

Impact and Implementation Report (IIR) – Amendments to GSOO Procedures



Impacted jurisdiction(s)	All (excluding WA)		
Proponent	Libby Chen	Company	AEMO
Affected Gas Market(s)	East Coast gas markets	Consultation process (Ordinary or Expedited)	Ordinary
Industry Consultative forum(s) used	Gas Wholesale Consultative Forum (GWCF)	Date Industry Consultative forum(s) consultation concluded	21 March 2024
Short Description of change(s)	Implementation of the AEMC's Hydrogen review		
Procedure(s) or Documentation impacted	GSOO Procedures		
IIR Prepared By	Libby Chen	Approved By	Violette Mouchaileh
Date IIR published	28 March 2024	Date Consultation under 135EE or 135EF concludes	14 May 2024
Email Address for Responses	GWCF_Correspondence@aemo.com.au		

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Australian Energy Market Operator Ltd ABN 94 072 010 327

Impact and Implementation Report – Detailed Report Section

Critical Examination of Proposal

1. Description of issue

1.1. Background.

In October 2022 the Energy Ministers agreed to amendments to extend the National Gas Law (NGL) and National Energy Retail Law (NERL) to hydrogen and other renewable gases. AEMO is undertaking a consultation on the Gas Statement of Opportunities (GSOO) Procedures required as a result of the AEMC's [review into extending the regulatory frameworks to hydrogen and renewable gases](#) rule changes.

The National Gas Amendment (Other Gases) rule changes commenced 12 March 2024 and were gazetted on 21 March 2024 with the publication of the South Australian Government Gazette dated 21 March 2024¹.

1.2. How to make a submission

Anyone wanting to make a submission to the Impact and Implementation Report (IIR) consultation stage are requested to use the response template provided in Attachment B. Submissions are due **COB 14 May 2024** and should be e-mailed to GWCF_Correspondence@aemo.com.au.

2. Reference documentation

The GSOO Procedures, provided in Attachment A, are being consulted on as part of this Procedure change process.

3. Overview of changes

3.1. GSOO Procedures

The marked-up Procedure changes are provided in Attachment A of this document. AEMO has provided the IIR response template for participants to make their submissions in response to this consultation.

The GSOO Procedures amendments:

¹ See [No. 19 - Thursday, 21 March 2024 \(pp. 473–501\) \(governmentgazette.sa.gov.au\)](#), South Australian Government Gazette no 19, page 495, accessed 22/03/2024.

- (a) reflect the expanded scope of GSOO reporting entities in line with the hydrogen and other renewable gases rule changes;
- (b) clarify the steps involved to request an exemption from the GSOO survey;
- (c) remove the requirement for changes to survey templates and the GSOO timeline to be raised for discussion at a relevant industry forum; and
- (d) improve the readability of the procedure.

Following the consideration of submissions to the Proposed Procedure Change, further GSOO Procedures amendments:

- (a) add an obligation on AEMO to inform and request feedback on the changes to survey templates and the GSOO timeline via email in section 3.3(j) of Attachment 1 - GSOO Procedures.
- (b) remove the reference to material change in section 3.6 – survey updates or correcting errors, given materiality is not defined; and
- (c) adds additional requirements underlined below for GSOO reporting entities to provide AEMO with:
 - (i) an updated GSOO survey response correcting the error, [missing information, or inconsistent information](#); or
 - (ii) information that confirms that the data provided in the GSOO survey response is not in error, [missing, or inconsistent with information AEMO is aware of](#).

if AEMO notifies a GSOO reporting entity that a GSOO survey response potentially contains an error, [missing information or if AEMO becomes aware of information inconsistent with a GSOO survey response](#).

AEMO considers the changes to the Procedure are consistent with the AEMC’s recommended Rules for extending the regulatory frameworks to hydrogen and renewable gases.

3.2. Response to specific questions from PPC consultation

Section 3.6.1 of Attachment A – GSOO Procedures outlines the process to be followed by a *GSOO reporting entity* as soon as it becomes aware that there has been a material change to the information in its *GSOO survey response*. This requirement supports AEMO’s obligation in rule 135KD of the NGR to publish a supplement to the GSOO if significant and verifiable new information relevant to the GSOO is brought to AEMO’s attention.

