. If your name appears abbreviated on Teams or is otherwise not fully reflected in the app, please add your name and organisation to the chat for our records.
7. Be respectful of all participants and the process.
8. This is an industry forum for briefing participants, any media should contact AEMO's Media team for information about events occurring in the market. Media enquiries can be made via media@aemo.com.au.
9. Please email GasReform@aemo.com.au with any questions/feedback post the meeting.

Agenda

- Introduction and background
- Timeline to go-live
- Procedures and guidelines
- Monitoring, signalling and directions
- High-level Process
- System changes
 - System access
 - Data submissions
- Next Steps



Background

- On 12 August 2022 Energy Ministers agreed to take a range of actions to support a more secure, resilient and flexible east coast gas market.
- The gas reforms present a material change to AEMO's roles and responsibilities across the east coast gas market, further supporting the national gas objective of reliability and security of supply of natural gas.
- Tranche 1 initiatives aim to provide the regulatory framework for AEMO to:
 - Collect data and monitor the **east coast gas system** to assess the likelihood of a threat to the reliability or adequacy of gas supply;
 - Signal to the industry where a threat has been identified, including the ability for AEMO to hold conferences (enshrining and broadening the Gas Supply Guarantee process);
 - Direct gas industry participants to resolve a potential or actual threat (includes a compensation framework);
 - Trade in natural gas to the extent required.
- AEMO is aiming to implement Tranche 1 (**part 27 of the Rules**) prior to winter 2023. This will be subject to the passage of legislation.
- In parallel, consideration of Tranche 2 initiatives which aim to deliver longer term solutions for AEMO to manage peak demand supply shortfalls.
 - This could include the development of a reliability standard; anonymised delivery of gas on the Gas Supply Hub; streamlining prudential requirements across gas markets; demand management; reliability obligations.

East coast gas system includes all states and territories apart from W.A.

Objectives

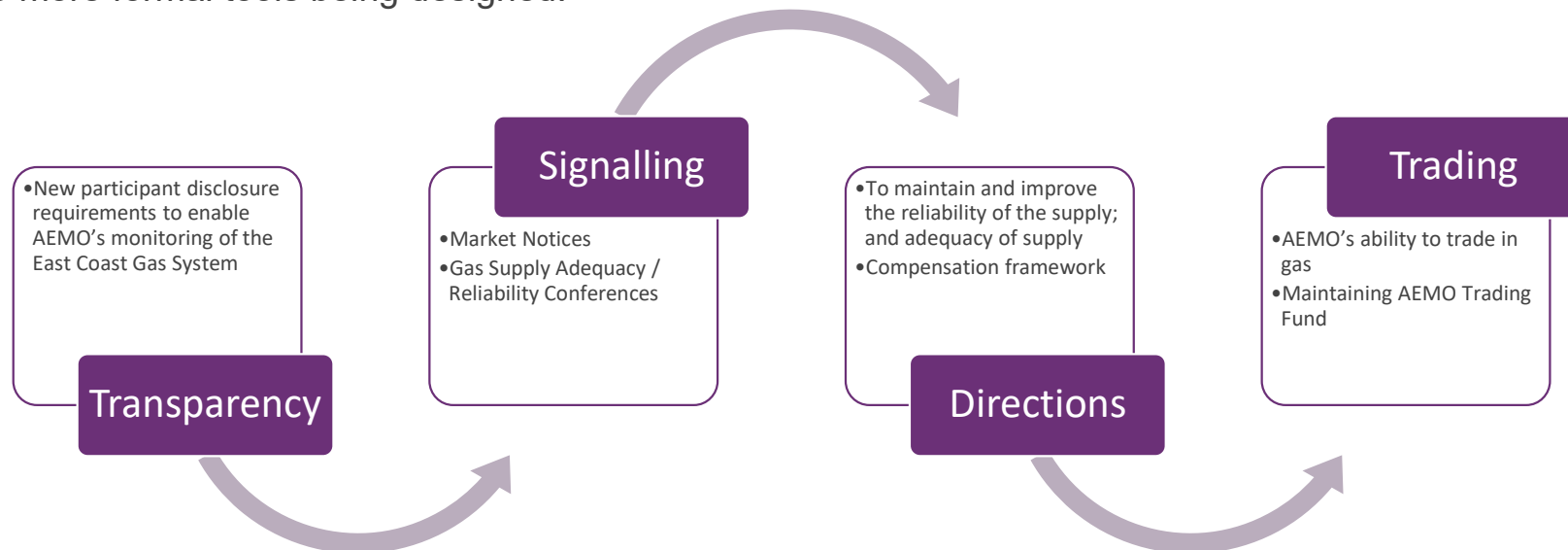


- Focus is on Tranche 1 reform implementation.
- Short implementation time is required.
- Some of the detail is in the early stages of being developed and in some cases AEMO hasn't landed on a preferred approach, or the approach hasn't been fully assessed.
- Information being presented today is draft, subject to workshop feedback and further AEMO discussions.
- AEMO will utilise existing systems and processes to the extent possible.
- Elements of the delivery will not be the perfect or final solution.
- Not on the agenda today:
 - Trading
 - Compensation
 - Fees

Implementation will be subject to the passage of legislation

Tranche 1 – Overview

- As a matter of urgency, Tranche 1 reforms extend AEMO’s powers and functions to provide it with tools to monitor, signal and manage supply shortfalls in the east coast market in winter 2023.
- In effect, this will provide AEMO with a hierarchy of tools to manage supply shortfalls in the east gas coast market, prior to more formal tools being designed.



