

# Impact and Implementation Report (IIR) – STTM Procedures – Addition of Kurri Kurri CTP

<b>Impacted jurisdiction(s)</b>	Sydney STTM hub only		
<b>Proponent</b>	Luke Stevens	<b>Company</b>	AEMO
<b>Affected Gas Market(s)</b>	Short Term Trading Market (STTM)	<b>Consultation process (Ordinary or Expedited)</b>	Expedited
<b>Industry Consultative forum(s) used</b>	Gas Wholesale Consultative Forum (GWCF)	<b>Date Industry Consultative forum(s) consultation concluded</b>	2 July 2024
<b>Short Description of change(s)</b>	Addition the new Lenaghan custody transfer point connecting to the Kurri Kurri lateral pipeline in clause 2.2(j) of the STTM procedures.		
<b>Procedure(s) or Documentation impacted</b>	STTM Procedures		
<b>IIR Prepared By</b>	Luke Stevens	<b>Approved By</b>	Violette Mouchaileh
<b>Date IIR published</b>	2 July 2024	<b>Date Consultation under 135EE or 135EF concludes</b>	6 August 2024
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# Impact and Implementation Report – Detailed Report Section

## Critical Examination of Proposal

### 1. Description of issue

APA has informed AEMO that the Kurri Kurri lateral pipeline is expected to begin operation in November 2024. This administrative procedure update is to add the new Lenaghan custody transfer point connected to the Kurri Kurri lateral pipeline to the Sydney Hub in a new clause 2.2(j) of the STTM procedures:

*custody transfer point 10: the connection between the respective pipelines identified in Pipeline Licence No. 45 (Lenaghan to Kurri Kurri Storage Facility) and Pipeline Licence No. 8 (Killingworth to Kooragang Island) issued under the Pipelines Act 1967 of New South Wales, being the Lenaghan Receipt Point.*

This Procedure change is to reflect the addition of this custody transfer point reflecting the commissioning of the Kurri Kurri lateral pipeline.

#### 1.1. How to make a submission

Anyone wanting to make a submission to this consultation is requested to use the response template provided in Attachment B. Submissions are due **5:00 PM 23 July 2024** and should be e-mailed to [GWCF\\_Correspondence@aemo.com.au](mailto:GWCF_Correspondence@aemo.com.au).

### 2. Reference documentation

STTM Procedures v14.1

### 3. Overview of changes

AEMO considers that the proposal to amend the Procedures meets the requirement of NGR135EF(2) as the changes to the Procedures are non-material (i.e. unlikely to have a significant financial or operational impact on Registered participants or BB participants) being solely for the purpose of adding a custody transfer point.

APA, Jemena Gas Networks and Snowy Hydro were identified as the only Registered participant in the STTM Sydney hub potentially impacted by the proposed change. All parties agreed the change was unlikely to have a significant financial or operational impact on Registered participants. AEMO notes that:

- (i) APA, as operator of the Kurri Kurri pipeline, informed AEMO it currently expects to commission the custody transfer point injecting into the STTM distribution network in November 2024.

- (ii) AEMO has aligned the effective date of this STTM Procedures change to reflect the commissioning date of the new Lenaghan custody transfer point. This is discussed further in section 3.2.

The change to the STTM Procedures is the addition of a new clause 2.2(j):

*custody transfer point 10*: the connection between the respective pipelines identified in Pipeline Licence No. 45 (Lenaghan to Kurri Kurri Storage Facility) and Pipeline Licence No. 8 (Killingworth to Kooragang Island) issued under the Pipelines Act 1967 of New South Wales, being the Lenaghan Receipt Point.

AEMO presented a paper to the Gas Wholesale Consultative Forum on 5 June 2024 about Kurri Kurri lateral pipeline and CTP registration. No comments were received from participants.

### 3.1. Kurri Kurri facility - STTM registrable capacity

- (a) APA informed AEMO in 2022, that they plan to operate the Kurri Kurri Pipeline to withdraw gas from the Sydney distribution network to supply the proposed Hunter Power Project. Further information has been published by APA on the project:  
<https://www.apa.com.au/about-apa/our-projects/kurri-kurri-lateral-pipeline-project/>
- (b) APA informed AEMO that the Kurri Kurri Pipeline will:
  - (i) Withdraw gas from the Sydney distribution network as linepack for use by a gas generator; and
  - (ii) Reinject the gas from pipeline linepack into the Sydney distribution network.
- (c) The Kurri Kurri lateral pipeline has no source of gas supply, except for the STTM distribution network.
- (d) The most similar facility is the existing Colongra Gas Pipeline (CGP) which supplies the Colongra gas-fired power generator. However, CGP can only withdraw gas from the Sydney distribution network to store gas in linepack and supply the Colongra gas-fired power generator. Therefore, Colongra demand is treated as part of Sydney distribution network demand and the CGP is not registered as a distinct STTM facility.
- (e) The Kurri Kurri facility proposed operation, is most similar to the Newcastle Gas Storage Facility which withdraws gas from the distribution network, stores it in the LNG tank (which is equivalent to pipeline linepack) and reinjects it into the STTM Hub.
- (f) AEMO has reviewed the definition of the STTM facilities defined in the National Gas Rules. The definition is:
  - (i) *STTM pipeline means a pipeline for the transmission of gas that is directly connected to an STTM distribution system at a custody transfer point included in a hub, but excludes any pipeline that is part of an STTM production facility or STTM storage facility.*
- (g) The operation of the Kurri Kurri Gas Pipeline proposed by APA best reflects:
  - (i) *STTM storage facility means a facility (other than a pipeline) for storing natural gas for injection directly from that facility into an STTM distribution system at a custody*

*transfer point included in a hub, and includes an associated pipeline connecting that facility directly to the hub.*

