

**Information paper:** Extending AEMO's functions and powers to manage east coast gas system reliability & supply adequacy

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# 1. Overview and purpose of this information paper

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, including the implementation of a reliability and supply adequacy framework that can be used to identify and respond to reliability and/or supply adequacy threats and better manage periods of volatility.<sup>1</sup>

The development of this framework has been prompted by the significant challenges experienced across east coast gas markets in 2022, and analysis<sup>2,3</sup> by the Australian Competition and Consumer Commission (ACCC) and the Australian Energy Market Operator (AEMO), which forecasts potential supply shortfalls emerging from 2023.

Given the risks facing the east coast gas market, Energy Ministers agreed to prioritise, as a matter of urgency, those elements of the framework required to enable AEMO to manage the projected supply shortfall in 2023, while work is undertaken on other elements of the framework.<sup>4</sup> In keeping with this, the reliability and supply adequacy framework is being developed in two stages, with:

- **Stage 1** focusing on those elements of the framework required to enable AEMO to monitor and communicate emerging threats to the reliability and/or adequacy of supply and to respond to any such threats by winter 2023, including last resort intervention powers if industry response is inadequate (such as by issuing directions or trading in natural gas, transportation and storage services); and
- **Stage 2** focusing on those elements of the framework that are required to guide and frame how AEMO approaches its new functions and facilitate more efficient responses by market participants but can be implemented post 2023.

## Consultation on Stage 1 of the reliability and supply adequacy framework

[Public consultation](#) on Stage 1 of the reliability and supply adequacy framework was undertaken between 26 September and 21 October 2022, with stakeholder feedback sought on the proposed extension of AEMO's functions and powers and a [draft Bill, draft Regulations and an initial set of draft 'Minister initiated' rules](#).

In response to stakeholder feedback, a number of changes have been made to the final legal package, comprising changes to the National Gas Law (NGL), the National Gas Rules (NGR) and National Gas Regulations (Regulations). These changes are intended to:

- Reduce the reporting burden associated with the new information disclosure obligations (referred to as Part 27 disclosure obligations), while also ensuring AEMO has the information it requires to effectively monitor reliability and supply adequacy.
- Address the competition law related concerns that stakeholders raised about the Gas Supply Adequacy and Reliability Conferences (GSARC).
- Clarify the scope and operation of AEMO's new directions and trading functions by providing more guidance on the circumstances in which these functions can be used,

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<sup>1</sup> Energy Ministers, Priority reforms for a more secure, resilient and flexible east coast gas market, 12 August 2022.

<sup>2</sup> See [ACCC July 2022 Gas Inquiry Interim report](#)

<sup>3</sup> See [AEMO Gas Supply and System Adequacy Risks report](#)

<sup>4</sup> *ibid*, p. 2.

setting out the matters AEMO must consider before exercising these functions and providing for more flexibility in relation to the establishment of the trading fund.

- Put in place an interim compensation framework for directions (largely based on the approach used in the Declared Wholesale Gas Market (DWGM)) to ensure it provides a balanced approach, maintaining investment signals while limiting overall cost exposure for consumers.
- Provide for greater transparency and accountability of AEMO's actions in relation to its new functions and powers by requiring AEMO to publish a range of information and to make the East Coast Gas System Procedures and a number of Guidelines that will provide further detail on how it intends to exercise its new functions and powers.
- Facilitate an orderly transition to the new framework by implementing transitional arrangements that provide industry some more time to comply with the Part 27 information disclosure obligations and delay the application of civil penalties in this area.

### **Approval of the Stage 1 reforms and next steps**

On 28 October 2022, Energy Ministers agreed to amend the NGL to extend AEMO's functions and powers to manage reliability and gas supply adequacy in the east coast gas market. In February 2023, Energy Ministers also [agreed](#) to amend the NGR and Regulations to implement the Stage 1 reforms.

The *National Gas (South Australia) (East Coast Gas System) Amendment Bill 2022* ([Bill](#)) was introduced in the South Australian (SA) Parliament on 30 November 2022 and will progress through the SA parliamentary process over the coming months. Following the proclamation of changes to the NGL, the SA Minister for Energy and Mining will make the required amendments to the National Gas Rules (NGR) while the SA Governor will make the required amendments to the Regulations.

Given the limited time available to consult on the changes which are required to be implemented before winter 2023, Energy Ministers have agreed to:

- a post-implementation regulatory impact assessment being completed by the Department of Climate Change, Energy, the Environment and Water within 12 months of the introduction of the stage 1 reforms; and
- the AEMC conducting a review of the entire framework within 3 years.

An indicative timeline for the Stage 1 reforms and reviews is set out below:

### Indicative timeline

Key Steps	Indicative dates
SA parliamentary processes for Bill proclamation	Q1 2023
Proclamation and commencement of Act	Q1 2023
Regulations amended by SA Governor Amending rules made by SA Minister for Energy & Mining <sup>5</sup>	Q1 2023 after commencement of Act
Commencement of amending rules and civil penalty provisions (excluding Part 27 disclosure obligations).	On publication of amending rules once made by the SA Minister (expected Q1 or Q2 2023)
Commencement of Part 27 disclosure obligations	2 months after publication of amending rules.
Commencement of civil penalty provisions for Part 27 disclosure obligations.	2 months after commencement of disclosure obligations rules
Post implementation Regulatory Impact Assessment	Within 12 months of introduction of framework
AEMC review of framework	Within 36 months of publication of Rules

### Purpose of this information paper

While the implementation of reforms remains subject to passage through the SA Parliament,<sup>6</sup> Energy Ministers have agreed to publish an information paper to:

- provide stakeholders with a high level overview of the refinements that have been made to the draft package that was consulted on in late 2022 (see section 2); and
- support AEMO's consultation on the development of procedures and guidelines, which will commence prior to the implementation of the amending rules (see section 3).

<sup>5</sup> The East Coast Gas System Rules will be published on the AEMC's website after they have been made by the SA Minister for Energy and Mining.

<sup>6</sup> Note that the amending rules and regulations will not be published until they are made.

## 2. Key refinements to the draft package

This section provides an overview of the key refinements that have been made to the [draft package](#) that was consulted on in September and October 2022, most of which have been made to reflect the feedback that stakeholders provided on the proposed:

- Part 27 information disclosure obligations;
- Gas Supply Adequacy and Reliability Conferences (GSARC);
- east coast gas system directions function and associated compensation framework;
- trading function and the associated funding arrangements;
- accountability measures for AEMO's new functions and powers;
- development of procedures and guidelines; and
- transitional arrangements.

Further detail on the feedback received and refinements made is provided below.

### 2.1 Part 27 disclosure obligations

*Reducing the reporting and compliance burden, while ensuring AEMO can undertake its monitoring functions*

**Stakeholder feedback:** Stakeholders expressed concerns about the reporting burden and compliance costs associated with the proposed Part 27 disclosure obligations. A number also suggested AEMO should make greater use of the existing and new Bulletin Board reporting obligations to reduce duplication and overlap in the reporting obligations.

**Refinements:** In response to stakeholder feedback, the Part 27 disclosure obligations have been amended to reduce the reporting burden associated with these disclosure obligations. They have also been amended to ensure that AEMO has the information it requires, across the Bulletin Board and the Part 27 disclosure obligations, to effectively monitor reliability and supply adequacy over a rolling 7-day and 6-month outlook period.

