



Consultation on Approved Process changes

Draft Decision –
Standard consultative procedure
under the National Gas Rules

Published: 18 November 2024

aemo.com.au

New South Wales | Queensland | South Australia | Victoria | Australian Capital Territory | Tasmania | Western Australia
Australian Energy Market Operator Ltd ABN 94 072 010 327

© 2024 Australian Energy Market Operator Limited. The material in this publication may be used in accordance with the [copyright permissions on AEMO's website](#).

Executive summary and notice of consultation

The publication of this draft decision commences the second stage of the standard consultative procedure conducted by AEMO to amend the approved process required by Rule 135EC (**proposal**) under the National Gas Rules (**NGR**). This consultation is being undertaken in accordance with the standard consultative procedure as required by Rule 135EC(2) and detailed in Rule 8 of the NGR.

The key changes to the approved process as outlined in the initiation to the consultation were:

- Addition of requirement on AEMO to include a summary of the significant changes to the existing procedures in the IIR. This change clarifies AEMO’s existing process in the approved process.
- Removal of requirement on AEMO to provide a recommendation in the IIR on whether the expedited or ordinary consultation should be used. Instead, if the expedited process is applicable, the reason for the expedited consultation will be included in the IIR.
- Amendment to requirement on AEMO to engage with a consultative forum prior to the Procedure consultation. Engagement with the consultative forums in addition to the Procedure consultation is not always practical or necessary in the context of a Law or Rule required Procedure change.

AEMO received 5 submissions to the Initiation of the consultation. A key issue raised by a submission is the importance of retaining the obligation to bring any proposal for the making of procedures to the relevant consultative forums – rather than it being at AEMO’s discretion.

After considering the submissions received, AEMO has made the following changes:

- Edited the requirement on AEMO to bring any proposal for the making of procedures to the relevant consultative forum if the proposed changes could be considered material. Exceptions to this include:
 - if the proposal is required as a result of a change to the National Gas Law (NGL) or NGR and AEMO considers that the proposal has been considered as part of the consultation on the change to the NGL or NGR.
 - When AEMO considers that the proposal can be considered by the relevant consultative forum through notice to forum participants.
- Clarified wording in the Approved Process to maintain the head of power for the consultative forums.

AEMO’s draft decision is to amend the Approved Process in the form published with this draft decision with a proposed effective date of 23 January 2025.

Notice of consultation

AEMO invites written submissions from interested persons on the proposal and this draft decision to gwcf_correspondence@aemo.com.au by 5:00 pm (Melbourne time) on 9 December 2024.

Please note that AEMO is not obliged to consider late submissions.

Submissions may make alternative or additional proposals you consider may better meet the objectives of this consultation and the national gas objective in section 23 of the National Gas Law. Please include supporting reasons for the proposal.

Before making a submission, please read and take note of AEMO's consultation submission guidelines¹, which can be found at <https://aemo.com.au/consultations>. Subject to those guidelines, submissions will be published on AEMO's website.

Please identify any parts of your submission that you wish to remain confidential, and explain why. AEMO may still publish that information if it does not consider it to be confidential, but will consult with you before doing so. Material identified as confidential may be given less weight in the decision-making process than material that is published.

Interested persons can request a meeting with AEMO to discuss any particularly complex, sensitive or confidential matters relating to the proposal. AEMO will try to accommodate reasonable meeting requests if time allows and, where appropriate, we may hold joint meetings with other stakeholders or convene a meeting with a broader industry group. Subject to confidentiality restrictions, AEMO will publish a summary of matters discussed at stakeholder meetings.

¹ See https://aemo.com.au/-/media/files/stakeholder_consultation/working_groups/industry_meeting_schedule/aemo-consultation-submission-guidelines---march-2023.pdf?la=en

Contents

Executive summary and notice of consultation	3
1. Stakeholder consultation process	6
2. Background	7
2.1. Context for this consultation	7
2.2. The national gas objective	7
3. Discussion of material issues	9
3.1. Engagement with consultative forums	9
4. Draft decision on proposal	10
Appendix A. List of submissions and AEMO responses	11

1. Stakeholder consultation process

As required by rule 135EC(2) of the National Gas Rules (**NGR**), AEMO is consulting on the Approved Process changes (the **proposal**) in accordance with the standard consultative procedure in NGR 8.

Note: that this document uses terms defined in the NGR, which are intended to have the same meanings.

AEMO’s process and expected timeline for this consultation are outlined below. Future dates may be adjusted and additional steps may be included as needed, as the consultation progresses.