Material change has not been defined in the GSOO Procedures. AEMO asked the following question in the PPC consultation:

Question 1: What do participants consider to be a material change in the context of the GSOO Procedures?

Section 2, Attachment C of this IIR provides the detailed responses received from participants.

In summary, AGL highlighted the need for a flexible definition of ‘material change’ to be developed given the different classes of reporting entities. APLNG considered that updates by *GSOO reporting entities* need to be relevant and would be best achieved by *GSOO reporting entities* applying their own judgement to their own business and operating circumstances when considering their GSOO survey responses. Alinta recommended that AEMO consider removing the requirement to provide ad-hoc updates to the *GSOO survey response* and possible implementation of one or a combination of the following:

1. GSOO reporting entities update AEMO at pre-defined times
2. GSOO reporting entities update AEMO on request
3. AEMO provide objective reporting thresholds for updates to key items of the *GSOO survey*.

AEMO has considered that the GSOO is required to provide insights into opportunities into the east Australian gas industry over the long term (next 20 years).

Rule 135KD requires AEMO to publish a supplement to the GSOO if significant and verifiable new information is brought to AEMO’s attention. Rule 135KF(2)(e) requires the GSOO Procedures to include the procedures and requirements for updating a GSOO survey response and the correction of any errors in a GSOO survey response. AEMO considers these Rule requirements do not require a materiality threshold.

Therefore, to align with Rule 135KD, AEMO has amended the GSOO procedures to remove the obligation triggered from a ‘material change’ to the information in a GSOO survey response and allow for AEMO to request a new GSOO survey if AEMO becomes aware of information inconsistent with a GSOO survey response.

The additional text in section 3.6.1.(c) of the procedures to reflect this is underlined below:

If AEMO notifies a GSOO reporting entity that a GSOO survey response potentially contains an error, missing information or if AEMO becomes aware of information inconsistent with a GSOO survey response, the GSOO reporting entity must provide AEMO by the date specified in the notice:

- (i) *with an updated GSOO survey response correcting the error, missing information, or inconsistent information; or*
- (ii) *provide information to AEMO that confirms that the data provided in the GSOO survey response is not in error, missing, or inconsistent with information that AEMO is aware of.*

4. Likely implementation requirements and effects

This Procedure change extends the coverage of the GSOO to include covered gas (e.g., hydrogen and biomethane) as required by the AEMC’s [review into extending the regulatory frameworks to hydrogen and renewable gases](#) rule changes. The effect is that the scope of ‘GSOO reporting entities’ will be expanded and may capture a broader range of entities.

5. Overall cost, benefits and magnitude of the changes

AEMO considers that the AEMC’s [review into extending the regulatory frameworks to hydrogen and renewable gases](#) provides the assessment of cost and benefits of the rule changes.

AEMO is making this Procedure under the ordinary process for making Procedures under rule 135EE of the NGR.

6. Consistency with National Gas Rules and National Gas Objective

Regarding these changes, AEMO’s preliminary assessment of the proposal’s consistency with the NGR and NGO is:

Requirement	AEMO’s Preliminary Assessment
<p>Consistency with National Gas Law (NGL) and NGR</p>	<p>AEMO considers that the proposed amendments to the scope of persons, or classes of persons, who are GSOO reporting entities aligns the procedures with the law and rule changes applicable in relation to extending the regulatory frameworks to hydrogen and renewable gases.</p>
<p>National Gas Objective</p>	<p>Given the changes to the procedures is consistent with extending the regulatory frameworks to hydrogen and renewable gases, it is AEMO’s view that the changes are expected to also contribute to the achievement of the NGO by promoting efficient investment in, and efficient operation and use of covered gas services for the long term interests of consumers of covered gas with respect to:</p> <ul style="list-style-type: none"> a. price, quality, safety, reliability and security of supply of covered gas; and b. the achievement of targets set by a participating jurisdiction – <ul style="list-style-type: none"> i. for reducing Australia’s greenhouse gas emissions; or ii. that are likely to contribute to reducing Australia’s greenhouse gas emissions.