#### ***Reducing the reporting and compliance burden***

The key changes that have been made to reduce the reporting and compliance burden for industry are summarised below:

- Removing the overlap and duplication between the Part 27 and Bulletin Board reporting obligations by removing some of the proposed disclosure requirements in Part 27 and making minor amendments to the Bulletin Board reporting obligations (i.e. in relation to reporting on maintenance and storage cushion gas).
- Removing the requirement for retailers and large gas users to report medium-term demand forecasts (these forecasts will instead be developed by AEMO).
- Focusing on those market participants and facilities that can have the greatest impact on reliability and supply adequacy in the east coast gas system, by:
  - employing the same reporting threshold to that used for the Bulletin Board (i.e. so only facilities with a nameplate rating greater than or equal to 10TJ/d have to report);
  - providing automatic exemptions to facilities that are exempt from the Bulletin Board (i.e. remote facilities and exempt NT facilities); and

- allowing AEMO to exempt a relevant entity from the obligation to provide an item of information in specified circumstances and to use a default or standing value in place of the relevant information.
- Taking other steps to reduce the reporting and compliance costs, including by:
  - aligning the Bulletin Board and Part 27 information standards, which should reduce compliance costs through the adoption of a common information standard.
  - enabling the Procedures to:
    - define materiality thresholds for information updates, to minimise reporting costs;
    - allow for the use of standing or default values, which should alleviate reporting for users with relatively stable demand; and
    - allow for the appointment of a reporting agent, or a reporting entity for those cases where there are multiple owners, operators or controllers of a relevant entity, which will reduce the reporting costs.

See Tables 1 and 2 in **section 3** for further information.

### ***Ensuring AEMO has the information it requires to undertake its monitoring functions***

A number of changes have also been made to the Part 27 disclosure obligations to ensure AEMO has information it requires (across the Bulletin Board and Part 27) to monitor reliability and supply adequacy over the short and medium term, including information on:

- Retailers, BB large user facilities and LNG export projects' expected demand (by demand zone for retailers) and the proportion of demand expected to be procured under gas supply agreements, or from an AEMO operated market or gas trading exchange over a rolling 7-day outlook period.
- LNG export projects' forecasts for the amount of gas they expect to supply to the domestic market and export as LNG over a rolling 6-month outlook period.
- When maintenance work is expected to be carried out over a 24-month outlook period, as well as information on:
  - the anticipated impact of maintenance on BB large user facilities and LNG processing facilities' demand; and
  - whether, and over what period of time, other BB facilities could be recalled to service if they were direct to do so and what the expected capacity would be in that period.
- Any event or circumstances relating to a BB facility (excluding BB large user and LNG processing facilities) that is affecting, or could affect, the reliability of gas supply.
- The expected daily capacity of each pipeline segment over a rolling 7-day outlook period.
- Gas flows from the Northern Territory (NT) that may affect reliability and supply adequacy in the east coast gas system.

The amending rules also clarify the reporting frequency for the Part 27 disclosure obligations and allow the Procedures to set out how relevant entities are to become registered if they aren't already registered with AEMO.

See Tables 2 and 9 in **section 3** for further information.

### *Disclosure of protected information*

**Stakeholder feedback:** Several stakeholders expressed concerns about:

- the treatment of confidential information collected by AEMO; and

- AEMO’s ability to share confidential information with Energy Ministers and jurisdictions, particularly where jurisdictions own entities that compete in related markets (e.g. electricity generators).

**Refinements:** The amending rules make clear that all information obtained under the new Part 27 disclosure obligations is considered confidential, and is protected from unauthorised use or disclosure. This means that AEMO must follow the necessary aggregation and anonymisation requirements set out in the NGL if it is considering publishing the information on the Bulletin Board or the GSOO.

As to the concerns relating to the sharing of confidential information with Energy Ministers, it is worth noting that:

- the Bill already requires AEMO to identify protected (confidential) information under s.91AE(3) at the time of providing information to relevant ministers and government departments and allows AEMO to impose conditions on disclosure; and
- jurisdictions have arrangements in place to protect against commercially sensitive information being shared with other parts of government, which may be directly involved in energy markets.

## 2.2 Gas Supply Adequacy and Reliability Conferences (GSARC)

*Management of sensitive information and interaction with the Competition and Consumer Act 2010*

**Stakeholder feedback:** A number of stakeholders noted the potential for GSARCs to facilitate signalling or coordinated behaviour by market participants, insider trading and/or other conduct that could adversely affect the market. Some also noted that depending on what is discussed in these conferences, participants may risk breaching parts of the *Competition and Consumer Act 2010* (CCA) and obligations under other legislative instruments, including the NGL/NGR, NEL/NER and the Corporations Act.

**Refinements:** Consistent with the approach AEMO has taken in relation to dealing with the ongoing energy industry challenges,<sup>7</sup> AEMO is expected to engage with the ACCC on any authorisations that may be required to minimise the risk of GSARC participants breaching the CCA.

The amending rules require:

- AEMO to make Procedures to clarify:
  - the information AEMO may provide to attendees of a conference (which may differ depending on the type of conference); and
  - the requirements relating to the disclosure of information provided or obtained at conferences.
- AEMO to invite the ACCC and a jurisdictional representative (nominated by each jurisdiction) to attend GSARCs;
- AEMO to develop GSARC Guidelines that provide more detail on how conferences will be conducted.

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<sup>7</sup> See for example, the authorisation AEMO has recently sought from the ACCC to engage in certain coordination, input sharing, and information sharing activities with industry participants for the purpose of ensuring the reliable operation of energy systems. See [here](#).



In developing the Procedures and Guidelines, AEMO will be required to consult with the ACCC and the AER, with the aim of ensuring the conferences are conducted in a manner that mitigates the risk of breaching the CCA and other legal instruments.

See Table 3 of **Section 3** for further information.

#### *Attendance requirement and notification*

**Stakeholder feedback:** Some stakeholders noted that if it is mandatory for relevant entities to attend a GSARC, AEMO should be required to give them a formal notice. Others noted that even if it is not mandatory to attend, a relevant entity should have the option to do so.

**Refinements:** To address stakeholder concerns, the amending rules provide for:

- AEMO to have some discretion to identify those relevant entities for whom attendance at a GSARC is mandatory and those for whom attendance is optional; and
- AEMO to give a conference notice to each relevant entity for whom attendance at the GSARC is mandatory and to publish a conference notice (i.e. so that other entities for whom it is not mandatory to attend can voluntarily do so).

The amending rules also make clear that civil penalties will only apply for failure to attend a conference if attendance is mandatory, which will be signalled through the provision of a conference notice to the relevant entities.

## **2.3 East Coast gas system reliability and supply adequacy directions**

### **2.3.1. Exercise of directions**

#### *Scope and matters AEMO is to consider when deciding to issue a direction*

**Stakeholder feedback:** Numerous stakeholders suggested that AEMO should only be able to use its directions powers if there is an actual threat to supply adequacy or reliability. Some also suggested that AEMO should:

- consult with affected parties before issuing a direction;
- focus on directing parties that own the gas that is intended to be directed, rather than those who transport or store gas for other parties;
- ensure directions are consistent with safety, technical or emergency powers under jurisdictional legislation; and
- use reasonable endeavours to minimise costs, and revoke a direction as soon as it is no longer required.

