

# IMPACT & IMPLEMENTATION REPORT (IIR)

## Summary Section

<b>Proponent</b>	Arjun Pathy	<b>Company</b>	AEMO
<b>Affected Gas Market(s)</b>	<ul style="list-style-type: none"> <li>• STTM</li> </ul>	<b>Consultation process (Ordinary or Expedited)</b>	Ordinary
<b>Industry Consultative forum(s) used</b>	GWCF	<b>Date Industry Consultative forum(s) consultation concluded</b>	Monday, 9 November 2020
<b>Short Description of change(s)</b>	STTM Reports Consultation		
<b>Procedure(s) or Documentation impacted</b>	<ul style="list-style-type: none"> <li>• STTM Procedures</li> <li>• STTM Interface Protocol</li> </ul>		
<b>IIR Prepared By</b>	Arjun Pathy	<b>Approved By</b>	Michelle Norris
<b>Date IIR published</b>	30 November 2020	<b>Date Consultation under 135EE concludes</b>	4 January 2020
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## CRITICAL EXAMINATION OF THE PROPOSAL

### 1. DESCRIPTION OF ISSUE

The procedures governing the Short-Term Trading Market (STTM)—in particular, the STTM Procedures and the STTM Interface Protocol—stipulate the publication and manner of publication for a large number of reports about the STTM. For some of these reports, AEMO has identified:

- That there is not a clear use for the report;
- That the report is required to contain information that is not of use to the market; or
- That the timing requirements are not well harmonised with market operations.

This consultation therefore intends to consult on a number of minor changes to STTM reports to improve operational efficiency.

### 2. REFERENCE DOCUMENTATION

- STTM Procedures
- STTM Interface Protocol

### 3. OVERVIEW OF CHANGES

#### 3.1. STTM Procedures Section 7.6 – STTM Event Reports

Section 7.6 of the STTM Procedures requires AEMO to prepare a report when data is not provided in accordance with rules 414 or 419<sup>1</sup> of the National Gas Rules (NGR). This requirement to prepare a report appears to be unnecessary, as AEMO is entitled under the NGR to use substitute information if the data is not provided, including the ability for the submission window to be extended to accept substitute information.

Approximately 10 reports have been prepared since 2014. Resultantly, AEMO does not believe there is value in mandating the requirement to publish these reports. AEMO does not intend to remove the report, but rather to make its publication optional, as there is often no operational / business need for the report.

#### 3.2. STTM Procedures Section 3.4 – Ex Ante Pipeline Data

Section 3.4 of the STTM Procedures specifies the time by which AEMO must publish the following:

- The default gas day capacity.
- The maximum gas day capacity.
- The validation thresholds to be applied under clause 7.1.3A.

The timing and detail requirements of this report (INT653) are, however, also published in section 5.4.3 (INT063 - Ex Ante Pipeline Data) of the STTM Reports Specification. AEMO believes that it is unnecessary to duplicate this information in the STTM Procedures and is proposing to remove it.

AEMO also proposes to amend the time trigger for the INT653 report to 9am and 10.30am (consistent with what was in place prior to Gas Day Harmonisation) in the interests of compliance.

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<sup>1</sup> NGR 414 specifies that if the capacity information is not provided or fails validation, AEMO must use substitute information. NGR 419 specifies the process for receiving facility allocation information.



### 3.3. STTM Procedures Section 5.2(h) – MOS Estimates

Section 5.2(h) of the STTM Procedures requires that AEMO must consult on changes to the Methodology for Determining MOS Estimates<sup>2</sup>. This methodology is periodically reviewed to ensure that it meets the rule and procedure requirements, at which point AEMO is obligated to consult on any amendments it wishes to make to the methodology, even if these changes do not materially impact participants (for instance, if AEMO were to update the tables in section 6 with more contemporary data). Given this requirement, AEMO believes that the obligation to consult on changes imposes an unnecessary overhead and proposes that “[AEMO] must, before making changes to that methodology, consult...” should be amended to read “[AEMO] ~~must~~ may, before making changes to that methodology, consult...”.

