

**GAS SUPPLY HUB EXCHANGE AGREEMENT
IMPACT & IMPLEMENTATION REPORT – SUMMARY SECTION**

Issue Number	GSH IIR016		
Impacted Jurisdiction (s)	Queensland/Moomba All GSH Trading Locations		
Proponent	Roy Kaplan	Company	Australian Energy Market Operator
Affected Gas Markets(s) <ul style="list-style-type: none"> ▪ Retail ▪ Wholesale ▪ Bulletin Board ▪ STTM 	Gas Supply Hub	Consultation process (Ordinary or Expedited)	Ordinary
Industry Consultative forum(s) used	GSH Reference Group	Date Industry Consultative forum(s)consultation concluded	25 July 2018
Short Description of change(s)	Amendments to the Gas Supply Hub Exchange Agreement to extend the trading hours for pre-matched, non-netted trades to 24 hours, 7 days per week for the Wallumbilla and Moomba trading locations. The extended trading hours will be available for Balance of Day, Day ahead and Daily Gas products.		
Procedure(s) or Documentation impacted	GSH Exchange Agreement: <ul style="list-style-type: none"> • clause 11.2 • clause 13.2 • product schedules/specifications GSH Trading Timetable		
Summary of the change(s)	GSH Exchange Agreement: <ul style="list-style-type: none"> • amend clause 11.2(a) - to allow AEMO to suspend the market during the proposed extended trading hours • amend clause 13.2(b)(ii) - clarification around delivery netting preferences • amendments to the 'Trading Window' description for Product Specification schedules 9 and 22-28. GSH Trading Timetable – update to note that trading hours for pre-matched, non-netted trades have extended trading hours		
I&IR Prepared By	Mark Anderson	Approved By	Peter Geers
Date I&IR published	17 December 2018	Scheduled date for end of consultation under EA 3.3, 3.4 or 3.6	18 January 2019
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IMPACT & IMPLEMENTATION REPORT – DETAILED REPORT SECTION

CRITICAL EXAMINATION OF PROPOSAL

<p>1. Description of change(s) and reasons for change(s)</p>	<p>AEMO has received a proposal from members to extend the trading hours for registering pre-matched, non-netted trades in the GSH. Under the proposal, the hours for registering pre-matched, non-netted trades in the GSH would be extended to 24 hours, 7 days per week for the Wallumbilla and Moomba trading locations. Products proposed to be covered by the change are Balance of Day, Day ahead and Daily Gas products. Currently all pre-matched trades need to be registered with AEMO by 4pm AEST.</p> <p>While the hours for the pre-matched, non-netted trade service will be extended, it is proposed that the existing operational support arrangements will be maintained for the market. The exchange traded markets will continue to open from 9am to 5pm, 7 days per week until the commencement of the pipeline capacity trading reforms.</p> <p>Under the proposal, there will be no business support for members outside of business hours. Further, from time to time, the market will be closed outside of business hours to carry out necessary market system releases, site transfers and other upgrades.</p> <p>AEMO has assessed that extending the hours can be implemented with a relatively minor Trayport configuration change.</p> <p>AEMO has also taken this opportunity to make an administrative change by removing the trading locations and points in Schedule 2 and the product specifications that ceased to apply from 27 March 2017.</p>
<p>2. Reference documentation</p> <ul style="list-style-type: none"> ▪ Exchange Agreement ▪ Other 	<p><u>GSH Exchange Agreement</u></p> <p>Amend clause 11.2(a)</p> <p>The Operator may at any time suspend access to and use of the Trading System (for all Members) at any time, either as a whole or for particular Products or functionality.</p> <p>Amend clause 13.2(b)(ii)</p> <p>Except for a Pre-matched Trade where the Trading Participants have specified that Delivery Netting is not to apply, details of a Pre-matched Trade will be rejected if not submitted before 4:00pm on any day.</p>

	<p>Amend the Trading Window description (see Attachment A) for the Wallumbilla and Moomba trading locations for the following products:</p> <ul style="list-style-type: none"> • On-the-Day Gas • Day Ahead Non-Netted Gas • Day Ahead Netted Gas • Daily Gas <p><u>GSH Trading Timetable</u></p> <p>Additional note that trading hours for pre-matched, non-netted trades have extended trading hours.</p>
<p>3. The high level details of the change(s) including:</p> <ul style="list-style-type: none"> ▪ A comparison of the existing operation with changed operation ▪ A marked up version as amended (see section 1) 	<p><u>Current</u></p> <p>Pre-matched trading hours for all locations and products is 8.30am to 4.00pm with the exception of day-ahead non-netted which opens at 12.30pm.</p> <p><u>Proposed</u></p> <p>Trading hours to be extended to 24 hours, 7 days per week for pre-matched, non-netted Balance of Day, Day ahead and Daily Gas trades for the Wallumbilla and Moomba locations.</p> <p>See Attachment A</p>
<p>4. Assessment of significant of change (eg: material, non-material or non-substantial)</p>	<p>The proposed amendment is a non-material change to current market operations. However, with the extension of the trading hours, there is a risk that a system outage occurs outside of business hours that prevents a pre-matched trade being registered through the GSH.</p> <p>It is proposed that there is clear communication to trading participants that business support is not available outside of business hours.</p>