No participant submitted any opposing views in relation to AEMO’s assessment during the PPC consultation stage. AEMO therefore maintains its original assessment as described above.

7. Consultation outcomes

AEMO published a proposed procedure change and informed, by email, the Gas Wholesale Consultative Forum on 2 February 2024.

Submissions to the PPC were requested by COB 29 February 2024. AEMO received 4 public submissions and 1 confidential submission. The public submissions have been published on the consultation webpage and issues raised in these submissions have been summarised in Appendix C.

GSOO Procedure changes were discussed with the Gas Wholesale Consultative Forum at the meeting on 21 March 2024.

8. Supporting Documentation

The documents can be found in:

- Attachment A – GSOO Procedure changes
- Attachment B – Request for IIR response
- Attachment C – Summary of PPC submissions and AEMO’s responses

9. Impact and Implementation Report – Recommendations

9.1. Should the proposed Procedures be made?

AEMO recommends that the Procedures be published as set out in Attachment A of this IIR.

9.2. Proposed consultation timeline

AEMO’s proposed consultation timeline, for the remaining stages of this ordinary procedure change, are:

- IIR publication date: 28 March 2024
- IIR consultation submissions due: 14 May 2024
- Expected Decision published: 11 June 2024
- Effective Date of Procedures: 31 July 2024

Attachment A. GSOO Procedure changes

The GSOO Procedures are provided in tracked change format.

Attachment B. IIR response template

The 'IIR response template' has been attached separately to this document. There are two sections in the template:

- Section 1 seeks general feedback on the Procedure changes
- Section 2 seeks specific drafting proposals for the Procedure change.

Anyone wanting to make a submission to the Impact and Implementation Report (IIR) consultation stage are requested to use the response template provided. Submissions are due **COB 14 May 2024** and should be e-mailed to GWCF_Correspondence@aemo.com.au.

Attachment C. Summary of PPC submissions and AEMO’s responses

The following responses were received from participants in response to the Proposed Procedure Change.

C.1 General comments

Reference	Submitter	Submission details	AEMO response
General comments on Procedure changes			
C.1.1	APLNG	<p>3.3. Form of GSOO surveys and responses</p> <p>APLNG has appreciated consultation with AEMO through relevant industry forums on changes to survey templates in the past. APLNG views that it would be helpful for GSOO reporting entities that have practical experience of responding to surveys to be able to raise concerns or offer improvements that could assist with timely completion by GSOO reporting entities and processing by AEMO (including, ideally, to facilitate the earlier release of GSOO report / data than the current end-March release date).</p> <p>APLNG therefore proposes that AEMO continues to consult on changes to the survey templates.</p>	<p>The Procedures under consultation now note that AEMO will request feedback on, via email to the registered contact details for the <i>GSOO reporting entities</i>, any changes to survey templates and the published GSOO timeline.</p>
C.1.2	AGL	<p>3.3 Form of GSOO surveys and responses</p> <p>The survey questions are critical to ensuring the quality and accuracy of the information set out the GSOO.</p> <p>AGL strongly considers the current approach should be maintained where changes to survey templates and the GSOO timeline are raised for discussion at a relevant industry forum, such as the Gas Wholesale Consultative Forum.</p> <p>There are a number of other reasons for maintaining the current approach:</p> <ul style="list-style-type: none"> • It is good practice to consult with industry and provide prior notice of upcoming changes. Doing so will help minimise unnecessary regulatory burden. • Consultation with industry leads to better outcomes. Despite AEMO’s technical experience and understanding of industry, industry participants are in a unique position to understand whether a potential change will deliver on its intended objectives. • AEMO would maintain its decision making authority. The rights and responsibilities of industry participants would remain the same in any event. 	<p>The Procedures under consultation now note that AEMO will request feedback on, via email to the registered contact details for the <i>GSOO reporting entities</i>, any changes to survey templates and the published GSOO timeline.</p>