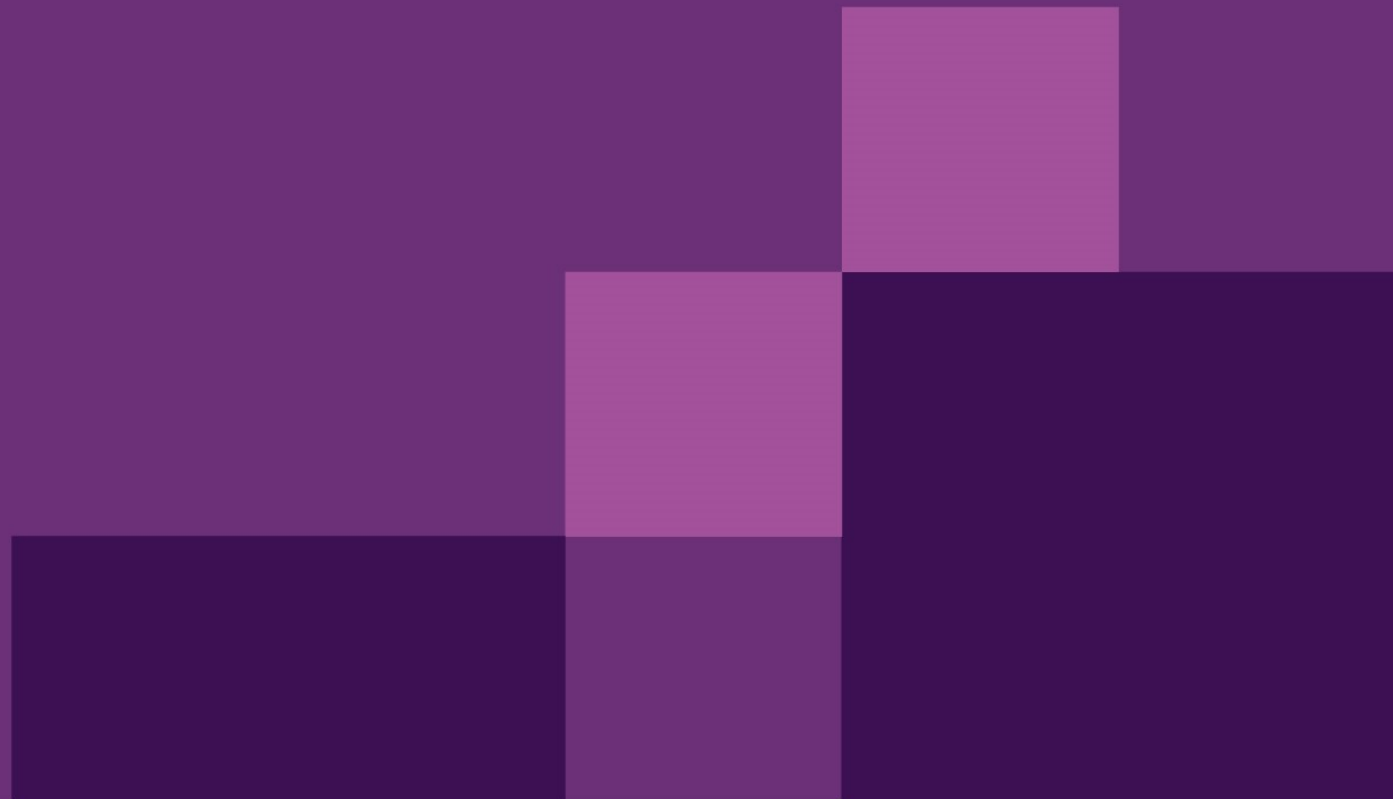
It is anticipated the new Law proclaimed and new Rules made by SA Minister in late Q1, early Q2 2023

Updates from initial consultation package

- Additional steps and guidelines in AEMO using intervention powers.
- Post intervention reporting.
- Streamlining of disclosure obligations and further alignment between Part 27 and Part 18 (Gas Bulletin Board rules).
- Additional requirements of holding conferences to address competition and who needs to attend a conference.
- Part 27 information to be treated as confidential.
- AEMO to consult with affected parties before issuing a direction.
- Compensation is broadly limited to direct costs from an AEMO direction.
- Establishment of trading fund – ability for AEMO to fund using a debt facility.
- AEMC review of framework within 3 years.

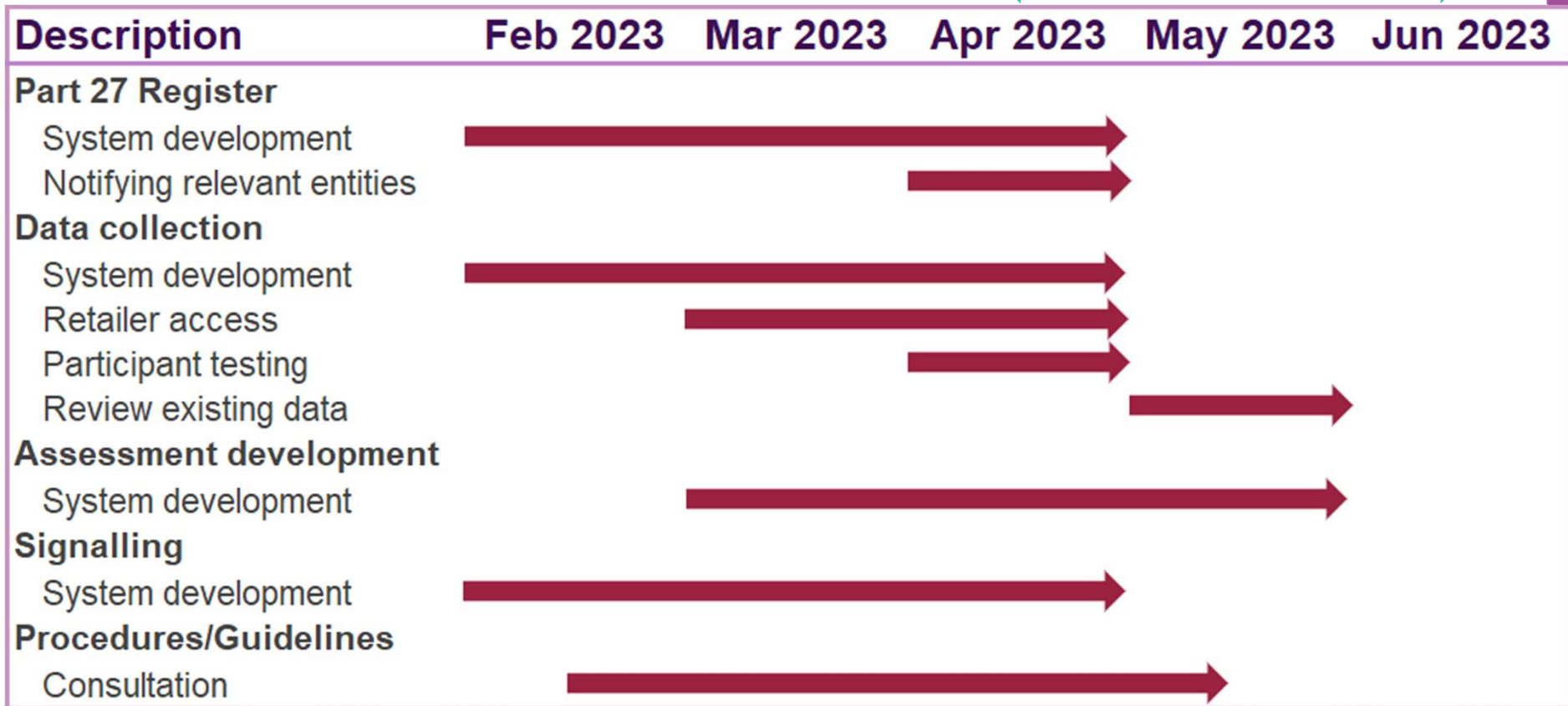
Further details to be provided in upcoming information pack