ASSESSMENT OF LIKELY EFFECT OF PROPOSAL

<p>5. Overall Industry Cost / benefit (tangible / intangible / risk) analysis and/or cost estimates</p>	<p>Costs:</p> <ul style="list-style-type: none"> • AEMO anticipates no implementation costs to gas trading exchange members with this proposal. <p>Benefits:</p> <ul style="list-style-type: none"> • Participants can utilise the standardised contractual terms, prudential and settlement arrangements of the GSH when executing bilateral trades outside of traditional business hours. <p>Risks:</p> <ul style="list-style-type: none"> • As outlined in section 4 above, there is a risk of a system outage occurring outside of business hours that prevents
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	a pre-matched trade from being registered through the GSH.
6. The likely implementation effect of the change(s) on stakeholders (e.g. Industry or end-users)	Incorporated in section 5 above. The proposed amendment will have no impact on existing products and operations. It will provide participants with the additional ability to register pre-matched, non-netted trades 24 hours, 7 days per week.
7. Testing requirements	AEMO will carry out testing in conjunction with Trayport. AEMO/Trayport updates, releases and/or general maintenance that would have previously happened outside of GSH trading hours will now result in the GSH being unavailable for small periods of time. Timing will be planned to have minimal affect on market participant's ability to execute trades via the GSH.
8. AEMO's preliminary assessment of the proposal's compliance with rule 540(1) NGR: - consistency with NGL and NGR, - appropriate with regard to national gas objective - appropriate with regard to likely compliance costs for Operator or Members	<u>Consistency with NGL and NGR</u> The proposal is consistent with the NGL and NGR. <u>National Gas Objective</u> The proposal is consistent with the NGO as it reduces transaction costs for members trading outside of business hours and enhances transparency of gas transactions. <u>Potential compliance costs</u> AEMO believes the costs to gas trading exchange members in implementing this proposal are minimal. AEMO does not believe there will be any ongoing costs to gas trading exchange members to comply with this proposal.
9. Consultation Forum Outcomes (e.g. the conclusions made on the change(s) whether there was unanimous approval, any dissenting views)	In 2017, AEMO held a market forum and issued a survey to understand potential improvements that could be made to the Gas Supply Hub. A common suggestion was to extend the trading hours for off-market deals. The GSHRG discussed extending the hours at the meeting on 25 July 2018, with participants supportive of the proposed changes.

RECOMMENDATION(S)

10. Should the proposed changes be made, (with or without amendments)?

AEMO recommends that the proposal should be implemented.

11. If applicable, a proposed effective date for the proposed change(s) to take effect and justification for that timeline.

Proposed implementation is February 2019.

AEMO will provide market participants with 15 business days notice prior to commencement.

ATTACHMENT A

Documentation Changes

SCHEDULE #	NEW TRADING WINDOW DESCRIPTION
Schedule: 25, 28	<p>On-the-Day:</p> <p>For Gas Day D, Trading Hours on that same Gas Day</p> <p>For a Pre-matched Trade where the Trading Participants have specified that Delivery Netting is not to apply, the Trading Window for Gas Day D is from 8am to 7:59am D +1 on Gas Day D</p>
Schedule: 24, 27	<p>Day Ahead Non-Netted:</p> <p>For Gas Day D, from 1:00pm to 5:00pm on D-1</p> <p>For a Pre-matched Trade where the Trading Participants have specified that Delivery Netting is not to apply, the Trading Window for Gas Day D is from 1pm on D -1 to 7:59am on Gas Day D.</p>
Schedule: 23, 26	<p>Day Ahead Netted:</p> <p>For Gas Day D, from 9:00am to 1:00pm on D-1</p> <p>For a Pre-matched Trade where the Trading Participants have specified that Delivery Netting is not to apply, the Trading Window for Gas Day D is from 12am to 1pm on Gas Day D -1.</p>
Schedule: 9, 22	<p>Daily:</p> <p>For Gas Day D, Trading Hours on each of Gas Day D-7 to Gas Day D-2.</p> <p>For a Pre-matched Trade where the Trading Participants have specified that Delivery Netting is not to apply, the Trading Window for Gas Day D are Trading Hours <u>is from 12am to 11:59pm</u> on each of Gas Day D-90 to Gas Day D-2.</p>