Reference	Submitter	Submission details	AEMO response
C.1.3	AGL	AGL supports changes to the GSOO Procedures to reflect the operations and entities involved in hydrogen, biomethane and other renewable gases.	Noted.
C.1.4	AGL	Procedure Clause 1.3.1 Given the multiple definitions to 'material change' in the NGR, it is important that any new definition provided in the Procedures is made clear.	Noted.
C.1.5	AGL	Procedure Clause 1.3.2 (b) This clause notes "All values should be provided to the level of accuracy noted in the survey". Does the level of accuracy vary between surveys? Also, clause 3.4(b) states that all information in a GSOO survey response must be accurate. Further clarity on this may improve the quality of the information provided to AEMO.	Noted. The level of requested accuracy may vary between each year's survey and each GSOO reporting entity type.
C.1.6	AGL	Procedure Clause 2 – Table 1 'Relevant entities' is included as item (g) in the list of GSOO reporting entities. It is described as a relevant entity under Part 27 of the NGR. Is this a reference to the "Part 27 Register" that AEMO is meant to maintain for the purposes of Part 27 and the East Coast Gas System Procedures? If so, it might be clearer to provide a link to AEMO's Part 27 Register, rather than refer to the NGR.	'Relevant entities' under Part 27 of the NGR are not limited to those on the Part 27 Register.
C.1.7	APA	Section 2(b)(ii) Can AEMO please specify what is the interpretation of 'intend' in 2(b)(ii) – 'persons who intends to undertake an activity in the next five years'.	Noted. The word 'intend' is to primarily capture new facilities, fields and interests.

Responses to specific question from PPC

Reference	Submitter	Submission details	AEMO response
Question 1: What do participants consider to be a material change in the context of the GSOO Procedures?			
C.2.1	APLNG	A one-size-fits-all threshold approach to defining 'material change' in the context of the GSOO Procedures could likely create unintended consequences. The scope, scale and complexity of each individual GSOO reporting entity's business and operations will vary dramatically from other GSOO reporting entities. APLNG understands the purpose of requiring GSOO reporting entities update their survey responses for material change would be to inform AEMO on whether there are significant changes to the gas market that would justify publication by AEMO of a supplement the GSOO.	Noted. AEMO has considered that the GSOO is required to provide insights into opportunities into the east Australian gas industry over the long term (next 20 years). Rule 135KD requires AEMO to publish a supplement to the gas statement of opportunities if significant and verifiable new information is brought to AEMO's attention. Rule 135KF(2)(e) requires the GSOO Procedures to

