

**IMPACT & IMPLEMENTATION REPORT – SUMMARY SECTION**  
*(For AEMO to complete and administer)*

<b>Issue Number</b>	STTM IIR 13-001		
<b>Impacted Jurisdiction (s)</b>	New South Wales, South Australia, Queensland		
<b>Proponent</b>	Arlyne Yuliana	<b>Company</b>	AEMO
<b>Affected Gas Markets(s)</b> <ul style="list-style-type: none"> <li>▪ Retail</li> <li>▪ Wholesale</li> <li>▪ Bulletin Board</li> </ul>	Wholesale Short Term Trading Market (STTM)	<b>Consultation process (Ordinary or Expedited)</b>	Ordinary
<b>Industry Consultative forum(s) used</b>	<ul style="list-style-type: none"> <li>• STTM Consultative Forum</li> <li>• AEMO public consultation</li> </ul>	<b>Date Industry Consultative forum(s)consultation concluded</b>	
<b>Short Description of change(s)</b>	User-to-user MSV transaction		
<b>Procedure(s) or Documentation impacted</b>	STTM Procedures v 7.1		
<b>Summary of the change(s) and reasons for the change(s)</b>	<p>This proposal includes the following changes to the STTM Procedures:</p> <ul style="list-style-type: none"> <li>• Modify section 7.3 (Market Schedule Variations) and section 10.5 (Variation Charges) of the Procedures to ensure that the originating Participant covers both STTM Shipper and STTM User.</li> <li>• Add a clause in section 7.3 (Market Schedule Variations) of the Procedures to ensure the STTM User that increases its modified market schedule quantity must be the originating Participant, where the proposed MSV transaction relates to STTM Users as the originating and receiving Participant.</li> <li>• Add a clause in section 7.3 (Market Schedule Variations) of the Procedures to ensure that the STTM Shipper is the originating Participant, where the proposed MSV transaction relates to an STTM Shipper and an STTM User.</li> <li>• Add a rule in section 7.5 (Variation Charges) to ensure that the user-to-user MSV transaction is not subjected to Variation Charges.</li> </ul>		
<b>I&amp;IR Prepared By</b>	Arlyne Yuliana	<b>Approved By</b>	Terry Grimwade
<b>Date I&amp;IR published</b>	13 February 2013	<b>Date Consultation under 135EE or 135EF concludes</b>	25 March 2013

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## IMPACT & IMPLEMENTATION REPORT – DETAILED REPORT SECTION

### CRITICAL EXAMINATION OF PROPOSAL

1. Description of change(s) and reasons for change(s)	Please refer to section 1 of the proposed procedure change (PPC) released with this impact and implementation report (IIR).
2. Reference documentation <ul style="list-style-type: none"> <li>▪ Procedure Reference</li> <li>▪ GIP/Specification Pack Reference</li> <li>▪ Other Reference</li> </ul>	Please refer to section 2 of the PPC released with this IIR.
3. The high level details of the change(s) to the existing Procedures  This includes: <ul style="list-style-type: none"> <li>▪ A comparison of the existing operation of the Procedures to the proposed change to the operation of the Procedures</li> <li>▪ A marked up version of the Procedure change (see Attachment A)</li> </ul>	Please refer to section 3 of the PPC released with this IIR.
4. Explanation regarding the order of magnitude of the change  (eg: material, non-material or non-substantial)	Please refer to section 5 of the PPC released with this IIR.

### ASSESSMENT OF LIKELY EFFECT OF PROPOSAL

5. Overall Industry Cost / benefit (tangible / intangible / risk) analysis and/or cost estimates	<p><b>Benefits</b></p> <p>In summary, the benefit for STTM Participants is to remove an unnecessary transaction during the provision of the user-to-user MSV transaction participants provided under the NGR as any changes to the MSV window will go through the procedure change process prescribed in the NGR.</p>
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	<p><b>Costs</b></p> <p>The proposed change would require AEMO to undertake a procedure change process and changes to external guides, which are considered non-material in this instance.</p> <p>Furthermore, the proposal does not materially affect market operation as currently user-to-user MSV transaction can be done with STTM Shipper (acting as an intermediary) submitting two transactions with each STTM User.</p> <p>The procedure change would require changes to AEMO's market systems to enable the registration of user-to-user MSV transactions. However, no system changes are required for trading participants, STTM facility operators or network operators.</p> <p><b>Overall assessment</b></p> <p>Based on the assessment above, AEMO considers that the costs in implementing this proposal are outweighed by the benefits.</p>
<p>Stakeholders have not advised AEMO of any costs resulting from the proposed changes.</p>	<p>Stakeholders have not advised AEMO during the consultation process to date of any material costs resulting from the proposed change.</p>
<p>7. Testing requirements</p>	<p>As noted in the PPC, this procedure change will require changes to AEMO's market systems. Therefore system testing, user acceptance testing, and industry testing will be required.</p>
<p>8. AEMO's preliminary assessment of the proposal's compliance with section 135EB:</p> <ul style="list-style-type: none"> <li>- consistency with NGL and NGR,</li> <li>- regard to national gas objective</li> <li>- regard to any applicable access arrangements</li> </ul>	<p><u>Consistency with NGL and NGR</u></p> <p>AEMO's view is that the proposed changes described in this document are consistent with the National Gas Law (NGL) and the National Gas Rules (NGR).</p> <p>On 30 August 2012, the AEMC made its rule determination to allow a direct MSV transaction between STTM Users.</p> <p><u>National Gas Objective</u></p> <p><i>"Promote efficient investment in, and efficient operation and use of, natural gas services for the long term interests of consumers of natural gas with respect to price, quality, safety, reliability and security of supply of natural gas."</i></p> <p>As noted in AEMO's rule change request, the benefit for STTM Participants is to remove an unnecessary transaction during the provision of the user-to-user MSV transaction.</p> <p>At present, there is an average of over 30 user-to-user MSV transactions occurring each month in Sydney and Adelaide hubs, and each requiring two transactions. By removing the unnecessary transaction, the additional transactional management and transaction reconciliation that STTM Shippers presently undertake will be eliminated, leading to a more efficient operation.</p>

<p>9. Consultation Forum Outcomes</p> <p>(e.g. the conclusions made on the change(s) whether there was unanimous approval, any dissenting views)</p>	<p>The Australian Energy Market Commissioner (AEMC) assessed the proposed change under an expedited process, and the rule was subsequently made on 30 August 2012.</p>
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<b>RECOMMENDATION(S)</b>	
<p>10. Should the proposed Procedures be made, (with or without amendments)?</p>	<p>Taking into account the consultation that has occurred, the assessment presented in the PPC and this IIR, and the AEMC rule change determination, AEMO recommends that the proposed Procedure change, as described in Attachment A of the PPC, should be made.</p>
<p>11. If applicable, a proposed effective date for the proposed change(s) to take effect and justification for that timeline.</p>	<p>The changes are expected to come into effect in the week commencing 15 April 2013. In accordance with rule 135EE(5) of the NGR, 15 business days prior to the effective date, AEMO will publish a notice specifying the exact date on which the proposed new procedures come into effect.</p>