Timeline



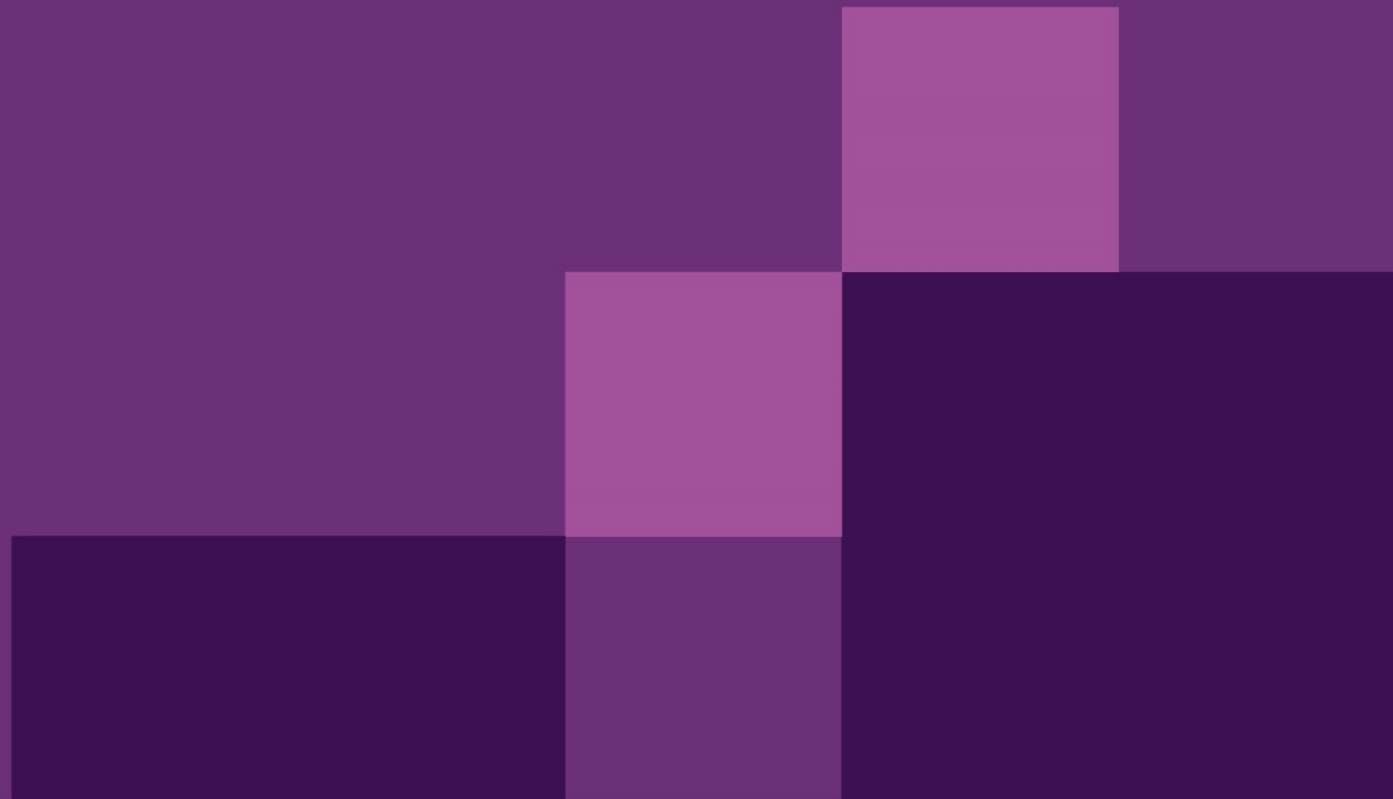
Indicative timeline

Indicative go-live window

Relevant entity is a part 27 participant

Procedures/ guidelines



Procedure/guideline consultation

Consultation step	Description	Example timeline	Business Days
Informal feedback	Publish draft procedures/guidelines	Wednesday 1 March 2023	0
First round consultation	Publish Proposed Procedure Change (PPC)	Wednesday 15 March 2023	10
	PPC submissions close	Wednesday 29 March 2023	10
Second round consultation	Publish Impact and Implementation Report (IIR)	Friday 14 April 2023	10
	IIR submissions close	Monday 15 May 2023	20
Publication	Final Notice	Tuesday 23 May 2023	6
	Effective Date	Tuesday 13 June 2023	15

- Indicative only and dependent on publication of Commonwealth information paper.
- Includes two weeks of informal feedback.
- Procedures and guidelines may be run as separate consultations with modified dates.

One alternative to having an informal feedback round is to extend the first round consultation

Procedures and guidelines

Procedures

- Disclosure obligations
- Monitoring and signalling
- Part 27 register/reporting entity

- Compensation claims
- Funding the trading fund

Guidelines

- Conferences
- Directions

- Trading

Important for go-live

Possibly consulted separately

AEMO is still in the process of determining the preferred approach to fee recovery

Zones, segments and linepack

- AEMO expects the following information to be included in the procedures, subject to agreement of Ministers
 - Demand zones
 - Supply zones
 - Linepack zones
 - Pipeline segments
 - Measurement and types of linepack

The procedures are likely to be supported by technical documents

Proposed definitions: Linepack and pipeline segments

- **Linepack:** The quantity of natural gas (in TJ) within a linepack zone that is not required to be retained in the pipeline in order to maintain the minimum contracted delivery pressure and deliverability rates or for system safety.