Table 1 Consultation process and timeline

Stage	Date
Submissions to Draft Decision	9 December 2024
Final Decision	9 January 2025
Proposed Effective date	23 January 2025

AEMO’s consultation webpage² for the proposal contain all previous published written submissions, and other consultation documents.

In response to its consultation paper on the proposal, AEMO received 5 written submissions by the closing date.

AEMO thanks all stakeholders for their feedback on the proposal to date, which has been considered in making this draft decision, and looks forward to further constructive engagement.

² See <https://aemo.com.au/consultations/current-and-closed-consultations/amendment-of-approved-process>

2. Background

2.1. Context for this consultation

The Approved process outlines the process for examining and assessing a proposal for the making of Procedures and the preparation of an Impact and Implementation Report (IIR).

The proposed changes to the approved process include the following:

- Addition of requirement on AEMO to include a summary of the significant changes to the existing procedures in the IIR. This change clarifies AEMO’s existing process in the approved process.
- Removal of requirement on AEMO to provide a recommendation in the IIR on whether the expedited or ordinary consultation should be used. Instead, if the expedited process is applicable, the reason for the expedited consultation will be included in the IIR.
- Amendment to requirement on AEMO to engage with a consultative forum prior to the Procedure consultation. Engagement with the consultative forums in addition to the Procedure consultation is not always practical or necessary in the context of a Law or Rule required Procedure change.
- Amendments include editorial amendments for readability and usability (including those detailed above); removal of requirements already detailed in the Part 15B; and adoption of the latest AEMO template.

2.2. The national gas objective

Within the specific requirements of the NGR applicable to this proposal, AEMO will seek to make a decision that is consistent with the national gas objective (**NGO**) and, where considering options, to select the one best aligned with the NGO.

The NGO is expressed in section 23 of the National Gas Law as:

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:

- (a) *price, quality, safety, reliability and security of supply of natural gas; and*
- (b) *the achievement of targets set by a participating jurisdiction —*
 - (i) *for reducing Australia’s greenhouse gas emissions; or*
 - (ii) *that are likely to contribute to reducing Australia’s greenhouse gas emissions.*

AEMO considers that the objective of the proposed changes is efficient operation of covered gas services in relation to regulation of AEMO’s Procedure change process which impacts the quality of AEMO’s decision making.

AEMO considers the proposed amendments to the approved process meet this assessment criteria.

3. Discussion of material issues

AEMO has provided a summary of participant responses in Appendix A along with AEMO’s responses. The primary item raised by participants for AEMO’s consideration in this draft decision is outlined below.

3.1. Engagement with consultative forums

3.1.1. Issue summary and submissions

The amendment proposed in the initiation to the consultation to clause 4(a) of the approved process changes AEMO’s engagement requirement with consultative forums from mandatory to discretionary. Origin Energy’s submission to the initiation supported the intent to streamline minor changes to the Procedures however emphasised that taking proposed changes to Procedures to the consultative forums are essential for transparency and stakeholder awareness.

3.1.2. AEMO’s assessment

AEMO notes that the proposed change from a ‘must’ to ‘may’ in the engagement requirement is intended to provide AEMO with the flexibility to determine when forum engagement is necessary. This change allows AEMO to focus consultation on substantive/material changes to Procedures at the forums rather than on those that are largely administrative or unlikely to impact stakeholders.

3.1.3. AEMO’s conclusion

AEMO remains committed to transparency in the consultation on the making of Procedures and has revised Clause 4(a) to ensure any procedure change that could be considered ‘material’ – likely to have a significant financial or operational impact on Registered participants or BB participants – is brought to the relevant consultative forum with the following exceptions:

- (a) the proposal is required as a result of a change to the NGL or NGR and AEMO considers that the proposal has been considered as part of the consultation on the change to the NGL or NGR; or
- (b) AEMO considers that the proposal can be considered by the relevant consultative forum through notice to forum participants.

4. Draft decision on proposal

Having considered the matters raised in submissions to the consultation paper and for the reasons expressed in the discussion of material issues above, AEMO's draft decision is to amend the Approved Process in the form published with this draft decision, in accordance with Rule 135EC(2).