This change would enable AEMO to make non-material changes without a full consultation. AEMO still proposes to consult with participants if changes to the methodology materially impacted Trading Participants.

### 3.4. STTM Procedures Sections 5.2 and 5.3 – MOS Estimates Timing

Sections 5.2(aa), (ab), (d), and (f) as well as section 5.3(a) of the STTM Procedures dictate the timings on which MOS estimates are to be published and updated. These timings were determined when the MOS stack was generated quarterly and consequently, no longer align with the monthly MOS stack generation period.

AEMO proposes to amend each clause to use ‘gas days’ in place of ‘business days’, including the following changes:

- Section 5.2(aa) - MOS estimates to be published no later than 40 gas days before the start of the MOS period (currently 40 business days).
- Section 5.2(ab) - MOS estimates may be updated until 20 gas days before start of MOS period (currently 20 business days). AEMO has not updated MOS estimates since market start.
- Section 5.2(d)/(f) - Pipeline Operators can submit data for MOS estimates up to 50 gas days before start of MOS period (currently 50 business days). This process has not been used since MOS allocation data has become available.
- Section 5.3(a) - MOS offer request to be sent by 20 gas day before MOS period (currently 20 business days).

### 3.5. STTM Report Specification Section 5.1.10 – INT651 Ex Ante Market Price

Section 5.1.10 of the STTM Report Specification notes that the `schedule_identifier` column for the INT651 report (Ex Ante Market Price) must not be null. If, however, AEMO is not able to create a schedule (as was the case on 31 December 2018), then the `schedule_identifier` should be null.

As such, AEMO proposes to update the specification to note that the `schedule_identifier` column may be null and to update the associated comment field to state that `schedule_identifier` will be null when `administered_price_period` is null.

### 3.6. STTM Report Specification Section 5.1.69 – INT724 Ranked Deviation Quantities Report

Section 5.1.69 currently requires participants to opt-in to receive this report; and all Trading Participants have opted in to receive the report when specifically asked if they want it.

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<sup>2</sup> This document can be found here: [https://aemo.com.au/-/media/files/pdf/methodology\\_for\\_determining\\_mos\\_estimates\\_version\\_3\\_0.pdf](https://aemo.com.au/-/media/files/pdf/methodology_for_determining_mos_estimates_version_3_0.pdf)



As such, AEMO proposes to amend the STTM Report Specification such that participants must opt-out of receiving the report (rather than opting-in to receive it) in the interests of simplifying market registration for new Trading Participants.

#### 4. LIKELY IMPLEMENTATION REQUIREMENTS AND EFFECTS

AEMO will need to make some minor changes to reporting to implement these changes. AEMO does not believe there are any system or testing impacts for participants.

#### 5. IMPACT OF ISSUE NOT PROCEEDING

Should the above initiatives not proceed, AEMO’s reporting will continue to be more inefficient than it could otherwise be and (with respect to the changes identified in Section 3.2 and 3.5 of this PPC), will prevent AEMO’s compliance with the procedures.

#### 6. OVERALL COSTS AND BENEFITS

The proposed changes will lead to enhanced efficiency for AEMO and / or participants by ensuring that:

- Reports are published at a time that harmonises with other reports.
- Reports which provide no value to the market are not produced.
- Different procedures do not duplicate information.
- Changes can be made to the MOS Estimates Methodology in a streamlined manner.

AEMO does not believe there will be any costs incurred by industry (or AEMO) as a result of this proposal.

#### 7. MAGNITUDE OF THE CHANGES

Given that the changes do not involve any costs for AEMO or participants and do not involve any system changes, AEMO’s assessment is that the magnitude of the changes is *non-material*. No participant disputed this assessment in feedback to the Proposed Procedure Change (PPC).