For each pipeline, the **linepack zone** is defined as each of the following:

- The section of pipeline between two sequential compression facilities, including all lateral pipelines;
 - The section of pipeline between two non-sequential midline compression facilities where there is no receipt or delivery point between those facilities and as approved by AEMO;
 - The termination point of a pipeline and an adjacent pipeline compression facility;
 - The starting point and the end point of a BB pipeline where there is no mid-line compression facility.
- **Pipeline segment:** to be defined as being consistent with Bulletin Board nameplate ratings, and to be assessed from time to time.

AEMO is seeking feedback on the proposed definitions of linepack, linepack zone and pipeline segment

Demand and supply zone

- **Demand zone:** a collection of delivery connection points, grouped by region and BB pipeline.

Demand zones are likely to be aligned with Capacity Trading & Auction delivery zones and GBB Locations.

- **Supply zone:** aligned with GBB location (e.g. Moomba Hub)

AEMO is seeking feedback on the definition of demand zone

Monitoring and assessment

Threats to the reliability and supply adequacy of the east coast gas system

A decorative graphic in the bottom right corner consists of several overlapping squares in various shades of purple and dark blue, arranged in a stepped pattern that ascends from left to right.

Transparency – Overview

- To forecast and signal threats to system adequacy will require AEMO to have sufficient visibility and transparency of system demand, projected supply, storage levels, gas flows and any other information required to understand and forecast supply and demand balance.
- AEMO is to draw upon existing disclosure requirements as well as new disclosure obligations upon relevant entities.
- **Information:** Demand, projected supply, storage levels, gas flows, capacity outlooks and maintenance, linepack.
- **Time horizon and granularity:** Daily over next seven days, and monthly over next six months. Maintenance information over two-year horizon.
- **Detail:** Demand data by AEMO-defined zones; Linepack storage by linepack zone; and other information by facility.

Information that is collected solely for the purposes of Part 27 is protected information

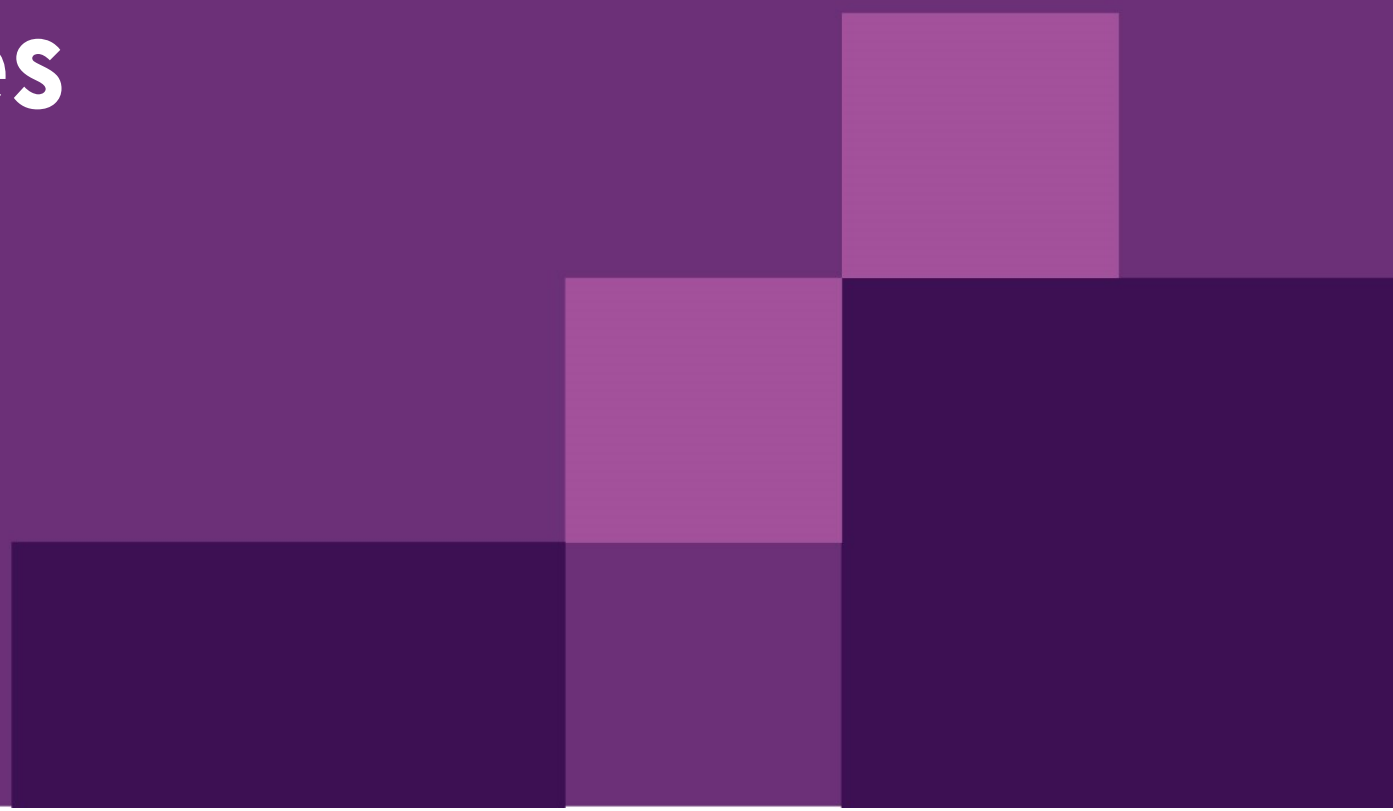
Monitoring and assessment for threats

- Gas Bulletin Board functionality to be utilised to enable monitoring of the east coast gas system.
- Assessments to be undertaken using existing Gas Bulletin Board data (public and confidential); information collected as a result of these reforms; and AEMO's own forecasts.
- Information requests to be used to augment Gas Bulletin Board data in the event a risk or threat event is identified.