Appendix A. List of submissions and AEMO responses

No.	Stakeholder	Issue	AEMO response
1	AGL	AGL generally supports the changes, noting the issues raised below	Noted.
2	Alinta Energy	Please be advised that Alinta Energy supports this amendment.	Noted.
3	Red Energy and Lumo Energy	Red Energy and Lumo Energy support the amendment of the Approved Process which removes duplication of the National Gas Rules.	Noted.
4	Origin Energy	<p>Inclusion of a significant changes summary in Impact and Implementation Report (IIR)</p> <p>Origin supports the inclusion of a summary of any significant changes that are being made to an existing procedure as part of any IIR, as described under Clause 5(d). This will assist stakeholders in reviewing the materiality of procedural changes and their potential impacts.</p>	Noted.
5	AGL	<p>Procedure Clause #3 Initial Assessment</p> <p>The section on the process if a proposal does not comply with the requirements of 135ED(2) has been removed, which can complicate the understanding of the initial proponent.</p> <p>Suggest retain clause (c).</p>	Clause C has been removed given it is a repeat of rule 135ED(5) of the NGR.
6	AGL	<p>Procedure Clause #4 Engagement with Consultative Forums</p> <p>The procedure references the use of Consultative Forums, but with the current edits, there's no clear pathway (head of Power) for those forums to be created or maintained, as the NGR does not seem to consider these groups.</p> <p>Suggest that there be a new section somewhere which recognises the forums and refers to ToRs as changed from time to time.</p>	AEMO has added additional clauses 4(g)&(h) to ensure that there is a head of power for the forums and to recognise that the TORs may be changed from time to time.
7	Origin Energy	<p>Procedure Clause #4 Engagement with Consultative Forums</p> <p>Origin understands the amendment to Clause 4(a) is likely intended to facilitate a more efficient procedural change process where appropriate (e.g. in circumstances where changes are largely administrative in nature). While we are notionally supportive of that objective, we consider consultative forums to be an effective channel for identifying and discussing upcoming procedural amendments to ensure any impacts are</p>	AEMO notes that the proposed change from 'must' to 'may' in the engagement requirement is intended to provide AEMO with the flexibility to determine when forum engagement is necessary. This change allows AEMO to focus consultation on substantive/material changes to Procedures at the forums rather than on those that are largely administrative or unlikely to impact stakeholders.



No.	Stakeholder	Issue	AEMO response
		<p>fully understood by all parties, including AEMO. Removing this engagement requirement reduces transparency and creates a risk that unintended consequences may not be identified until a later stage in the consultation process, which can increase complexity, particularly if it necessitates a change in approach.</p> <p>On this basis, it would be prudent to retain an obligation to bring any proposal for the making of procedures to the relevant consultative forum (e.g. Gas Wholesale Consultative Forum), even if only for noting to support transparency. Where this is not achieved, we recommend revising Clause 4(a) to ensure any procedures that could be considered material are required to be brought to the relevant consultative forum. For consistency, AEMO could utilise the definition outlined under Clause 135EF(2)(b) of the National Gas Rules (NGR) and treat material as any change that could have significant financial or operational impact on market participants. Importantly, this approach would also ensure market participants have an opportunity to provide their view on the appropriateness of a proposed procedure following the ordinary or expedited change process prior to an Impact and Implementation Report (IIR) being released.</p>	<p>AEMO remains committed to transparency in the consultation on the making of Procedures and has revised Clause 4(a) to ensure any procedures that could be considered ‘material’ – likely to have a significant financial or operational impact on Registered participants or BB participants – is brought to the relevant consultative forum with the following exceptions:</p> <p>(a) the proposal is required as a result of a change to the NGL or NGR and AEMO considers that the proposal has been considered as part of the consultation on the change to the NGL or NGR; or</p> <p>(b) AEMO considers that the proposal can be considered by the relevant consultative forum through notice to forum participants.</p>
8	Australian Gas Networks	<p>Procedure Clause #4 Engagement with Consultative Forum 4(c)(viii)</p> <p>It is noted that the following clause has been removed from the draft, in relation to the list of matters on which the consultative forum may advise and assist AEMO in making a determination...</p> <p><i>if the conclusions on the above matters are not unanimous, dissenting views of forum members.</i></p> <p>A reference to dissenting views should be retained in this section, to ensure that they are recorded and recognised in the process, rather than being ignored.</p>	<p>This clause was removed from Section 4(c) because it is not a matter that the consultative forum may advise and assist AEMO in making a determination on – given it is just a record of dissenting views.</p> <p>AEMO notes that both the terms of reference for the Gas Wholesale Consultative Forum (GWCF) and the Gas Retail Consultative Forum (GRCF) refer to AEMO recording meeting minutes, including records of dissenting views of forum members.</p>
9	AGL	<p>Procedure Clause #5 Expedited Process</p> <p>Like rule processes, where an expedited process is proposed, if one or more participants disagree with that assessment, then the Participant should be able to ask for a consultative forum meeting to discuss the matter, which may in turn recommend to AEMO that a standard consultation process is needed.</p>	<p>This clause does not limit a participant’s ability to discuss the matter – disagreement with the expedited process assessment - at the consultative forum.</p>