Reference	Submitter	Submission details	AEMO response
		<p>To achieve this purpose, the updates by GSOO reporting entities need to be relevant, and APLNG considers this will be best achieved by GSOO reporting entities applying their own judgment to their own business and operating circumstances when considering their GSOO survey responses.</p> <p>APLNG has its own assurance plan and has or is in the course of developing internal procedures to monitor compliance with all its reporting obligations. In the context of the GSOO Procedures, APLNG will make periodic checks on the key data points that could trigger a 'material change' to the information provided in its GSOO survey, and trigger updates to APLNG's GSOO survey responses when appropriate, all of which have are designed to meet the existing requirements of the GSOO Procedures.</p> <p>Imposing a definition of 'material change' will add to the new compliance resource requirements and business and administrative costs that are already overwhelming for all gas producers in the east coast gas market, and which may have no material benefit in terms of providing significant and new information to AEMO to that which it would otherwise have access to.</p> <p>As noted above, the existing GSOO Procedures enable GSOO reporting entities to apply a fit-for-purpose approach to monitoring for 'material changes' in the information that has been submitted as part of their GSOO survey responses in a manner that takes into consideration the scope, scale and complexity of their businesses and operations. If AEMO were to amend the existing GSOO procedures to incorporate a definition of 'material change':</p> <ul style="list-style-type: none"> ○ The assurance plans and internal procedures that GSOO reporting entities have developed or are in the course of developing would have to be reviewed, revised, re-approved and communicated to all relevant personnel within its organisation with associated training; ○ Based on APLNG's experience of recent regulatory changes in the east coast domestic market, external legal advice would have to be sought on how best to interpret the strict requirements of the new definition; and ○ As a potentially heightened form of self-reporting, GSOO reporting entities (particularly large producers such as APLNG) would have to implement a program of near continuous self-monitoring against its most recent response to the GSOO survey, as opposed to taking a practical approach of reporting by exception on matters that trigger a 'material change' in the context of their own internal compliance procedures. <p>All of the above takes time to process and implement, pending which APLNG would be faced with continued uncertainty as to the precise nature of business and operating requirements that it needs to establish in order to ensure compliance with the GSOO</p>	<p>include the procedures and requirements for updating a GSOO survey response and the correction of any errors in a GSOO survey response. AEMO considers these Rule requirements do not require a materiality threshold.</p> <p>Therefore, to align with Rule 135KD, AEMO has amended the GSOO procedures to remove the obligation triggered from a 'material change' to the information in a GSOO survey response and allow for AEMO to request a new GSOO survey if AEMO becomes aware of information inconsistent with a GSOO survey response.</p> <p>The additional text in section 3.6.1.(c) of the procedures to reflect this is underlined below:</p> <p>If AEMO notifies a GSOO reporting entity that a GSOO survey response potentially contains an error, missing information or if AEMO becomes aware of information inconsistent with a GSOO survey response, the GSOO reporting entity must provide AEMO by the date specified in the notice:</p> <ul style="list-style-type: none"> (i) with an updated GSOO survey response correcting the error, missing information or inconsistent information; or (ii) provide information to AEMO that confirms that the data provided in the GSOO survey response is not in error, missing, or inconsistent with information AEMO is aware of.

Reference	Submitter	Submission details	AEMO response
		<p>Procedure (along with the many other new or amended regulatory instruments that it is subject to).</p> <p>On a practical note, AEMO receives a routine feed of additional up-to-date information subsequent to that response for much of the information provided by APLNG as part of its GSOO survey response. This information can enable AEMO to identify changes that it views as material in the context of the GSOO. APLNG appreciates that this routine and ongoing information exchange does not in and of itself release APLNG from its duty to follow the GSOO Procedure if it identifies a ‘material change’ in the information that it has submitted. Rather APLNG notes that the existing mandatory reporting obligations that exist for GSOO reporting entities already create a basis by which AEMO can assess whether potentially ‘material changes’ by those entities are in fact being notified.</p> <p>APLNG acknowledges that there are certain classes of information provided to AEMO as part of a GSOO survey response that are not refreshed until the subsequent GSOO survey response. An example for APLNG would be its forecast of its domestic sales contract position. APLNG is also required to provide data to the ACCC on an ongoing basis, including now through s.53ZT notices. In the interests of efficiency for east coast gas producers and for AEMO and the ACCC, APLNG queries if the regulators could implement a data sharing arrangement that would support the GSOO, and in the case of the ACCC the Gas Inquiry (2017-30), and support consistency of data and conclusions that are provided to the Government and the public through different reports.</p>	
C.2.2	Alinta Energy	<p>Section 3.6.1 of the GSOO Procedures currently requires a participant to update AEMO wherever there has been ‘a material change to the information in its <i>GSOO survey response</i>’ with no corresponding definition of materiality. This requirement in its current form is not workable for participants and AEMO and has a number of shortcomings:</p> <ol style="list-style-type: none"> 1. It is not practicable. Participants cannot assess the materiality of their own information. Only AEMO can do this, as it has both the forecasting expertise as well as access to other information from other participants that, in isolation, may not be material, but combined, have an appreciable impact on GSOO conclusions. This creates unnecessary burden on participants while also creating a risk that information will not be supplied to AEMO based on a subjective assessment of non-materiality. 2. It leaves participants in a perpetual state of uncertainty with respect to compliance with the GSOO Procedures. 3. If left to participants to determine materiality, each participant will interpret this differently depending on their own portfolios and risk appetite. This will lead to data integrity issues for AEMO and potentially lead to incorrect GSOO conclusions. <p>Alinta Energy recommends that AEMO consider removing the requirement to provide ad hoc updates to the GSOO survey response based on a subjective assessment of</p>	Noted. See AEMO response to C.2.1 above.