Signalling and conferences

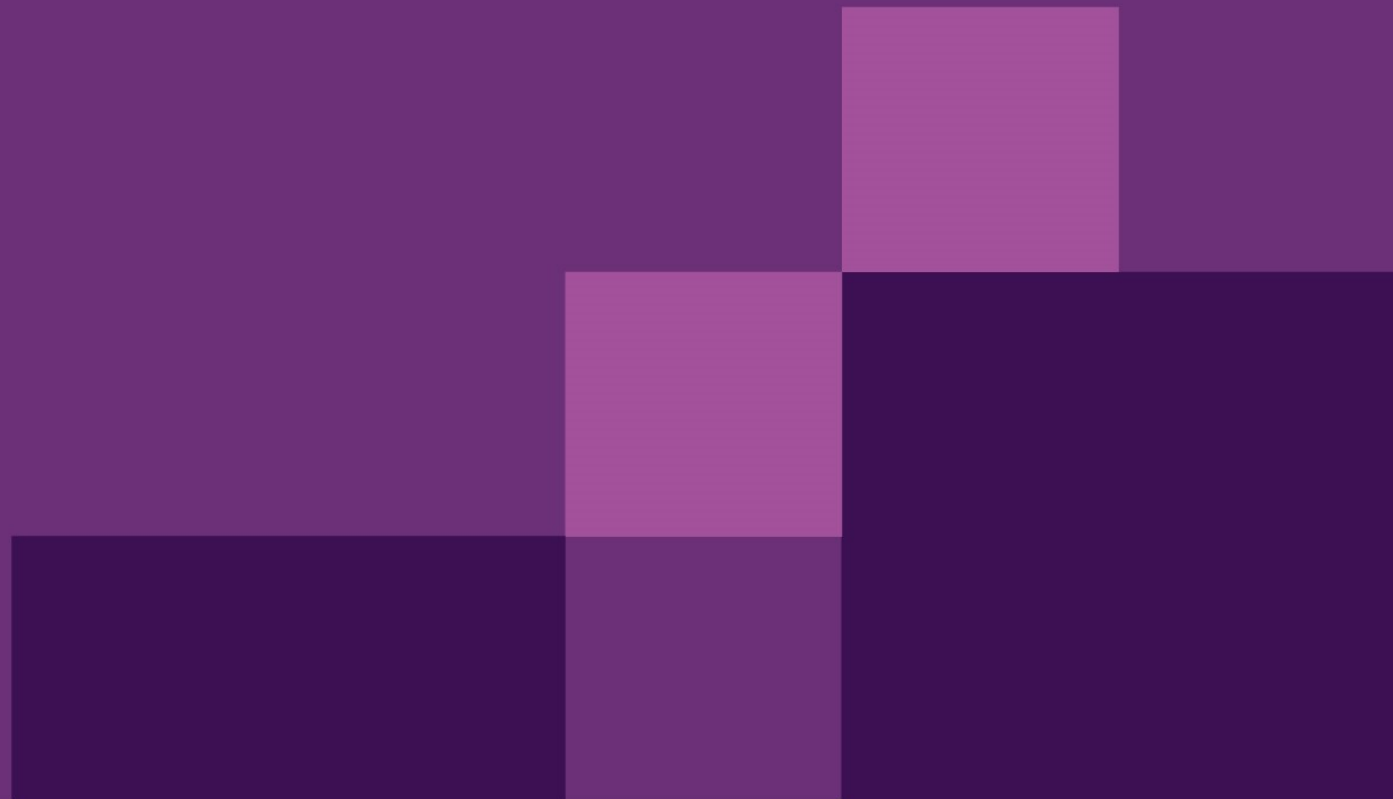


Signalling and conferences



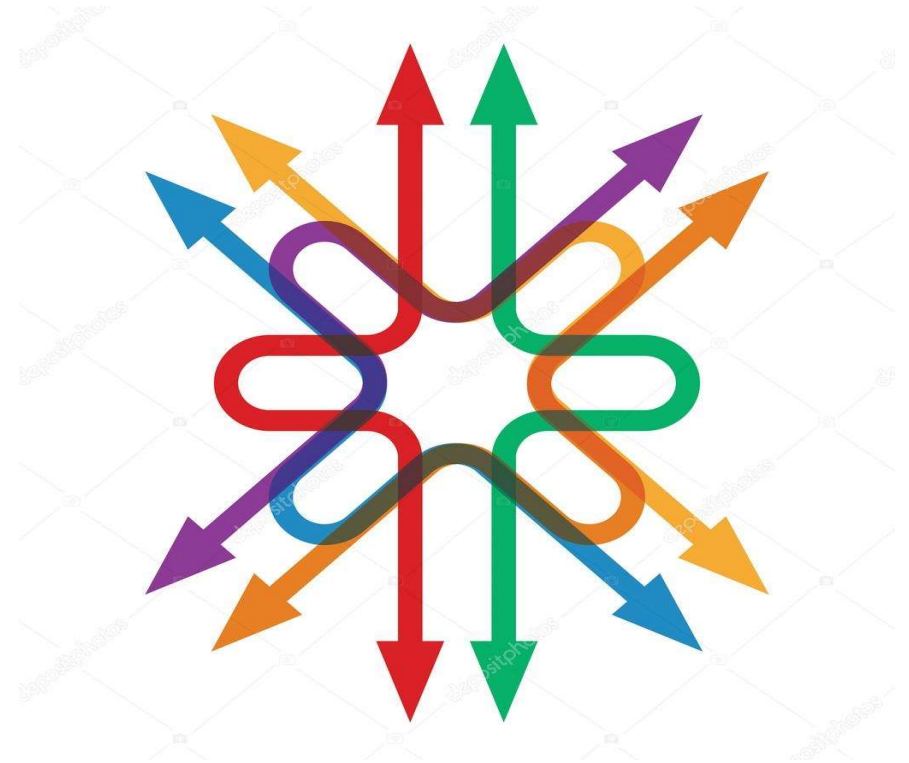
- Relevant entity contact information to be captured through AEMO registration systems against existing participant registrations.
- Each participant will be required to have contacts registered who will receive notices.
- Notices will be for threats, conferences, directions and trading.
- A company representative must attend a gas supply adequacy and reliability conference (GSARC), if notified by AEMO to do so, to inform AEMO's proposed response to a identified risk or threat event.
- AEMO may hold additional conferences where AEMO will distribute information about the event including actions that can be taken to mitigate the event.
- The conference process largely resembles the STTM Contingency Gas and Gas Supply Guarantee conference process.

