

IMPACT IMPLEMENTATION REPORT (IIR)

Issue Number	IN009/19.		
Impacted Jurisdiction(s)	New South Wales / Australian Capital Territory (NSW/ACT)		
Proponent	Danny McGowan and Roger Shaw	Company	AEMO
Affected Gas Market(s)	Retail	Consultation process (Ordinary or Expedited)	Expedited
Industry Consultative forum(s) used	GRCF/GWCF	Date Industry Consultative forum(s) consultation concluded	Friday, 19 July 2019
Short Description of change(s)	Residual Retail Market Procedures (RMP) changes in light of the NGR change to harmonise the gas day.		
Procedure(s) or Documentation impacted¹	Retail Market Procedures (RMP) (NSW and ACT) (version 20.0).		
Summary of the change(s)	A recent review of the NSW/ACT RMPs identified that AEMO overlooked one of the timing provisions in the original consultation. This timing provision pertained to clause 8.11.1. The time described in the RMP is currently 9:30am AEST however when the new standard gas day takes effective, the delivery time needs to be 9:00am AEST. Jemena Gas Networks (JGN) also identified another timing provision that needs to align with the new standard gas day. This timing provision pertained to clause 8.6.4. Please refer to Attachment A for further details on these amendments.		
I&IR Prepared By	Danny McGowan and Roger Shaw	Approved By	Michelle Norris
Date I&IR published	31 July 2019	Date Consultation under 135EE or 135EF concludes	21 August 2019
Email Address for Responses	gdh@aemo.com.au		
Other key contact information			

¹ Any reference to version numbers are at the date of publishing this IIR.



IMPACT & IMPLEMENTATION REPORT

CRITICAL EXAMINATION OF PROPOSAL

1. DESCRIPTION OF CHANGE AND REASONS FOR CHANGE

In early 2017 the AEMC published a rule determination to harmonise the start time of the gas day to be used in the short-term trading market hubs and the gas supply hub trading locations with that currently in use 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).

In late 2017 the COAG Energy Council considered a range of reform recommendations put forward by Gas Market Reform Group (GMRG) which included introducing the standard gas day, harmonising the start time of the gas day at 6:00am AEST. 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 from 6am AEST on 1 October 2019. Changes to the National Gas Law (NGL) and National Gas Rules (NGR) were made by the SA Minister for Energy on 22 November 2018. Click [here](#) to view these amendments.

In late 2018, AEMO reviewed the impact of harmonising the start time of the gas day initiative. This review included considerations of what (if any) Wholesale and Retail market changes are required. The outcome of the review, including AEMO's final decision on the proposed changes, can be viewed [here](#).

A recent review of the NSW/ACT Retail Market Procedure (RMP) identified that AEMO overlooked one of the timing provisions in its original consultation. This timing provision pertains to the delivery of data to AEMO from the Network Operator. The time described in the RMP is currently 1:00pm AEST however when the new standard gas day takes effective, the delivery time needs to be 9:00am AEST.

Consultation on this amendment closed on 19 July 2019.

As second proposal to amend the NSW/ACT RMPs emerged during the consultation mentioned above. This amendment pertains to the time reference to the quantity of gas that Users intend to deliver in those network sections designated in the balancing arrangements register as a "no operational balancing arrangement (OBA)" network section. The time described in the RMP is currently 9:30am AEST however, when the new standard gas day takes effect, the delivery time needs to be a standard nomination cut-off time as defined in rules.

A summary of these changes has been described in Section 3 of this IIR.

Anyone wishing to make a submission for this second stage consultation should use the response template provided in Attachment C. Submissions to this stage of the consultation closes 21 August 2019 and should be emailed to gdh@aemo.com.au.

2. REFERENCE DOCUMENTATION

The following documents are referenced in this IIR:

- Retail Market Procedures (NSW and ACT) version 20.0.

3. HIGH LEVEL OVERVIEW OF THE CHANGES TO EXISTING PROCEDURES

The following provides an overview of the Retail Market changes:

- Retail Market Procedures (NSW and ACT):



- Amend clause 8.11.1 so that the data delivered to AEMO from the Network Operator is received by 9:00am AEST.
- Amend clause 8.6.4 to allow for a consistent time period following the standard market timetable for nomination cut-off for Users to advise pipeline nominations to Network Operators, and which takes into account potential delays to cut-off times.

Attachment A provides the full details of the proposed changes to the RMPs.

4. ORDER OF MAGNITUDE OF THE CHANGE PROPOSED

As described in the original consultation pertaining to the standardised gas day start time (IN002/16), AEMO's assessment in terms of the order of magnitude for the broad changes for the gas day harmonisation is that this change will be material. This is because the broader change involves Distributors and Pipeline Operators making modifications to "onsite" meter reading equipment. Remote and manual adjustments will be required depending on the type of metering on sites. Detailed transition plans will also need to be developed by participants.