**Refinements:** To address the concerns raised by stakeholders a number of changes have been made to both the Bill and the amending rules. Specifically:

- the final Bill (s91AF(2)) has been amended to state that AEMO may only exercise its direction function if it is of the opinion that the direction is *necessary* to prevent, reduce or mitigate an actual or potential threat; and
- the amending rules require AEMO to:
  - have regard to the following principles when deciding whether to exercise its directions function, to the extent AEMO considers appropriate given the nature, timing or circumstances of the identified risk or threat:

- the industry should be given a reasonable period of time to take action to mitigate the identified risk or threat;
- coordination with affected jurisdictions should commence in a timely manner;
- distortionary impacts on the east coast gas system and industry and consumer costs on which AEMO has available information should be, to the extent reasonably practicable, minimised; and
- safety should not be compromised.
- consult with an entity that it intends to direct (to the extent it considers appropriate given the nature, timing or circumstances of the risk or threat) on:<sup>8</sup>
  - the proposed direction;
  - the ability of the relevant entity to reasonably comply;
  - safety or technical issues relevant to compliance with the direction; and
  - the need for related directions to be given in conjunction with, or as an alternative to, the proposed direction (e.g. a direction to a shipper may need to be given with, or as an alternative to a direction to a pipeline service provider);
- provide a relevant entity with written notice of the direction and include the information specified in the rules;
- publish a notice as soon as reasonably practicable after exercising a direction function to alert the rest of the market to the exercise of this function; and
- publish a post-intervention report within 4 months of the exercise of this function.<sup>9</sup>

The final Bill also requires AEMO to develop Guidelines relating to the performance or exercise of its directions function, within 3 months of the commencement of the Act.

See tables 5 and 8 in **Section 3** for further information.

#### *Interaction between AEMO's directions power and contractual obligations*

**Stakeholder feedback:** A number of stakeholders noted the potential for directions to affect existing contractual obligations and questioned how the risks associated with this would be managed. Some stakeholders suggested extending the protection from liability as a result of complying with directions to cover breach of contractual obligations to third parties. Some also suggested AEMO consider impacts on existing contracts before issuing a direction.

**Refinements:** As outlined above, the amending rules, subject to a number of caveats, require AEMO to:

- consider a number of principles before exercising its directions powers, including, amongst others, minimising distortionary impacts on the east coast gas system; and
- consult on directions prior to issuing them, which should enable AEMO to elicit information, including on contractual impacts, that it can then use to make a more informed decision about minimising distortionary impacts.

<sup>8</sup> Note that s91AF(6) states that a person to whom an east coast gas system direction applies must comply with the direction to the extent to which compliance is consistent with a law of a participating jurisdiction applying to the person. The new regulations will specify: (a) the extent to which a relevant entity is or is not required to comply with a direction where the direction is inconsistent with a law of a participating jurisdiction; and (b) the extent to which a direction is not valid in circumstances where the direction is inconsistent with a law of a participating jurisdiction.

<sup>9</sup> Any short term trades in natural gas that AEMO is a party to should also be captured by the new Bulletin Board reporting obligations. Any acquisition of pipeline, compression and/or storage services by AEMO, should also be captured by the reporting obligations set out in Parts 10 and 18A of the NGR.

The amending rules also:

- allow industry participants to share information with AEMO without breaching contractual confidentiality obligations, which will enable AEMO to refine directions, if required; and
- allow relevant entities that:
  - are subject to a direction to make a claim for compensation for the direct costs associated with the supply of a natural gas service; and
  - have been deprived of a contractual or other legal right to a natural gas service as a result of a direction to make a claim for compensation for the direct costs associated with the deprivation of the service, but only if it remains liable for the payment of direct costs under the relevant contract, or otherwise by law.

The final Bill (s. 91AF(7)) also exempts persons from incurring a civil monetary liability for damage, loss or injury resulting from an act or omissions done or made in good faith and in compliance or purported compliance with an east coast gas system direction. This exemption would extend to breaches of contractual obligations.

#### *Directions relating to LNG exports*

**Stakeholder feedback:** Stakeholders expressed diverse views on the inclusion of LNG exporters in the scope of AEMO's directions powers. Some noted the potential for this to constitute sovereign risk, while others noted that LNG exporters play a major role in the east coast market and should fall within scope of the directions powers.

**Refinements:** Energy Ministers have agreed that the concerns raised about sovereign risk should be addressed by aligning the amending rules with the reforms to the Australian Domestic Gas Security Mechanism (ADGSM), which will protect long-term foundational LNG contracts.<sup>10</sup>

To give effect to this, the amending rules prevent AEMO from giving a direction in relation to gas owned or controlled by a relevant entity that exports LNG where it is required to fulfil long term contracts.<sup>11</sup>

### **2.3.2. Compensation framework**

As outlined above, the amending rules provide for compensation to be paid to relevant entities directly affected by the exercise of AEMO's direction function. Given the highly fragmented nature of the east coast gas market, and the broad potential scope of market interventions, developing appropriate compensation arrangements is a complex undertaking.

On this basis, as well as the diverging views of stakeholders, an interim solution has been implemented to allow additional time to develop a long-term approach and undertake further stakeholder engagement. The AEMC will undertake a review of this process, with the approach to this review expected to be approved by Energy Ministers in early 2023.

As an interim solution, the compensation framework provides a basic approach to compensation given the urgency of the regulatory amendments which are required to be implemented before winter 2023. The compensation framework employs a similar approach to that used in the Declared Wholesale Gas Market (DWGM), with the dispute resolution

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<sup>10</sup> See [here](#).

<sup>11</sup> The definition of long term contract gas will be aligned with the definition used in the ADGSM reforms under development.

panel constituted under Part 15C of the NGR responsible for considering compensation claims.

The remainder of this section outlines the changes that have been made to the interim compensation framework in response to stakeholder feedback.

#### *Determining eligibility for compensation and costs that should be compensated*

**Stakeholder feedback:** A number of stakeholders expressed concerns about the proposed \$20,000 threshold for compensation, noting that this would disadvantage smaller market participants. These stakeholders suggested a \$5,000 threshold be used instead, which is equivalent to that used in the National Electricity Market (NEM).

Stakeholders also expressed mixed views on what costs should be compensated, with some suggesting that only direct costs should be compensated, while others claimed that the inability to claim opportunity costs would undermine investment signals.

**Refinements:** To address the concerns raised by stakeholders about the threshold for compensation, the amending rules have adopted a compensation claim threshold of \$5,000.

As to the type of costs that relevant entities should be able to claim compensation for, the amending rules employ an equivalent approach to that used in both the DWGM and the NEM, with compensation limited to the *direct costs* arising from an AEMO direction where:

- a relevant entity is directed to provide a natural gas service; or
- a relevant entity is deprived of a natural gas service to which they have a contractual or other legal right, but only if the relevant entity remains liable for payment of the direct costs under the relevant contract or otherwise by law.

In keeping with the amending rules, direct costs must be determined by reference to the prices payable by the claimant under a relevant natural gas service agreement or market transaction, or if there is no relevant agreement or transaction, the standing prices or benchmark rates for natural gas services set out in the Procedures.