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

AEMO submitted the following feedback as part of the PPC:

Consistency with National Gas Law (NGL) and NGR	<p>AEMO’s view is that the proposed change is consistent with the NGL and NGR. No participant raised any objections to the proposal’s consistency with any of these documents in feedback to the June 2020 consultation round.</p> <p>Participants will be given an additional opportunity to inform AEMO if they believe there is any such inconsistency as part of this PPC consultation.</p>
National Gas Objective	<p>As outlined in Section 6, it is AEMO's view that this change would improve efficiency in reporting and therefore facilitate efficient operation of the STTM.</p>



Any applicable access arrangements

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

No participant raised any objections regarding the proposal's consistency with any existing Access Arrangements in feedback to the June 2020 GWCF, and participants will be provided an opportunity to inform AEMO if they believe the proposed change is in conflict with existing Access Arrangements during this PPC consultation.

Barring the feedback identified in Attachment B, no participant disputed the above assessment.

## 9. CONSULTATION FORUM OUTCOMES

AEMO published the PPC on AEMO's website on 12 October 2020<sup>3</sup> and issued the PPC by email to the Gas Wholesale Consultative Forum (GWCF). AEMO received three submissions: from AGL, from APA Group, and from ERM Power. AGL and APA Group supported all changes proposed (responses to their requests for clarification are provided in Attachment B), while ERM Power raised concerns with AEMO's changes to sections 5.2 and 7.6 of the STTM Procedures. AEMO has provided responses to ERM Power's concerns in Attachment B.

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<sup>3</sup> <https://aemo.com.au/consultations/current-and-closed-consultations/sttm-reports>



## RECOMMENDATIONS

### 10. SHOULD THE PROPOSED PROCEDURES BE MADE?

AEMO recommends that the changes described in Attachment A be made to the documents identified in Section 2.

### 11. PROPOSED TIMELINES

Subject to all necessary approvals, AEMO proposes the following timeframe:

- IIR issued 30 November 2020.
- Responses to IIR due 4 January 2020.
- AEMO Decision on changes in January 2020.
- If changes approved, effective date of 1 March 2021.



## **ATTACHMENT A – IIR RESPONSE TEMPLATE**

Attachment A provides a response template for this IIR. Participants are to use this template when providing feedback to this IIR.



## **ATTACHMENT B – DOCUMENTATION CHANGES**

Draft versions of the documents described in Section 2 are attached separately to this document.





## ATTACHMENT B – AEMO RESPONSES TO PARTICIPANT FEEDBACK

Topic	Participant Responses			
<p>Sections 1 to 8 of the PPC sets out <i>AEMO's critical examination of the proposal</i>.</p> <p>Does your organisation support AEMO's examination of the proposal?</p> <p>If no, please specify areas in which your organisation disputes AEMO examination proposal and include information that supports your organisation's rationale for not supporting AEMO's examination.</p>	Ref	Participant	Response	AEMO Response
	1	AGL	AGL has considered the proposed procedure change (PPC) to amend the STTM Procedures and the STTM Reports Specification in the interests of reporting efficiency and only has one comment regarding the amendment to Procedures section 3.4 Ex Ante Pipeline data. Namely that AGL would prefer that the report is published at 9am and again at 10:30am as data is already submitted to facility operators by 9am.	AEMO notes that the proposed procedures already include both a 9am and a 10:30am publication, and as such AEMO believes it has met the requirements outlined by AGL.
	2	APA Group	APA Group support the review of administrative processes in the effort to enhance operational efficiency of the STTM market.	AEMO notes APA Group's support.
	3	ERM Power	Refer to comments in Section 2.	AEMO has provided responses in Section 2.