The materiality of the changes to Retail Market IT system and process for AEMO and presumably, Retailers, Distributors and Pipeline Operators are less complex compared to the broader changes. AEMO is of the view these changes should be uncomplicated configurational IT changes and therefore the order of magnitude in this instance is non-material.

ASSESSMENT OF LIKELY EFFECT OF PROPOSAL

5. OVERALL INDUSTRY COSTS AND BENEFITS

Given that the proposed change is a mandated legislative requirement, and that the order of magnitude of the system changes is non-material, a cost estimate is not required in this instance. In terms of benefits, having a consistent gas day start time across all jurisdiction that operate under the NGR will enable new participants to more easily participate in these markets. The changes proposed will ensure that the three jurisdictional RMPs are aligned with the new legislative framework and, where possible, with each other. This provides consistency and harmonisation with both the new legislative framework and other jurisdictional gas markets.

6. THE LIKELY IMPLEMENTATION EFFECT OF THE CHANGE ON STAKEHOLDERS

As noted under section 4 of this IIR, AEMO, Retailers, Distributors and Pipeline Operators will all be impacted by these changes. When implemented, the benefits outlined in section 5 of the IIR should be realised. As noted under section 4 of this IIR, the impact of implementing this change in AEMO's systems is immaterial and is not expected to have any impact on existing participants.

7. TESTING REQUIREMENTS

The original consultation described the testing requirements for the standardised gas day program of work. There is no additional testing requirement for the changes described in this IIR.

8. AEMO'S PRELIMINARY ASSESSMENT OF THE PROPOSAL'S COMPLIANCE WITH SECTION 135EB:

Consistency with the NGL and NGR

AEMO's view is that the proposed change is consistent with the NGL and NGR. The proposed change promotes consistency across four jurisdictions.



National Gas Objective

"to 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."

It is AEMO's view that the proposed changes described in the IIR removes any costs associated with unnecessary differences in processes and procedures, and is in the long-term interests of consumers as it promotes clarity and consistency.

Applicable Access Arrangements

AEMO's view is that the proposed change is not in conflict with existing Access Arrangements.

9. CONSULTATION FORUM OUTCOMES

On 12 July 2019 AEMO published on its website a Proposed Procedure Change (PPC) that put forward changes to the RMPs. The proposed changes involved making a number of minor amendments to the RMPs so that the RMPs and the NGR remain in alignment. Registered participants and interested stakeholders were invited to make submissions which closed on 19 July 2019. Two submission were received. AGL submission noted that they had no further comments in relation to the proposed change. Jemena Gas Network's (JGN) submission proposed two further changes. AEMO deemed one of the proposals unsuitable because of timing constraints. The other proposal put forward by JGN sought to address a timing constraint which was pertinent to the standard gas day harmonising program of work. AEMO has now included this additional proposal in this consultation.

Attachment B provides further information on the feedback AEMO received, and its response to each area of feedback.

RECOMMENDATION

10. SHOULD THE PROPOSED PROCEDURES BE MADE?

AEMO recommends the changes proposed in Attachments A.

11. PROPOSED EFFECTIVE DATE FOR THE PROPOSED CHANGE TO TAKE EFFECT

Subject to all necessary approvals, AEMO is targeting to implement this initiative 1 October 2019. In order to achieve this timeline, AEMO proposes the following key milestones:

- Submissions on IIR close 21 August 2019.
- AEMO decision on 9 September 2019.
- Effective date 1 October 2019.



ATTACHMENT A – DOCUMENTATION CHANGES (SEE SECTION 3)

Blue underline represents additions ~~Red~~ and strikeout represents deletions – Marked up changes

Yellow highlight represents the changes between PPC and IIR stage

Grey highlight represents the changes between JGNs proposal and AEMO's proposed changes.

- Extract from Retail Market Procedures (NSW/ACT)

8.6 Nomination Process (No OBA Network Sections)

8.6.4 Network Operator to Notify User of Revision

(a) By 10.00 am on *nomination day -1*, the *Network Operator* must notify the *User* of the quantity of *gas* which the *User* should deliver to the *network receipt point* to enable the *Network Operator* to satisfy:

(i) the *User's forecast requirement* for the *nomination day*; and

(ii) any other aggregate needs for the relevant *network section* (including adjustments for the *User's change in share of linepack*) to ensure the safe and reliable supply of *gas*.