This approach is intended to encourage appropriate risk management by stakeholders, drive market responses and minimise cost impacts.

See Table 6 in **section 3** for further information.

#### *Allocation of payment and costs for compensation*

**Stakeholder feedback:** A range of views were expressed about who the costs associated with any compensation claim should be recovered from. Some stakeholders suggested that compensation should, where possible, be recovered on a 'causer pays' basis (i.e. from those entities responsible for 'causing' the situation). Others suggested that compensation should be funded by market participants, or allocated to those entities that directly benefit from the directions issued by AEMO. The ACCC also noted the need to consider distributional impacts for smaller users.

**Refinements:** In response to the feedback provided by stakeholders, the amending rules require:

- The dispute resolution panel to determine whether it is appropriate in all circumstances for compensation to be paid to the claimant, and if so, the amount of compensation to be paid, with the dispute resolution panel required to fully compensate the claimant for the direct costs unless:

- the claimant failed to take reasonable action to mitigate the loss for which compensation is being claimed;
  - the actions of the claimant (both before and after the direction was issued) contributed to or exacerbated the amount of compensation being claimed; or
  - the claimant received funds, payments, compensation or another financial benefit for undertaking the activity required by the direction.
- AEMO to make Procedures on the manner, form and methodology of payments made by relevant entities to AEMO to recover the costs of compensation the dispute resolution panel determines is payable. In doing so, AEMO must have regard to minimising inequitable distributional cost impacts to the extent possible. AEMO must also consult with the AEMC and the AER on the making of these Procedures.

See Table 6 in **section 3** for further information.

#### *Timeframes for lodgement and consideration of compensation claims*

**Stakeholder feedback:** A number of stakeholders expressed concerns about the timeframes for the lodgement of compensation claims and for compensation claims to be considered. These stakeholders claimed that:

- requiring a compensation claim to be made within 10 business days of suffering detriment would provide insufficient time for the claimant to prepare and submit a claim, due to complexities in the gas markets and supply arrangements; and
- requiring a compensation determination to be made within 20 business days would provide insufficient time for the dispute resolution panel to properly consider a claim.

**Refinement:** To address stakeholder concerns, the amending rules provide for:

- claimants to submit a compensation claim within 20 business days of the last day on which the claimant suffers the detriment; and
- the dispute resolution panel to make a determination within 30 business days of receiving the claim, unless the time frame is extended by the dispute resolution advisor (who can extend the timeframe on the request of the dispute resolution panel).

## **2.4 Trading function**

#### *Scope and operation of the trading function*

**Stakeholder feedback:** Several stakeholders either did not support, or had significant concerns, with the proposal that AEMO be accorded a trading function. One of the key concerns that they raised was the potential for AEMO to have access to information not otherwise available to other market participants. Some stakeholders suggested that if AEMO is to be able to trade in natural gas or other natural gas services, any trade should be undertaken by an entity independent of AEMO, or a ring-fenced area of AEMO.

Stakeholders also suggested:

- only allowing AEMO to exercise this power as a last resort;
- providing principles to guide the exercise of AEMO's trading function; and
- providing greater transparency of AEMO's use of this function, including reporting trades.

**Refinements:** To address the concerns raised by stakeholders a number of changes have been made to both the Bill and the amending rules. Specifically:

- the final Bill (s.91AD(2)) has been amended to state that AEMO may only exercise its trading function if it is of the opinion that the direction is *necessary* to prevent, reduce or mitigate an actual or potential threat; and
- the amending rules require AEMO to:
  - have regard to the following principles when deciding whether to exercise its trading function, to the extent it considers appropriate given the nature, timing or circumstances of the identified risk or threat:
    - the industry should be given a reasonable period of time to take action to mitigate the identified risk or threat;
    - coordination with affected jurisdictions should commence in a timely manner;
    - distortionary impacts on the east coast gas system and industry and consumer costs on which AEMO has available information should be, to the extent reasonably practicable, minimised; and
    - safety should not be compromised;
  - publish a notice as soon as reasonably practicable after exercising a trading function to alert the market to the exercise of this function; and
  - publish a post-intervention report within 4 months of the exercise of this function.<sup>12</sup>

The final Bill and amending rules also require AEMO to develop Guidelines relating to the performance or exercise of its trading function, which AEMO could use to set out how it will manage any potential conflicts of interest.

See tables 7 and 8 in **Section 3** for further information.

#### *Funding approach*

**Stakeholder feedback:** Several stakeholders noted that the costs to maintain a standing fund would be high and that the fund may be rarely used. They suggested alternative models be considered including the use of debt facility arrangements. Some stakeholders also suggested contributions should be limited to parties affecting gas supply adequacy.

**Refinements:** The amending rules:

- provide AEMO the flexibility to fund the trading fund through contributions from relevant entities specified in a notice, participant fees and/or funds from other sources, including a debt facility; and
- allow for AEMO to refund contributions made to the trading fund by relevant entities if the money held in the fund exceeds the total funding capacity for that year.

The amending rules also allow the Procedures to specify the manner and timing of contributions by relevant entities and the methodology to be used for any refunds of contributions.

See table 7 in **Section 3** for further information.

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<sup>12</sup> Any short term trades in natural gas that AEMO is a party to should also be captured by the new Bulletin Board reporting obligations. Any acquisition of pipeline, compression and/or storage services by AEMO, should also be captured by the reporting obligations set out in Parts 10 and 18A of the NGR.

## 2.5 Accountability measures for AEMO's new functions and powers

**Stakeholder feedback:** A broad range of stakeholders suggested that the new framework provide for greater transparency and accountability of AEMO's actions, including by requiring AEMO to:

- issue a notice before issuing directions; and
- publish post-intervention reports to outline its use of directions and trading functions.

The majority of stakeholders also suggested that a review of the reforms should be conducted after 3 years, with some calling for an earlier review, or a sunset clause.

**Refinements:** To address stakeholder concerns, the amending rules provide for:

- AEMO to publish a risk or threat notice as soon as reasonably practicable if it identifies an actual or potential risk or threat to the reliability or adequacy of the supply of gas, unless it considers there is insufficient time to do so before exercising its direction or trading functions;<sup>13</sup>
- AEMO to publish a direction or trading notice as soon as reasonably practicable after the exercise of a direction or trading function;<sup>14</sup> and
- AEMO to publish a post-intervention report within 4 months of the exercise of any directions or trading function, or 4 months of the end of the exercise of all directions or trading functions related to the same identified risk or threat.

The amending rules also set out the minimum content requirements for these notices and reports, which may be supplemented through the Procedures.

See tables 4, 5, 7 and 8 in **section 3** for more detail on these measures.

In addition to these measures:

- AEMO will be required to report to Energy Ministers on the exercise of its new functions and powers on an annual basis;
- a post-implementation Regulatory Impact Assessment will be completed by the Department of Climate Change, Energy, the Environment and Water within 12 months; and
- the AEMC will conduct a review of the entire framework within 3 years.

Officials will also assess the merits of developing more formal mechanisms through Stage 2 of the development of the reliability and supply adequacy framework. This includes the potential development of a gas reliability standard, projected assessment of system adequacy, and other tools that may provide further guidance on the exercise of AEMO's new functions. If Energy Ministers agree to progress any of these mechanisms, a rule change will be submitted to the AEMC for consideration.