Directions



Directions

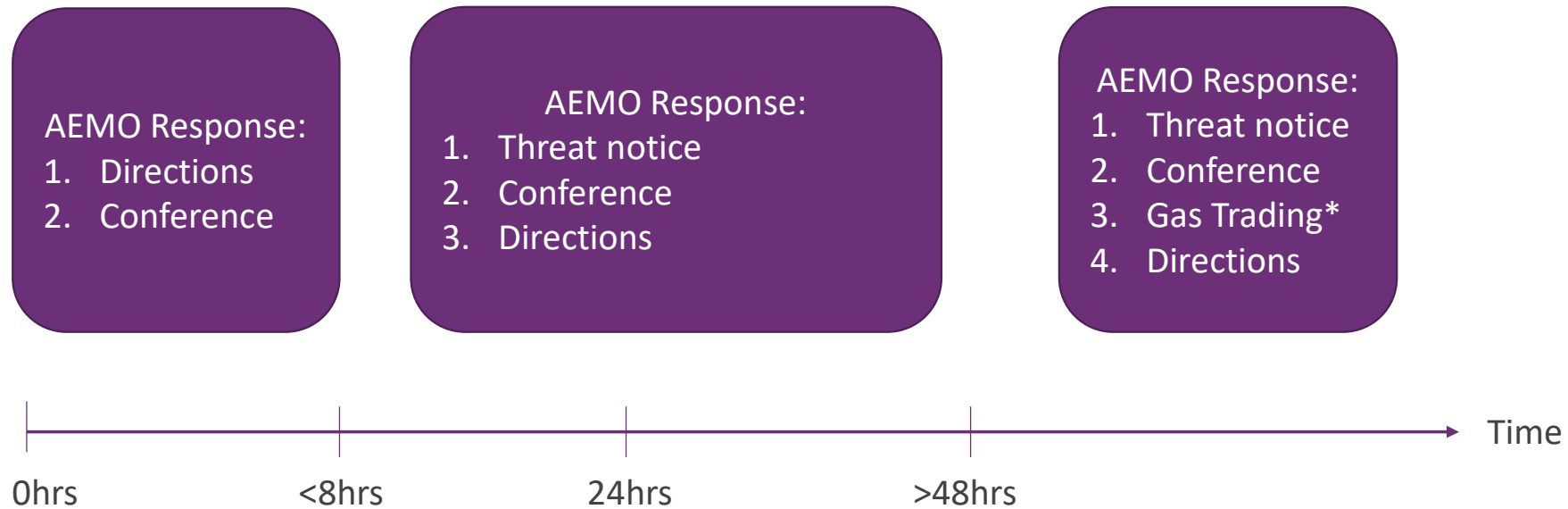
- AEMO may give directions to resolve an identified risk or threat event.
- The purpose of these directions is to mitigate an identified risk or threat event in the short term.
- AEMO may use its powers to request information to support the decision making process.