(b) By ~~1.00~~ 3:00 pm 30 minutes after the standard nomination cut-off time as defined in rule 678 (2) of the Rules or the auction service cut-off time as defined in rule 678 (3) of the Rules (as may have been extended as contemplated in the Rules and the Capacity Transfer and Auction Procedures) on *nomination day -1* the *User* must advise the *Network Operator* of the quantity of *gas* which the *User* intends to deliver or have delivered to the *network receipt point* on the *nomination day*. The User may revise the nomination up to 7:00pm on nomination day -1 pending the outcome of transmission pipeline capacity auctions. The *User* must ensure that the quantity of *gas* advised to the *Network Operator* under this paragraph (b) is not less than zero, and not less than the sum of:

(i) where the *Network Operator* has accepted the *User's reconciliation adjustment amount* advised to it under clause

8.6.1(b)(iv), the *User's reconciliation adjustment amount* advised to the *Network Operator* under clause 8.6.1(b)(iv) and revised under clause 8.6.3;

(ii) where the *Network Operator* has accepted the *User's participant imbalance amount* advised to it under clause

8.6.1(b)(v), the *User's participant imbalance amount* advised to the *Network Operator* under clause 8.6.1(b)(v) and revised under clause 8.6.3; and

(iii) the *User's good faith estimate* of the aggregate amount which the *User* intends to withdraw at the *network receipt point* on the *nomination day* under all transportation agreements.



8.11 Estimation and Reconciliation (STTM Network Sections)

8.11.1 Network Operator to Provide Data to AEMO

- (a) The *Network Operator* must use reasonable endeavours to provide the following data for each *network section* for a *gas day* to AEMO by ~~9:30~~ 9:00am on *gas day* + 1:
 - (i) the total quantity of *gas* injected (in *MJ*) at all *network receipt points* within the *network section* (TDQ);
 - (ii) each *User's SUAG*;
 - (iii) each *User's* share of change in linepack (in *MJ*) for the *network section* for the *gas day* (CLP), based on the relevant *applicable access arrangement* provision; and
 - (iv) each matched allocation quantity, together with:
 - (A) the Network section ID of the *network section* for which the matched allocation quantity applies; and
 - (B) the Participant IDs of any *Participants* who are parties to the *registered matched allocation agreement* in accordance with which the matched allocation quantity is allocated.
- (b)

ATTACHMENT B – SUBMISSIONS RECEIVED FOR CHANGE IN009/19.

General Comments on the Proposed Procedure Change

Section 1 - General Comments on the Proposed Procedure Change

Sections 1 to 10 of the PPC sets out details of the proposal. Does your organisation supports AEMO' s assessment of the proposal? If no, please specify areas in which your organisation disputes AEMO's assessment (include PPC section reference number) of the proposal and include information that supports your organisation rational why you do not support AEMO's assessment.

Ref#	Participant	Response received	AEMO response
1	AGL	AGL notes the proposed change and has no comment..	AEMO acknowledges AGL's response noting the proposed change and no comment.
2	Jemena Gas Networks	We have reviewed the proposed changes and required to amendments to the RMP 8.5.6 and 8.6.4. to allow for a user to update confirmed nomination in line with the market timetable. Changes to 8.6.4 are intended for ACTCANBERRA network section as a No OBA network section and changes to 8.5.6 are to future-proof timings should a network section operate as an OBA network section.	See AEMO responses to Ref # 3 and # 4.

Section 2 - Feedback on the documentation changes described in Attachment A of the PPC

Ref 3 - Retail Market Procedures (NSW and ACT)