## 2.6 Procedures and guidelines

**Stakeholder feedback:** A large number of stakeholders suggested that AEMO develop specific procedures or guidelines for its new functions, in consultation with industry.

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<sup>13</sup> The amending rules also provide clarity on when a risk or threat notice must be updated or revoked.

<sup>14</sup> The amending rules also require AEMO to publish notice of a variation to a direction or trading notice, if there is a material change. It must also issue a notice if it revokes the direction.

**Refinements:** In keeping with stakeholder suggestions, the final bill and the amending rules provide for AEMO to prepare and publish the following Procedures and Guidelines:<sup>15</sup>

- the East Coast Gas System Procedures, which will provide further detail on the new Part 27 information disclosure requirements, risk and threat notices, GSARCs, AEMO's directions and trading functions, the compensation framework, post intervention reports and the register of relevant entities;<sup>16</sup>
- the GSARC Guidelines, which will provide further detail on how GSARC conferences will be conducted; and
- the Directions and Trading Functions Guidelines, which will provide further detail on how AEMO intends to exercise or perform these new functions.<sup>17</sup>

Consistent with standard consultative procedure in rule 8 of the NGR, AEMO will consult with industry on the development of these procedures and guidelines. The amending rules also require AEMO in some instances to consult with the ACCC, AEMC and/or the AER.

To ensure the procedures and guidelines can be implemented in a timely manner, the transitional rules allow any consultation undertaken by AEMO prior to the commencement of the amending Act, to count towards consultation under the standard consultative procedure.

See all tables in **section 3** for more detail.

## 2.7 Transitional arrangements

**Stakeholder feedback:** A number of stakeholders expressed concerns about:

- the proposal that relevant entities start complying with the new Part 27 information disclosure obligations within one month of the amending rules being made; and
- the application of civil penalties from the commencement of the rules, with a number noting that they would not have sufficient time to set up the systems required to provide AEMO with the Part 27 information in the manner AEMO requires it.

**Refinements:** While Energy Ministers understand the concerns raised by stakeholders, the reliability and supply adequacy risks facing the east coast gas market in 2023 are such that it is not feasible to provide for a long lead time with these new obligations. The concerns raised by stakeholders have therefore been addressed by:

- amending the transitional arrangements to provide for a two month delay in the commencement of new Part 27 disclosure obligations; and
- amending the Regulations to provide for a delay in the application of civil penalties to the new Part 27 disclosure obligations, which will commence two months after the start of the new disclosure obligations (i.e. four months after the amending rules are made).

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<sup>15</sup> The amending rules also require the BB Procedures to be amended to specify the day of the week that the medium term capacity outlook is to be provided by BB reporting entities.

<sup>16</sup> See also s. 91AG of the Bill, which sets out what the Procedures may deal with.

<sup>17</sup> See section 91AD(3) of the Bill



### 3. Matters to be dealt with in AEMO Procedures & Guidelines

The final bill and the amending rules provide for AEMO to prepare and publish the following Procedures and Guidelines:

- the East Coast Gas System Procedures, which will provide further detail on:
  - the new Part 27 information disclosure requirements;
  - risk and threat notices;
  - GSARC;
  - AEMO's directions and trading functions;
  - the compensation framework;
  - post intervention reports;
  - the register of relevant entities; and
  - any other subject relevant to the new functions on which the NGL or the rules contemplate the making of Procedures;<sup>18</sup>
- the GSARC Guidelines, which will provide further detail on how GSARC will be conducted; and
- the Directions and Trading Functions Guidelines, which will provide further detail on how AEMO intends to exercise or perform these new functions.<sup>19</sup>

AEMO is expected to consult with industry on the development of these Procedures and Guidelines prior to the implementation of the amending rules. To help inform this consultation, the tables on the following pages provide a summary of the matters that may be dealt with in Procedures and Guidelines, as they relate to:

- the new Part 27 information disclosure requirements (see tables 1-2);
- the Gas Supply Adequacy and Reliability conferences (see table 3);
- the publication of risk or threat notices (see table 4);
- the east coast gas system directions power (see table 5);
- the compensation framework applying to directions (see table 6);
- the trading function (see table 7);
- the publication of post intervention reports (see table 8);
- the register of relevant entities (see table 9); and
- the transitional arrangements for consultation on the Procedures and Guidelines (see table 10).

The amending rules also provide for some minor amendments to the BB Procedures to specify the day of the week that the medium term capacity outlook is to be provided by BB reporting entities.<sup>20</sup>

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<sup>18</sup> See also s. 91AG of the Bill, which sets out what the Procedures may deal with.

<sup>19</sup> See section 91AD(3) of the Bill

<sup>20</sup> To minimise duplication across the NGR, Part 18 of the NGR will be amended to require BB reporting entities (excluding BB large user facilities) to provide AEMO with the medium term capacity outlook for each of its BB facilities at the start of each week, starting on the day specified in the Procedures, except in circumstances where, in accordance with rule 167, the BB Procedures permit the BB reporting entity to rely on an exemption and the use of default values for a gas day.

Table 1: Part 27 information disclosure obligations – general

Item No.	Topic	Matters that may be dealt with in Procedures
1.1	Provision of Part 27 information	<p>AEMO must make Procedures for the purpose of the new disclosure obligations. These Procedures may specify:</p> <ul style="list-style-type: none"> <li>a. the way and circumstances in which information required to be provided to AEMO under the new disclosure obligations must be provided, including: <ul style="list-style-type: none"> <li>i when updated information is required to be provided and any materiality threshold that applies;</li> <li>ii when maintenance is taken to materially constrain the normal operation of gas-related infrastructure;</li> <li>iii how information on the proportion of gas to be purchased from a market or gas trading exchange administered by AEMO and under a gas supply agreement is to be reported;</li> <li>iv the demand zones, supply zones, linepack zones and pipeline segments to be used for the Part 27 disclosure requirements;</li> <li>v how linepack or types of linepack are to be measured;</li> <li>vi how daily capacity must be reported; and</li> <li>vii when a BB reporting entity is required to report on an event or circumstances that affects, will affect or may affect the reliability of gas supply, including equipment failure;</li> </ul> </li> <li>b. the manner, form and timing of providing Part 27 information;<sup>21</sup></li> <li>c. the nomination or appointment of a reporting entity or agent for a relevant entity for the purposes of providing Part 27 information;</li> <li>d. the circumstances in which further Part 27 information, or updated Part 27 information is required, including when the information is required; and</li> <li>e. any matter consequential to any of the above.</li> </ul>
1.2	Use of default and standing values	<p>The Procedures may provide for:</p> <ul style="list-style-type: none"> <li>a. a relevant entity to be exempt from the obligation to provide an item of Part 27 information in specified circumstances; and</li> <li>b. the default or standing value that will be used in place of the relevant item of information.</li> </ul>
1.3	Unit of quantities	The Procedures may provide for any quantities to be reported in something other than Gigajoules.
1.4	Non-NGL retailers	The new Part 27 information disclosure obligations are intended to apply to all retailers operating in the east coast gas system. The NGL currently defines the term 'retailer' as a person that holds a retailer authorisation issued under the National Energy Retail Law (NERL) in respect of the sale of gas. To capture those retailers operating in jurisdictions where the NERL does not apply, the Procedures will be able to define what is meant by the term 'non-NGL retailer' for the purposes of the NGR.
1.5	Reporting entity for LNG export project	The Procedures may set out the process and timeframe for owners, operators or controllers of LNG export projects to apply to be the responsible reporting entity for the LNG export project. <sup>22</sup>

<sup>21</sup> Note that the Procedures may require information about a gas day referred to in the amending rules to be provided in advance of that gas day.