High-level process



Indicative threat response time

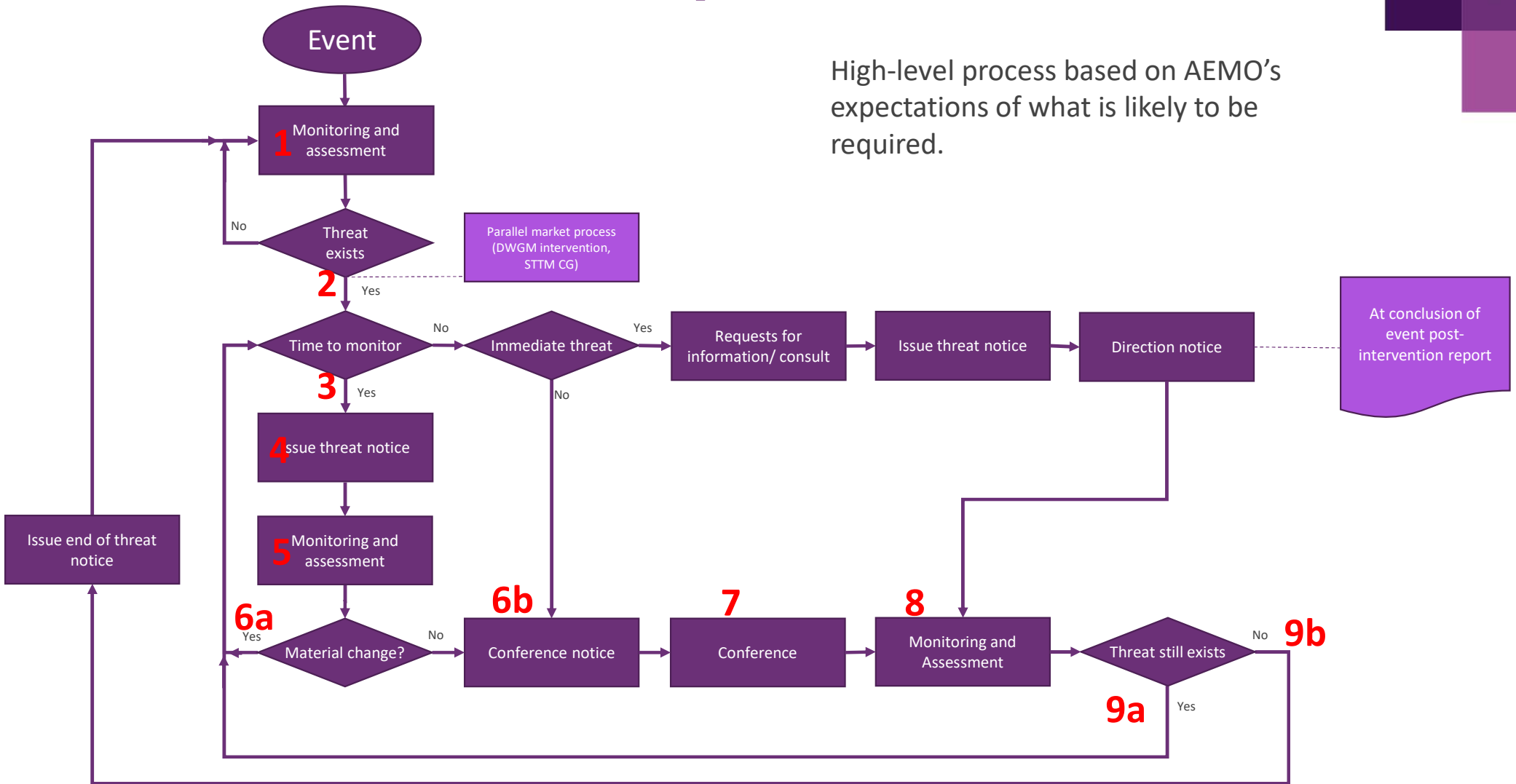


*Trading may not always be a viable option

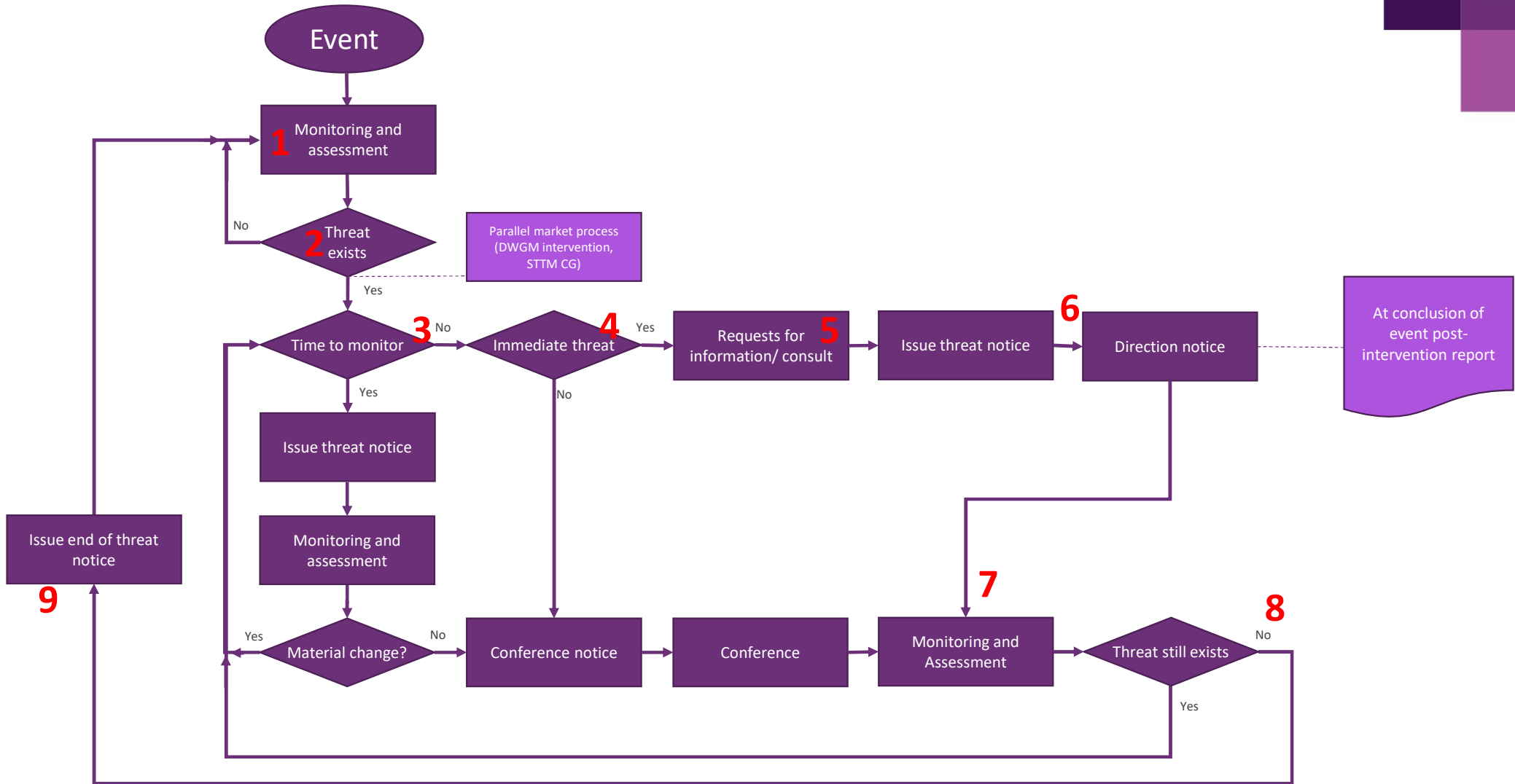
Threat – market response



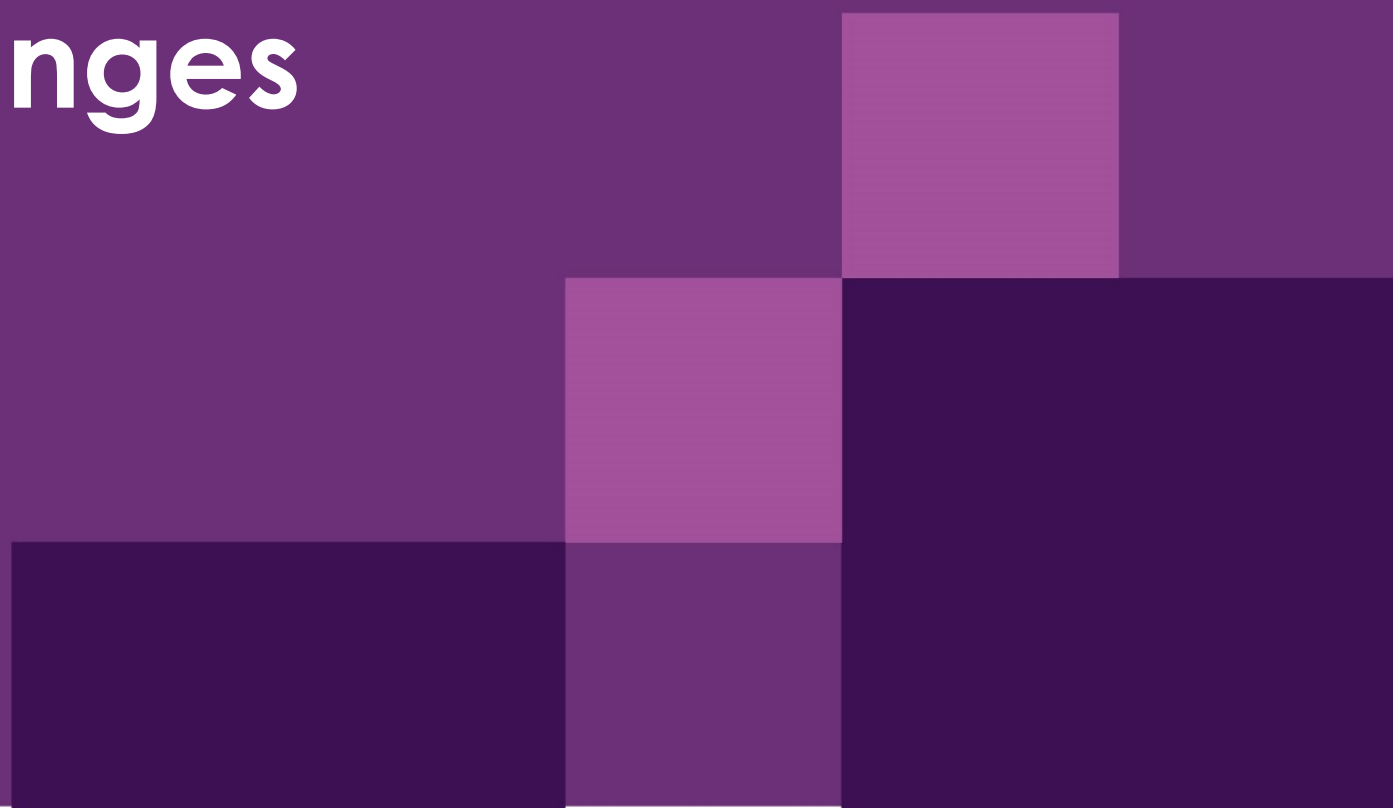
High-level process based on AEMO's expectations of what is likely to be required.