Reference	Submitter	Submission details	AEMO response
		<p>materiality, and consult in its Impact and Implementation Report on the possible implementation of one (or a combination of) the following:</p> <ol style="list-style-type: none"> 1. Participants update AEMO at pre-defined times. 2. Participants update AEMO on request. 3. AEMO provide objective reporting thresholds for updates to key items of the GSOO survey. Note that such thresholds are likely only relevant or applicable to producers, since change in GSOO survey data from downstream participants is more likely to reflect churn or changed commercial relationships rather than a fundamental physical change that is relevant to the GSOO. <p>We propose that the above options should be considered with the following principles in mind:</p> <ol style="list-style-type: none"> 1. Participants should have certainty about whether they are compliant with relevant requirements. 2. Information should only be required where it will lead to the additional publication of information for that year’s GSOO. If updated information from a participant is not likely to lead to an interim update to the GSOO (whether because of the nature of the information itself, or the timing at which it will be provided (for example for updates near to the time that the following year’s GSOO survey)). 3. The burden and associated costs of compliance should be weighed against the likely benefit to users of the GSOO. 4. To the extent possible, data provision timelines should be consistent, allowing for participants to plan and allocate resources. 	
C.2.3	AGL	<p>AGL considers a common understanding among reporting entities of what constitutes a material change is desirable. This will help strengthen the quality and accuracy of the GSOO.</p> <p>That said, AGL does not underestimate the potential complexity of this task. We commend AEMO for its approach in consulting with industry on this matter by clearly identifying the issue and specifically inviting responses. AGL provides the following comments with the intention that it will assist AEMO in its consideration of this matter.</p> <p>As AEMO notes in its consultation document, there are different classes of reporting entities (e.g. LNG Producers and Storage Facility Operators), as well as different between entities within the same reporting class (e.g. gas producers with a single production facility compared to producers with a portfolio of production assets). This may lead to varied approaches in deciding what constitutes a material change.</p> <p>This is also acknowledged in rule 135KF of the NGR, which provides that both the form of GSOO surveys, and their responses, may vary across different GSOO reporting entities or by class of GSOO reporting entity.</p>	Noted. See AEMO response to C.2.1 above.

Reference	Submitter	Submission details	AEMO response
		<p>AGL suggests it may be appropriate to consider whether a flexible definition of ‘material change’ could be developed which takes into account these differences. This could provide clarity to reporting entities, while also ensuring a consistent approach is applied to the different circumstances and information reporting obligations.</p> <p>AGL notes that the National Gas Rules (NGR) already contain two definitions for ‘material change’ – in the context of the Bulletin Board (rule 141 of the NGR), and the Capacity Trading framework (In schedule 5, for the transitional provisions for the introduction of the capacity trading reforms, part 5, rule 1).</p> <p>While these definitions are not identical, they each provide flexibility so that relevant differences in information can be taken into account. For example, the approaches don’t rely solely on a TJ threshold to determine materiality, they also take into account the proportion of the change relative to the information originally provided.</p> <p>To help ensure that AEMO implements a workable definition, a review of the different GSOO surveys issued, and the information they request, may be required. Also, many of the GSOO reporting entities have obligations under the NGR and NER around ‘material changes’, so achieving consistency where appropriate would minimise confusion and any unnecessary regulatory burden on industry.</p> <p>The importance of considering the broader arrangements is demonstrated by the fact that Bulletin Board reporting entities – which already have a set definition of ‘material change’ in the NGR – are also GSOO reporting entities.</p> <p>AGL would welcome the opportunity to assist AEMO further with this work, for example providing feedback on any draft definitions and consider its application to AGL’s GSOO reporting obligations.</p>	
C.2.4	APA	<p>Additional reporting for Hydrogen and Renewable Gases in the 5-year outlook. However we understand that this change is driven by the associated Rule Change.</p>	<p>Noted. Please see rule 135KB(1) and (2) which notes the 20-year reporting outlook.</p>