<sup>22</sup> Under the amending rules, if there is more than 1 owner, operator or controller of the LNG export project:

- (a) all owners, operators and controllers of the LNG export project must appoint 1 owner, operator or controller as the responsible reporting entity for the project;
- (b) only the responsible reporting entity must register as the reporting entity for the LNG export project; and
- (c) during the period the registration has effect, each other owner, operator or controller of the project is exempt from the requirement to register under this rule.

Table 2: Part 27 information disclosure obligations<sup>23</sup>

Item No.	Topic	Overview of new requirements	Matters for consideration in Procedures
2.1	Retailers that sell gas (including non-NGL retailers)	<p>Each retailer that sells gas must:</p> <ul style="list-style-type: none"> <li>a. no later than the start of the gas day provide a forecast of the following to AEMO:*                             <ul style="list-style-type: none"> <li>i the expected daily gas demand of the retailer for that gas day in each demand zone in which the retailer operates;</li> <li>ii the expected daily gas demand of the retailer for each of the next 6 consecutive gas days in each demand zone in which the retailer operates.</li> </ul> </li> <li>b. no later than the start of the gas day provide the following information to AEMO:*                             <ul style="list-style-type: none"> <li>i the proportion of expected daily gas demand to be purchased for that gas day:                                     <ul style="list-style-type: none"> <li>– from a market or gas trading exchange administered by AEMO; and</li> <li>– under a gas supply agreement;</li> </ul> </li> <li>ii the proportion of the expected daily gas demand to be purchased for each of the next 6 consecutive gas days:                                     <ul style="list-style-type: none"> <li>– from a market or gas trading exchange administered by AEMO; and</li> <li>– under a gas supply agreement.</li> </ul> </li> </ul> </li> </ul> <p>*Any demand for which gas is supplied by another retailer must not be included in the information provided to AEMO by the retailer.</p>	<p>As outlined in Table 1, the Procedures will define what is meant by non-NGL retailers and may also set out:</p> <ul style="list-style-type: none"> <li>• the demand zones to be used for the reporting of expected daily gas demand in (a); and</li> <li>• how information on the proportion of gas to be purchased from a market or gas trading exchange administered by AEMO and under a gas supply agreement is to be reported in (b).</li> </ul>

<sup>23</sup> Note that the Part 27 information disclosure provisions will not apply to: (a) the operator of a remote BB facility in relation to the remote BB facility, or (b) an exempt NT facility operator in relation to the exempt NT facility.

Item No.	Topic	Overview of new requirements	Matters for consideration in Procedures
2.2	BB large user facilities <sup>24</sup> and LNG export projects <sup>25</sup>	<p>BB reporting entities for BB large user facilities and responsible reporting entities for LNG export projects must:</p> <p>a. no later than the start of the gas day provide a forecast of the following information to AEMO in relation to the BB large user facility or the operation and associated activities of the LNG export project:*</p> <p>i the expected daily gas demand for that gas day;</p> <p>ii the expected daily gas demand for each of the next 6 consecutive gas days.</p> <p>b. no later than the start of the gas day provide the following information to AEMO:*</p> <p>i the proportion of the expected daily gas demand to be purchased for that gas day:</p> <ul style="list-style-type: none"> <li>– from a market or gas trading exchange administered by AEMO; and</li> <li>– under a gas supply agreement;</li> </ul> <p>ii the proportion of the expected daily gas demand to be purchased for each of the next 6 consecutive gas days:</p> <ul style="list-style-type: none"> <li>– from a market or gas trading exchange administered by AEMO; and</li> <li>– under a gas supply agreement.</li> </ul> <p>c. no later than the first day of each calendar month provide to AEMO details of maintenance work (i.e. work that materially constrains, as specified by the Procedures, the normal operation of the equipment being maintained) expected to be carried out on the BB large user facility or LNG processing facility over a period of 24 months, including:</p> <p>i the dates on which the maintenance is expected to start and finish; and</p> <p>ii the anticipated impact of the maintenance on the expected daily gas demand.</p> <p>*Any demand for which gas is supplied by a retailer must not be included in the information provided to AEMO.</p>	<p>As outlined in Table 1, the Procedures may set out:</p> <ul style="list-style-type: none"> <li>• the process and timeframe for owners, operators or controllers of LNG export projects to apply to be the responsible reporting entity for the LNG export project;</li> <li>• how information on the proportion of gas to be purchased from a market or gas trading exchange administered by AEMO and under a gas supply agreement is to be reported in (b); and</li> <li>• when maintenance is taken to materially constrain the normal operation of gas-related infrastructure for the purposes of (c).</li> </ul>
2.3	BB facilities <sup>26</sup> (excluding BB large user facilities and	<p>BB reporting entities for BB facilities (excluding BB large user facilities and LNG processing facilities) must:</p> <p>a. no later than the first day of each calendar month, provide a daily capacity forecast to AEMO for:</p> <p>i that calendar month; and</p>	<p>As outlined in Table 1, the Procedures may specify:</p> <ul style="list-style-type: none"> <li>• how daily capacity is to be reported under (a);</li> </ul>

<sup>24</sup> Has the same meaning as Part 18 of the NGR.

<sup>25</sup> Has the same meaning as in Part 15D of the NGR.

<sup>26</sup> Has the same meaning as in Part 18 of the NGR

Item No.	Topic	Overview of new requirements	Matters for consideration in Procedures
	LNG processing facilities) <sup>27</sup>	<ul style="list-style-type: none"> <li>ii each of the next 5 consecutive calendar months.</li> <li>b. no later than the first day of each calendar month provide AEMO details of maintenance work (i.e. work that materially constrains, as specified by the Procedures, the normal operation of the equipment being maintained) expected to be carried out in relation to the BB facility over a period of 24 months, including: <ul style="list-style-type: none"> <li>i the dates on which the maintenance is expected to start and finish; and</li> <li>ii whether, and over what period of time, the facility is capable of being recalled to service if AEMO were to direct that the facility be recalled to service, and the expected capacity of the facility during that period.</li> </ul> </li> <li>c. as soon as reasonably practicable, notify AEMO of an event or circumstances relating to the BB facility of which the BB reporting entity becomes aware that affects, will affect or may affect the reliability of gas supply, including equipment failure.</li> </ul>	<ul style="list-style-type: none"> <li>• when maintenance is taken to materially constrain the normal operation of gas-related infrastructure for the purposes of (b); and</li> <li>• the circumstances in which information under (c) must be reported.</li> </ul>
2.4	BB pipelines	<p>BB reporting entities for BB pipelines must provide a forecast of the following to AEMO no later than the start of each gas day:</p> <ul style="list-style-type: none"> <li>a. the amount of linepack in a linepack zone for that gas day and each of the next 6 consecutive gas days; and</li> <li>b. the expected daily capacity for each pipeline segment for that gas day and each of the next 6 consecutive gas days.</li> </ul>	<p>As outlined in Table 1, the Procedures may specify:</p> <ul style="list-style-type: none"> <li>• the linepack zones and pipeline segments to be used for the reporting in (a) and (b); and</li> <li>• how linepack or types of linepack must be measured for the purposes of item (a).</li> </ul>
2.5	LNG export projects and reporting entity	<p>The responsible reporting entities for LNG export projects must provide a forecast of the following to AEMO no later than the first day of each calendar month:</p> <ul style="list-style-type: none"> <li>a. the quantity of natural gas the project expects to supply* to the domestic market for consumption in an east coast jurisdiction for: <ul style="list-style-type: none"> <li>i that calendar month; and</li> <li>ii each of the next 5 consecutive calendar months;</li> </ul> </li> <li>b. the quantity of natural gas the project expects to export, including the quantity of natural gas required for feed gas, for: <ul style="list-style-type: none"> <li>i that calendar month; and</li> <li>ii each of the next 5 consecutive calendar months.</li> </ul> </li> </ul> <p>*Supply to the domestic market excludes supply to any other LNG export project.</p>	<p>As outlined in Table 1, the Procedures may set out the process and timeframe for owners, operators or controllers of LNG export projects to apply to be the responsible reporting entity for the LNG export project.</p>

