

INITIAL CONSULTATION FOR PROPOSED CHANGES TO GAS SUPPLY HUB EXCHANGE AGREEMENT

Proponent	Hugh Ridgway	Company	AEMO
Proponent e-mail	gdh@aemo.com.au	Proponent phone #	03 9609 8682
Affected Gas Market(s)	Gas Supply Hub (GSH)	Date proposal sent to AEMO	Thursday, 18 October 2018
Short Issue Title	Proposed changes to the Gas Supply Hub Exchange Agreement in light of the NGR change to harmonise the gas day		



INITIAL CONSULTATION – DETAILED REPORT SECTION

1. DESCRIPTION OF CHANGE(S) AND REASONS FOR CHANGE(S)

In early 2017 the AEMC published a rule determination to harmonise the start time of the gas day used in the short-term trading market hubs and the gas supply hub trading locations with the gas day start time used in the Victorian declared wholesale gas market. Under the rule, the gas day in each market at each location will commence at 6.00 am Australian Eastern Standard Time (AEST). Click [here](#) to view the AEMC rule determination. This change will also result in standardising the next gas day nomination cut-over time which will be 3pm AEST.

In late 2017 the COAG Energy Council considered a range of reform recommendations put forward by Gas Market Reform Group's (GMRG) which include harmonising the start time of the gas day. Click [here](#) to view the GMRG final recommendation paper. At the November 2017 COAG Energy Council meeting, Ministers agreed with the full package of reforms put forward by GMRG which included a recommendation that harmonising the start time of the gas day changes take effect by 1 October 2019. The relevant National Gas Law (NGL) and National Gas Rule (NGR) changes are expected to be made by the SA Minister for Energy by the end of November 2018.

In September of 2018, AEMO kicked-off a program of work to review the impact of harmonising the start time of the gas day initiative. In respect of the wholesale gas markets, this review revealed that:

- There are no changes to the STTM Procedures. There will however be changes to the STTM Reports Specification. A separate consultation process for the Reports Specification will be initiated later this year.
- Updates will be made to the Gas Supply Hub Exchange Agreement. These are detailed further below.

The broad changes described in section 5 of this consultation will require transition plans to be developed. There will be a separate consultation for the procedure changes that will provide the necessary regulatory relief to facilitate the transition plans. This consultation is targeted to commence in Q1 2019.

Submissions close 18 December 2018 and should be emailed to gdh@aemo.com.au.

2. REFERENCE DOCUMENTATION

- Gas Supply Hub Exchange Agreement (ver 11)
- Guide to Gas Supply Hub reports (ver 1.8)

3. THE HIGH LEVEL DETAILS OF THE CHANGE TO THE EXCHANGE AGREEMENT

- Updates to gas day definition and gas day start times in the Exchange Agreement.
- Update to gas day definition in the Guide to Gas Supply Hub Reports.

4. CONSEQUENCES FOR MAKING OR NOT MAKING THE CHANGE(S)

These changes are to be made in line with the new Rule that will commence on 1 October 2019. The consequence for not making the proposed changes is that the Exchange Agreement will be misaligned with the new Rule.



5. EXPLANATION REGARDING THE ORDER OF MAGNITUDE OF THE CHANGE(S) (EG: MATERIAL, NON-MATERIAL OR NON-SUBSTANTIAL)

AEMO's assessment in terms of the order of magnitude overall broad changes for gas day harmonisation is that this change will be *material*. This is because transition will impact all Products spanning 1 October 2019, as the gas day beginning 30 September 2019 will be less than a 24 hour period, depending on the Product.

6. LIKELY BENEFITS FOR INDUSTRY AS A WHOLE

Having consistent gas day start time across all jurisdiction that operate under the NGR will enable new participants to partake in these markets more easily.

7. THE LIKELY IMPLEMENTATION EFFECT OF THE PROPOSAL ON INDUSTRY IN GENERAL AND/OR ANY IDENTIFIED PARTIES (E.G. END-USERS)

AEMO, Market Participants and Gas Transporters will be impacted by these changes.

8. TESTING REQUIREMENTS

AEMO and Gas Transporters will need to modify their IT systems to comply with the harmonised gas day. AEMO's view is these IT system changes do not warrant a co-ordinated industry testing program or a bilateral testing program.

9. SUPPORTING DOCUMENTATION

See section 2, reference documentation. All documents are attached and marked-up for review.

10. IF APPLICABLE, A PROPOSED EFFECTIVE DATE FOR THE PROPOSED CHANGED PROCEDURES TO TAKE EFFECT AND JUSTIFICATION FOR THAT TIMELINE.

Subject to all necessary approval's AEMO is targeting to implement this initiative 6:00am AEST on 1 October 2019. A formal consultation on the changes described in Attachment A (in accordance with clause 3.2 of the EA) will follow in January 2019.



INITIAL CONSULTATION FOR PROPOSED CHANGES TO GAS SUPPLY HUB EXCHANGE AGREEMENT
PROPOSED CHANGES TO THE GAS SUPPLY HUB EXCHANGE AGREEMENT IN LIGHT OF THE NGR
CHANGE TO HARMONISE THE GAS DAY



ATTACHMENT A – DOCUMENTATION CHANGES (SEE SECTION 3)

- The marked up Gas Supply Hub Exchange Agreement is attached separately to this document.