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

Ref #1 – STTM Procedures					
Ref	Participant	Section #	Issue / Comment	Proposed text <del>Red strikeout</del> means delete and <u>blue underline</u> means insert	AEMO Response (AEMO only)
2	APA Group	Section 7.6 – STTM Event Reports	Proposed changes not considered to impact APA. No comment.		AEMO notes that the proposal is not considered to impact APA Group.
3	APA Group	Section 3.4 – Ex Ante Pipeline Data	Proposed changes not considered to impact APA. No comment.		AEMO notes that the proposal is not considered to impact APA Group.
4	APA Group	Section 5.2(h) – MOS Estimates	APA is ambivalent to the proposed change to consult for material changes if the methodology changes only relate to MOS estimates. However if the changes to methodology were related to MOS allocations, it is critical AEMO consult on all changes even those considered immaterial as these could have impacts for a STTM Pipeline Operator’s business systems or business continuity tools.		Does not affect allocations, only estimates. Allocations are only inputs to the estimates, so would not affect allocations themselves (only the applications thereof)
5	APA Group	Section 5.2 and 5.3 – MOS Estimates Timing	APA does not envisage material impacts to STTM Pipeline Operator obligations for the proposed change from business days to gas days.		AEMO notes that the proposal is not considered to have material impacts on APA Group.
6	APA Group	Section 5.1.10 – INT651 Ex Ante Market Price	Proposed changes not considered to impact APA. No comment.		AEMO notes that the proposal is not considered to impact APA Group.
7	APA Group	Section 5.1.69 – INT724 Ranked Deviation Quantities Report	Proposed changes not considered to impact APA. No comment.		AEMO notes that the proposal is not considered to impact APA Group.



8	ERM Power	Section 7.6	<p>We do not agree that AEMO should have absolute discretion in deciding whether an STTM Event Report should be prepared and published.</p> <p>The current reports provide transparency of facility operator &amp; AEMO performance in relation to their STTM obligations. Such reporting also provides incentives to facility operators (and AEMO) to ensure they have processes in place to meet their obligations in a timely manner (given that the reports will publicly identify the party who has failed to meet an STTM obligation and outline reasons for the failure). While not every event may have market impacts, market impacts are possible and participants require confidence in knowing that STTM Event Reports will be published to enable them to understand the causes, actions taken, impacts and outcomes.</p> <p>Given there have only been 10 reports to date, we do not believe the existing obligation imposes a significant burden on AEMO.</p>	<p><del>may</del> <u>must</u></p>	<p>AEMO does not accept ERM's proposed changes.</p> <p>AEMO notes that current regulatory requirements provide an incentive to facility operators and AEMO to ensure they meet their obligations. The purpose of these reports was to add transparency around an event. AEMO believes this is achieved as market notices are already sent out, and documented backup processes are implemented. AEMO would write a report in the cases where these processes fail or a significant market impact occurs, but in cases where there is no additional information to be published AEMO would not see value in this report's being produced.</p>
9	ERM Power	Section 5.2	<p>We do not agree with the proposal to allow AEMO to have complete discretion in deciding whether or not to consult on MOS methodology changes. This is because MOS Methodology changes can have impacts on the market, market participants and consumers.</p> <p>We agree however that AEMO should be able to make changes that are administrative in nature without needing to consult and have proposed wording to this effect.</p>	<p>(h) AEMO must publish the methodology employed to determine the quantities required by rule 397 for each STTM pipeline and <u>subject to clause (i), <del>may</del> <u>must</u></u>, before making changes to that methodology, consult with: (i) Trading Participants; and (ii) any other person AEMO considers would be affected by the proposed changes.</p> <p><u>(i) If the changes to the methodology described in clause (h) are administrative in nature, AEMO may, but is not obliged to, consult with (i) Trading Participants; and (ii)</u></p>	<p>AEMO proposes a slight amendment of ERM Power's changes to ensure that AEMO can pass non-material (but non-administrative) changes without a full consultation:</p> <p><u>(i) If the changes to the methodology described in clause (h) will alter the published MOS estimate value by less than 10% compared to the MOS estimate value determined for the 12 MOS periods leading up to the date of publication of an updated methodology, AEMO may, but is not obliged to, consult with (i)</u></p>



				<a href="#">and other person AEMO considers would be affected by the proposed changes.</a>	<a href="#">Trading Participants; and (ii) any other person AEMO considers would be affected by the proposed changes.</a>
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Ref #2 – STTM Interface Protocol					
Ref	Participant	Section #	Issue / Comment	Proposed text and	AEMO Response (AEMO only)
			No comments received	<del>Red</del> <del>strikeout</del> means delete <a href="#">blue underline</a> means insert	