<sup>27</sup> Has the same meaning as in Part 18 of the NGR

Table 3: GSARC

Item No.	Topic	Overview of new requirements	Matters for consideration in Procedures or guidelines
3.1	General	<p>AEMO may convene a conference of relevant entities for 1 or more of the following purposes in relation to the reliability or adequacy of the supply of natural gas within the east coast gas system:</p> <ol style="list-style-type: none"> <li>to assess whether there is or is not an actual or potential threat, including the likelihood of the threat occurring;</li> <li>to signal the need for an industry response to an actual or potential threat;</li> <li>to obtain information on the nature and extent of an actual or potential threat.</li> </ol> <p>If AEMO decides to convene a conference under the relevant rule, it may publish a notice to that effect (a conference notice) in accordance with the Procedures. It must also give a conference notice to each relevant entity that is required to attend the conference and each other person or body AEMO considers appropriate, including jurisdictional representatives and the ACCC.</p> <p>The conference notice must specify:</p> <ol style="list-style-type: none"> <li>the date and time of the conference;</li> <li>details of the purpose of the conference;</li> <li>the relevant entities or class of relevant entities invited to attend the conference;</li> <li>the relevant entities or class of relevant entities required to attend the conference;</li> <li>other information to be included by the Procedures.</li> </ol>	<p>AEMO may make Procedures in relation to:</p> <ol style="list-style-type: none"> <li>the information to be included in conference notices;</li> <li>requirements for giving notice of conferences;</li> <li>requirements particular to conferences convened for specified purposes, for example, to address specific types of threats.</li> </ol> <p>AEMO may also prepare guidelines about the conferences convened under Part 27 of the NGR (GSARC Guidelines).</p> <p>When preparing the Procedures and GSARC Guidelines, AEMO must, in addition to the consultation otherwise required, consult the ACCC and AER on the making of Procedures and guidelines relating to the GSARC.</p>
3.2	Disclosure of information obtained at conferences	<p>AEMO must make a record of the conference, including information obtained at the conference and publicly disclose the information.</p>	<p>AEMO must make Procedures in relation to the following:</p> <ol style="list-style-type: none"> <li>information AEMO may provide to persons attending conferences; and</li> <li>requirements relating to the disclosure of information provided or obtained at conferences.</li> </ol> <p>When making these Procedures, AEMO must also consult with the ACCC and AER.</p>

Table 4: Notification of risks or threats to the market

Item No.	Topic	Overview of new requirements	Matters for consideration in Procedures
4.1	Risk or threat notice	<p>AEMO must, as soon as reasonably practicable, publish a notice (a <b>risk or threat notice</b>) in accordance with the Procedures if AEMO:</p>	<p>The Procedures may set out:</p>

Item No.	Topic	Overview of new requirements	Matters for consideration in Procedures
		<p>a. identifies an actual or potential risk or threat to the reliability or adequacy of the supply of natural gas within the east coast gas system (an identified risk or threat), and</p> <p>b. considers that the identified risk or threat meets or exceeds the criteria specified in the Procedures.</p> <p>It also requires AEMO to, as soon as reasonably practicable, publish notice of a variation or revocation of a risk or threat notice in accordance with the Procedures if AEMO considers:</p> <p>a. there is a material change in the nature or circumstances of the identified risk or threat specified in the notice;</p> <p>b. it is necessary to publish further information relating to the nature or circumstances of the identified risk or threat or the industry response specified in the notice;</p> <p>c. the identified risk or threat specified in the notice is unlikely to be resolved or mitigated if AEMO does not exercise a direction or trading function within a further period specified in the variation; or</p> <p>d. the identified risk or threat specified in the notice no longer meets or exceeds the criteria specified in the Procedures.</p>	<ul style="list-style-type: none"> <li>• the manner, form and timing for the issuance of a notice;</li> <li>• the criteria (such as thresholds or circumstances) for issuing a risk or threat notice where an identified risk or threat to the reliability or adequacy of the supply of natural gas within the east coast gas system meets or exceeds the criteria; and</li> <li>• any matter consequential to, or related to, these matters.</li> </ul>

**Table 5: East coast gas system directions**

Item No.	Topic	Overview of new requirements	Matters for consideration in Procedures
5.1	Publication of direction notice	AEMO must, as soon as reasonably practicable after the exercise of a direction function, to publish a notice (a direction or trading notice) in accordance with the Procedures. It must also publish notice of a variation or revocation of such a notice if it considers there is a material change in the exercise of the function described in the notice, the period for the exercise of the function has changed, or a direction is revoked.	The Procedures may set out the process for the publication of a direction or trading notice.
5.2	Non-compliance with directions	A relevant entity that does not comply with an east coast gas system direction, to, within 2 business days of receiving the direction and in accordance with the Procedures, provide AEMO and the AER with a report detailing the reasons for the non-compliance together with all relevant facts.	The Procedures may set out the process for a relevant entity to inform AEMO and the AER of non-compliance with a direction.