Immediate threat



System changes



Digital delivery

Time is of the essence

Scope to be confined to the delivery of the critical elements of the project. System uplift and enhancements are not being considered for Tranche 1 delivery.



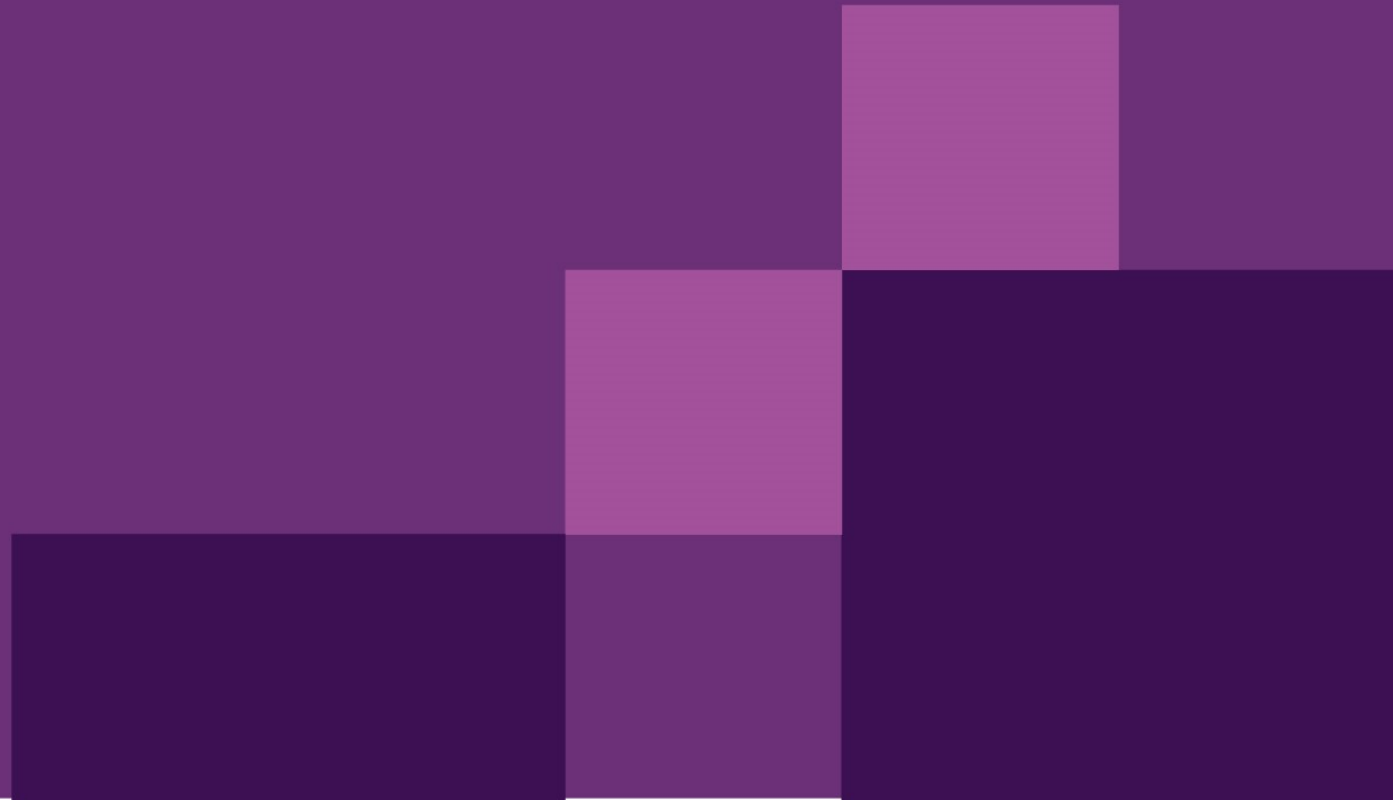
Broadly, there are four streams of work requiring system development and implementation

Transparency			Signalling
Register	Data submissions	Analysis and monitoring	
<ul style="list-style-type: none">• AEMO will maintain a register of relevant entities• AEMO may publish this register• AEMO will also maintain a register of jurisdictional representatives.• Register will be used to provide a link to data submissions and notifications.• Not a registration activity	<ul style="list-style-type: none">• Relevant entities are required to submit data to enable AEMO's monitoring functions.• Data will be captured through the same functionality that is used currently for GBB submissions	<ul style="list-style-type: none">• Reports to be developed for internal assessments of the short- and medium-term	<ul style="list-style-type: none">• Notification system (SMS and email) – a modification of existing DWGM notification system• Notices to be sent when AEMO identifies a potential or actual threat or exercises its direction or trading function

Data submissions

- Part 27 register - is not a registration activity. This will be managed by AEMO, and relevant entities will be notified when they are added to the register.
- MarketNet will be used for submissions
 - Participants not currently using MarketNet will need to prepare for this and have appropriate access in place.
- Submissions are required from:
 - BB reporting entities (for pipelines, production, storage, compression, large user facilities, LNG export facilities)
 - Gas retailers including self-contracting users

Next steps



Coming up



- AEMO expects the next meeting to be around mid-February where, subject to Ministers agreement, the Commonwealth information paper will be available for discussion
 - Draft procedures/guidelines to be issued
 - Data submission templates to be issued
- Monthly Working Group meeting to be held. Additional meetings as required.
- Website content to be made available



For more information visit

aemo.com.au