#	Participant	Clause #	Issue / Comment	Proposed text Red-strikeout means delete and <u>blue underline</u> means insert	AEMO Response
3	Jemena Gas Networks	8.5.6	Updated times to allow for a user to update confirmed nomination in line with the market timetable.	<p>8.5 Nomination Process for OBA Network Sections</p> <p>8.5.6 Network Operator to Aggregate and Notify Nominations</p> <p>(a) The <i>Network Operator</i> must:</p> <ul style="list-style-type: none"> (i) total the <i>confirmed nominations</i> assigned to each <i>shipper</i> in each transmission pipeline for the <i>nomination day</i>; and (ii) total the <i>confirmed nominations</i> for all <i>shippers</i> in each transmission pipeline for the <i>nomination day</i>. <p>(b) By 11:00 am <u>3:00 pm</u> on <i>nomination day</i> -1 the <i>Network Operator</i> must notify each <i>transmission pipeline operator</i> of:</p> <ul style="list-style-type: none"> (i) the total <i>confirmed nominations</i> for each of the <i>shippers</i> in its transmission pipeline for the <i>nomination day</i>; and (ii) the aggregate <i>confirmed nominations</i> for all <i>shippers</i> in each transmission pipeline for the <i>nomination day</i>. <p>(c) By 11:00 am <u>3:00 pm</u> on <i>nomination day</i> -1 the <i>Network Operator</i> must notify the <i>shipper</i> of:</p> <ul style="list-style-type: none"> (i) the <i>confirmed nomination</i> for each relevant <i>User</i> in a transmission pipeline for the <i>nomination day</i>; and (ii) the total <i>confirmed nominations</i> for that <i>shipper</i> in each transmission pipeline for the <i>nomination day</i>. <p>(d) The <i>Network Operator</i> must ensure that <i>forecast withdrawal</i> data for each <i>User</i> for each <i>nomination day</i> for each <i>network section</i> is maintained for at least two years in a readily accessible format.</p>	<p>AEMO does not support JGN proposal to amend the timing provision described in clause 8.5.6 (b) and (c) for the operational balancing arrangement (OBA) network sections.</p> <p>The pipeline operators will have to implement the new cut-off times, so having the confirmed nominations provided at 3pm (which is the cut-off time) is too late for shippers to act and adjust their nominations to the pipeline.</p> <p>While the confirmed nominations can be provided later than 11am, they must be provided earlier than 3pm to allow shippers to adjust their nominations and submit to the transmission pipelines before the standard market timetable deadlines.</p> <p>As the confirmed nominations are currently available at 11am, it would only be relevant to change</p>

					the times if there was a pressing operational reason for change. JGN stated rationale is to allow shippers to update nominations with transmission pipelines in line with the market timetable.
4	Jemena Gas Networks	8.6.4	Updated times to allow for a user to update confirmed nomination in line with the market timetable.	<p>8.6 Nomination Process (No OBA Network Sections) 8.6.4 Network Operator to Notify User of Revision</p> <p>(a) By 10.00 am on <i>nomination day -1</i>, the <i>Network Operator</i> must notify the <i>User</i> of the quantity of <i>gas</i> which the <i>User</i> should deliver to the <i>network receipt point</i> to enable the <i>Network Operator</i> to satisfy:</p> <ul style="list-style-type: none"> (i) the <i>User's forecast requirement</i> for the <i>nomination day</i>; and (ii) any other aggregate needs for the relevant <i>network section</i> (including adjustments for the <i>User's</i> change in share of linepack) to ensure the safe and reliable supply of <i>gas</i>. <p>(b) By 10.00 <u>3:00 pm</u> on <i>nomination day -1</i> the <i>User</i> must advise the <i>Network Operator</i> of the quantity of <i>gas</i> which the <i>User</i> intends to deliver or have delivered to the <i>network receipt point</i> on the <i>nomination day</i>. <u>The User may revise the nomination up to 7:00pm on nomination day -1 pending the outcome of transmission pipeline capacity auctions.</u> The <i>User</i> must ensure that the quantity of <i>gas</i> advised to the <i>Network Operator</i> under this paragraph (b) is not less than zero, and not less than the sum of:</p> <ul style="list-style-type: none"> (i) where the <i>Network Operator</i> has accepted the <i>User's reconciliation adjustment amount</i> advised to it under clause 8.6.1(b)(iv), the <i>User's</i> reconciliation adjustment amount advised to the <i>Network Operator</i> under clause 8.6.1(b)(iv) and revised under clause 8.6.3; (ii) where the <i>Network Operator</i> has accepted the <i>User's participant imbalance amount</i> advised to it under clause 	<p>AEMO supports JGNs proposal to amend the time reference to the quantity of gas Users intend to delivery for “no” operational balancing arrangement (OBA) network sections and has made a subsequent change to allow for a consistent time period following the standard nomination cut-off for Users to advise Network Operators, and which takes into account potential delays to cut-off times. . (See attachment B. Changes are shown in grey highlight).</p> <p>Note: In relation auction service cut-off time, these times are described in Capacity Trading and Auction Procedures. Click here to view this procedures. (see Schedule 2).</p>



				<p>8.6.1(b)(v), the <i>User's participant imbalance amount</i> advised to the <i>Network Operator</i> under clause 8.6.1(b)(v) and revised under clause 8.6.3; and</p> <p>(iii) the <i>User's good faith estimate</i> of the aggregate amount which the User intends to withdraw at the <i>network receipt point</i> on the <i>nomination day</i> under all transportation agreements.</p>	



ATTACHMENT C – IIR RESPONSE TEMPLATE

The IIR response template has been attached separately to this document. There are two sections within the template. Section 1 seeks feedback on the on the IIR itself. Section 2 seeks feedback on each of the changes to each of the procedures. Anyone wishing to make a submission for this second and final stage consultation are to use this response template. Submissions close 21 August 2019 and should be emailed to gdh@aemo.com.au.