Table 6: Compensation claims for east coast gas system directions

Item No.	Topic	Overview of new requirements	Matters for consideration in Procedures
6.1	Entitlement to compensation and notification of claim for compensation	<p>Relevant entities will be able, by written notice to AEMO, to make a claim for compensation for the following financial detriment exceeding \$5,000 suffered by a relevant entity as a direct result of AEMO issuing an east coast gas system direction:</p> <ol style="list-style-type: none"> <li>a. for a relevant entity subject to a direction that requires the relevant entity to provide a natural gas service<sup>28</sup>—the direct costs associated with the supply of the natural gas service; or</li> <li>b. for a relevant entity deprived of a natural gas service in relation to which the relevant entity had a contractual or other legal right—the direct costs associated with the deprivation of that service, but only if the relevant entity remains liable for the payment of the direct costs under the relevant contract or otherwise by law.</li> </ol> <p>The written notice must:</p> <ol style="list-style-type: none"> <li>a. be given, in accordance with the Procedures, to AEMO within 20 business days after the last day on which the relevant entity suffers the detriment; and</li> <li>b. contain the information specified in the Procedures.</li> </ol>	<p>The Procedures may set out the process and information to be provided by a relevant entity when submitting a written notice of a claim for compensation.</p>
6.2	Determination and payment of compensation claims	<p>The dispute resolution panel must, in accordance with the Procedures, make a determination on:</p> <ol style="list-style-type: none"> <li>a. whether it is appropriate in all the circumstances for compensation to be paid to a claimant; and</li> <li>b. if the panel determines it is appropriate for compensation to be paid, the amounts of compensation to be paid by AEMO to the claimant.</li> </ol> <p>The direct costs associated with a compensation claim must be determined by reference to the following, in relation to the claimant during the period the direction relating to the claim was in effect:</p> <ol style="list-style-type: none"> <li>a. prices in a market transaction for natural gas services to which the claimant was a party; or</li> <li>b. prices in a contractual agreement for natural gas services to which the claimant was a party; or</li> <li>c. if paragraph (a) or (b) does not apply, standing prices or benchmark rates as set out in the Procedures.</li> </ol>	<p>The Procedures must set out:</p> <ol style="list-style-type: none"> <li>a. the manner, form and method of payments made by relevant entities to AEMO in relation to compensation payments determined by the dispute resolution panel; and</li> <li>b. the standing prices or benchmark rates to be used for natural gas services when there is no market transaction or contractual arrangement.</li> </ol> <p>AEMO will be required to have regard to the following when making these Procedures:</p> <ul style="list-style-type: none"> <li>• for the matters set out in (a), the Procedures should minimise inequitable distributional cost impacts to the extent reasonably possible; and</li> <li>• for the matters set out in (b):</li> </ul>

<sup>28</sup> Has the meaning set out in the NGL.



Item No.	Topic	Overview of new requirements	Matters for consideration in Procedures
		<p>If the dispute resolution panel makes a determination that an amount of compensation must be paid to the claimant, AEMO must:</p> <ol style="list-style-type: none"> <li>a. request payment of that amount from relevant entities in accordance with the Procedures; and</li> <li>b. advise, as soon as practicable, the claimant of: <ol style="list-style-type: none"> <li>i the determination; and</li> <li>ii the estimated date of payment; and</li> </ol> </li> <li>c. after receiving all payments of that amount from the relevant entities, pay the amount to the claimant.</li> </ol> <p>A relevant entity (other than the claimant) is required to pay to AEMO, in accordance with the Procedures, the amounts to fund compensation paid under this rule.</p>	<ol style="list-style-type: none"> <li>i for pipeline services—the standing prices published by pipeline service providers in accordance with Part 10 of the NGR;</li> <li>ii for storage and compression services—the standing prices published in accordance with Part 18A of the NGR; and</li> <li>iii for natural gas—the price for the sale of natural gas in gas markets or gas trading exchanges administered by AEMO.</li> </ol> <p>In addition to the standard consultation requirements, AEMO must consult with the AEMC and the AER when making these Procedures.</p>

Table 7: Trading function

Item No.	Topic	Overview of new requirements	Matters for consideration in Procedures
7.1	Publication of trading notice	<p>AEMO must, as soon as reasonably practicable after the exercise of a trading function, publish a notice (a direction or trading notice) in accordance with the Procedures. It must also publish notice of a variation or revocation of such a notice if it considers there is a material change in the exercise of the function described in the notice, or the period for the exercise of the function has changed.</p>	<p>The Procedures may set out the process for the publication of a direction or trading notice.</p>
7.2	Trading fund	<p>To exercise a trading function, AEMO must establish and maintain a trading fund (the total funding capacity for this fund is \$35 m for each financial year.</p> <p>AEMO must publish a contribution rate by no later than the commencement of each financial year and specify this in a notice. Each relevant entity identified by AEMO in the notice must, in accordance with the Procedures, pay to AEMO the amount specified in the notice.</p> <p>While a relevant entity will not be entitled to a refund of any contributions made to the trading fund, AEMO may, in accordance with a methodology set out in the Procedures, refund to a relevant entity a contribution made to the trading fund, but only if money held in the trading fund exceeds the adjusted total funding capacity amount for that financial year.</p>	<p>The Procedures may:</p> <ul style="list-style-type: none"> <li>• specify the manner and timing of payments of the contribution rate by relevant entities; and</li> <li>• set out the methodology to be used to refund a contribution made to the trading fund if the money held in the fund exceeds the funding capacity for that financial year.</li> </ul>

Table 8: Post intervention reports

Item No.	Topic	Overview of new requirements	Matters for consideration in Procedures
8.1	Publication of post-intervention reports	<p>AEMO must publish, in accordance with the Procedures, a report on the exercise of direction or trading functions (a post-intervention report) within 4 months of:</p> <ol style="list-style-type: none"> <li>the end of the exercise of a single direction or trading function; or</li> <li>the end of the exercise of all direction or trading functions AEMO considers relate to the same identified risk or threat.</li> </ol>	The Procedures may provide further detail on how the post-intervention report will be published.

Table 9: Register of relevant entities

Item No.	Topic	Overview of new requirements	Matters for consideration in Procedures
9.1	Register of relevant entities (Part 27 register)	<p>AEMO may, in accordance with the Procedures:</p> <ol style="list-style-type: none"> <li>keep and maintain a register of relevant entities for the purposes of Part 27; and</li> <li>publish the register.</li> </ol> <p>AEMO must give written notice to a relevant entity as soon as practicable after including details of the relevant entity on the register.</p> <p>A relevant entity must, for the purposes of the register, give information to AEMO, as and when required by the Procedures.</p>	<p>The Procedures may deal with:</p> <ul style="list-style-type: none"> <li>the establishment of a register of relevant entities for the purposes of Part 27 (Part 27 register), to register the details of each relevant entity who is not required to be registered under the NGL or the NGR, including, but not limited to, contact and billing details;</li> <li>the classes of relevant entities who must, within the period specified in the Procedures, provide contact details to be included in the Part 27 register;</li> <li>the information that must be recorded in the Part 27 register;</li> <li>the manner and form in which the Part 27 register must be kept and maintained; and</li> <li>any matter consequential or related to any of the above.</li> </ul>

Table 10: Transitional arrangements for Procedures and Guidelines

Item No.	Topic	Transitional arrangements
10.1	Consultation on making of Procedures before commencement of Amending Act	For the purposes of Part 15B of the NGR, publication and consultation on the making of Procedures under a provision amended or inserted by the amending Act carried out before the commencement day, are taken to satisfy the requirements for publication and consultation under rules 135EE and 135EF, but only to the extent to which the requirements would have been satisfied if the publication and consultation were carried out after the commencement day.
10.2	Consultation on making of guidelines before commencement of Amending Act	<p>AEMO must consult on the preparation of guidelines under s.91AD(3) of the <i>NGL</i>, as inserted by the amending Act.</p> <p>Publication and consultation, carried out before the commencement day in relation to the making of the guidelines, are taken to satisfy the <i>standard consultative procedure</i> in rule 8, but only to the extent to which the <i>standard consultative procedure</i> would have been satisfied if the publication and consultation were carried out after the commencement day.</p>