- (h) In the definition of STTM storage facility, in the context of the design of the STTM, AEMO has interpreted the reference to pipeline in “other than a pipeline” to mean a pipeline that is not acting as the storage facility.
- (i) Given the market design of the STTM, AEMO considers the primary difference between a STTM Pipeline and STTM Storage Facility is that:
  - (i) a STTM Pipeline would be expected to provide gas injection into the STTM hub each gas day. However, the Kurri Kurri pipeline is expected to only inject gas when STTM hub prices meet the Shipper’s price threshold for injection.
  - (ii) a STTM Pipeline would have an independent source of gas supply which would mean the pipeline can supply Market Operator Service (MOS) increase and MOS decrease each gas day. AEMO considers that a STTM Shipper may find it problematic, without an independent source of supply, to meet the requirement of rule 399(4) to be able to supply a MOS increase offer for each day of a calendar month MOS period.
- (j) AEMO considers the expected operation of the Kurri Kurri lateral pipeline reflects the operation of a STTM Storage Facility where gas will be withdrawn from the STTM distribution system, stored as linepack in the pipeline and reinjected into the STTM hub.
- (k) AEMO notes the Kurri Kurri lateral pipeline will be registered on the Gas Bulletin Board as a BB Pipeline and in the STTM as a STTM Storage Facility. This difference is required by the market design of the STTM as defined in the Rules. AEMO may raise a future rule change when it has sufficient capacity to do so.
- (l) AEMO informed the AER of the decision to register the Kurri Kurri pipeline as a STTM storage facility on 29 August 2022.

### 3.2. Effective Date of Procedure change

APA informed AEMO the custody transfer point for the Kurri Kurri lateral pipeline connecting to the Jemena Gas Network’s distribution system is expected to be commissioned in November 2024. However, APA has informed AEMO the commissioning date provided in this consultation may change and has proposed the adoption of a Notice of Effective Date to account for changes in the commissioning date.

As required by rule 135EF(3)(d), AEMO will fix the effective date for the proposed Procedure as 1 November 2024, representing the earliest date in APA’s estimated November 2024 commissioning of the custody transfer point, noting however that the effective date may change.

Therefore, as the actual date of commissioning may change, as per rule 135EF(5), AEMO will publish a Notice of Effective Date for the STTM Procedures to take effect on the day that is 15 business days after the later of:

- (a) the date AEMO is informed in writing by APA as operator of the Kurri Kurri lateral pipeline that the Lenaghan custody transfer point, representing the receipt point from the Kurri Kurri lateral pipeline to the Jemena Gas Network, will be commissioned; and

- (b) the commissioning date stated in the written notice by APA of the commissioning of the receipt point at the Lenaghan custody transfer point.

In addition, there is to be further consultation on the STTM Procedures to reflect the National Gas Amendments (Other Gases) Rule 2024 (Other Gases Rule) which are required to be effective by 3 December 2024. In the event the commissioning of the Kurri Kurri lateral pipeline’s custody transfer point is delayed until after 3 December 2024, AEMO may incorporate a transitional provision in the STTM Procedures consultation for the Other Gases Rule change to incorporate the addition of the Kurri Kurri lateral custody transfer point in the STTM Procedures made under this consultation.

## 4. Likely implementation requirements and effects

There are no system changes requires as a consequence of this Procedure change. AEMO, in consultation with APA, will require APA to submit information (FHC and PAD files) for the Kurri Kurri facility from the commission date for the facility, currently expected in November 2024.

## 5. Overall cost and benefits

AEMO is required to make this Procedure change to ensure the Procedure’s custody transfer points reflect those used to supply gas to the STTM hub.

## 6. Magnitude of the changes

AEMO is making this Procedure under the expedited process for making Procedures under rule 135EF of the NGR, as AEMO considers the changes are non-material as it will not have a significant financial or operational impact on Registered participants.

## 7. 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
<b>Consistency with National Gas Law (NGL) and NGR</b>	AEMO’s view is that the proposed procedure change is consistent with the NGL and the NGR which require the STTM Procedures to detail each STTM hub’s custody transfer meters.
<b>National Gas Objective</b>	AEMO considers this Procedure change to be consistent with the NGO as it promotes efficient operation of covered gas services for interests of consumers by correctly defining the STTM Sydney hub’s custody transfer meters.

## 8. Supporting Documentation

The documents can be found in:

- Attachment A – STTM Procedure changes
- Attachment B – Request for IIR response

## 9. Impact and Implementation Report – Recommendations

### 9.1. Should the proposed Procedures be made?

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

### 9.2. Proposed timelines

The Procedure consultation dates are as follows:

- IIR publication date: 2 July 2024
- IIR consultation submissions due: 23 July 2024
- Expected Decision published: 6 August 2024
- Expected Effective Date of Procedures: 1 November 2024 (TBC)<sup>1</sup>

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<sup>1</sup> As discussed in section 3.2, the Effective Date of the Procedures will be confirmed by a Notice of Effective Date to be published 15 business days prior to the effective date of the commissioning of the custody transfer point.

## Attachment A. STTM Procedure Changes

The following Procedures are provided in track change format with new text in **BLUE** and deleted text in **RED**. The change adds the following clause 2.2(j):

*custody transfer point 10: the connection between the respective pipelines identified in Pipeline Licence No. 45 (Lenaghan to Kurri Kurri Storage Facility) and Pipeline Licence No. 8 (Killingworth to Kooragang Island) issued under the Pipelines Act 1967 of New South Wales, being the Lenaghan Receipt Point.*

The version issued for this consultation is attached separately to this document:

- STTM Procedures v14.1 (track changes)

## **Attachment B. Request for IIR response**

The 'IIR response template' has been attached separately to this document.