

IMPACT & IMPLEMENTATION REPORT – SUMMARY SECTION

Issue Number	BB IIR 16-001		
Proponent	Australian Energy Market Operator (AEMO)	Date of submission	17 June 2016
Affected gas markets	Natural Gas Services Bulletin Board (NGSBB)	Consultation process (Ordinary or Expedited)	Ordinary
Industry consultative forums used	GBB Redevelopment Group	Date industry consultative forums consultation concluded	9 May 2016
Short description of change	AEMO recommends that the BB Procedures be updated to: • Enable alignment between the BB Procedures and the National Gas Rules (NGR). • Provide detailed information to participants on the submission of data for the NGSBB reports.		
Procedures or documentation impacted	Natural Gas Services Bulletin Board Procedures Version 7.0		
Date I&IR published	17 June 2016	Date consultation under 135EE or 135EF concludes	15 July 2016
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IMPACT & IMPLEMENTATION REPORT – DETAILED REPORT SECTION

ASSESSMENT OF PROPOSAL	
Summary and rationale for the changes (see Attachment A for the full set of changes)	The Natural Gas Services Bulletin Board (NGSBB) publishes information on eastern Australian gas infrastructure to facilitate improved decision making and trade in gas across the eastern gas market. Gas production, storage and pipeline delivery data is defined and reported by demand and production zones. In response to a rule change request submitted by the Council of Australian Governments Energy Council (COAG), the Australian Energy Market Commission (AEMC) made the National Gas Amendment (Enhanced Information for Gas Transmission Pipeline Capacity Trading) Rule 2015 which changed the National Gas Rules (NGR) to improve information transparency provided through AEMO's East-Coast Gas Bulletin Board that will be effective on 6 October 2016. To comply with this rule change (and allow participants to comply), AEMO has been applying changes to its front and back-end NGSBB systems and engaged participants throughout the process for coordination and testing. The rule change requires additional information to be reported by BB participants. This information is detailed in the 'likely implementation effect of the changes on stakeholders' section. AEMO developed a Proposed Procedures Change (PPC) to consult on updates to the BB Procedures to align with the rule change and to provide detailed information to participants on the submission of data for the NGSBB. Following outcomes from the 9 May 2016 consultative forum on the PPC, final drafting of the proposed Procedure changes is attached to this Impact and Implementation Report (IIR). The Procedures changes proposed in this IIR follows from consultations undertaken by AEMO with industry to deliver a comprehensive and accurate implementation of the rule change.
Cost estimate (and/or cost/benefit analysis)	<u>Costs</u> AEMO's expected costs for implementing these changes are in the order of \$413k (high range) – for IT and functionality changes in the NGSBB systems to implement the new version of the NGR. The rule change (and by extension these proposed Procedures changes) will most likely have a material impact on participants as they will potentially require changes to IT systems, and provision of additional information in accordance with the changes to the NGR and the proposed changes to the

	BB Procedures. Operators that are already data providers for the NGSBB will need to augment their business systems to ensure the new data is provided in accordance with the changes to the NGR and the proposed changes to the BB Procedures. Operators that are not already providing data to the NGSBB that will be required to provide data as a result of the rule change may need to implement new systems and processes to ensure the data is provided in accordance with the changes to the NGR and the proposed changes to the BB Procedures. There will also be on-going costs to AEMO and BB facility operators to operate and maintain these changes and validate the data submitted. <u>Benefits</u> • The implementation of the rule change will allow AEMO and BB production, transmission pipeline, and storage facility operators in East and South Eastern Australia to provide all additional detailed information to the NGSBB system to remain compliant with the NGR. • The additional information will increase market transparency, providing stakeholders with a better understanding of the gas supply and demand conditions. • The changes are likely to reduce search and transaction costs, thereby promoting pipeline and storage capacity trading. This should lead to more efficient utilisation of, and investment in gas infrastructure, reducing costs over the longer term with the potential to benefit gas consumers. • The rule change will also allow AEMO to undertake more comprehensive quality and compliance monitoring on the data submitted – increasing completeness and usefulness of the NGSBB as a source of gas market information.
The likely implementation effect of the change(s) on stakeholders	The proposed changes will require BB facility operators to provide data either on a daily, weekly or monthly basis in accordance with the NGR and the proposed BB Procedures. The implementation effect on BB facility operators impacted by the proposed changes are listed below: • BB transmission pipeline operators: - o 12 month uncontracted primary capacity outlook, - o list of shippers with contracted primary capacity on each pipeline it operates, - o data from their secondary capacity trading platforms if they have one, - o actual gas flow data split into receipts and deliveries per zone, and - o disaggregated actual gas flow data by receipt and delivery points per day, received on a monthly

	basis. • BB transmission pipeline operators including Declared Transmission System (DTS) pipeline operator: - o detailed facility receipt and delivery points information, and - o nameplate rating of gate stations. • BB production facility operators - o Detailed information on facility receipt and delivery points. • BB storage facility operators - o Actual volume of gas held in the facility, - o actual injections and withdrawals for the previous gas day, - o aggregated injection and withdrawal nominations for each gas day and a seven-day forecast; and - o 12 month outlook of uncontracted storage capacity (uncontracted volume, injection and withdrawal capacities). • BB storage facilities that are used solely as part of production facilities will no longer be exempt and will be required to provide the same information as other non-exempt facilities other than aggregated injection and withdrawal nominations for each gas day, and a seven day forecast. • All BB facility operators - o medium term capacity outlooks using a new standard format, including the expected daily capacity of the facility during the outlook period. The implementation effects of the proposal on AEMO include: IT and functionality changes in the NGSBB systems to implement the rule change.
Testing requirements	AEMO will undertake end to end testing and user acceptance testing for the addition of new reports and modification of the existing Actual Flows Reports as well as sample data submissions for each one of the NGSBB fields and the interactive NGSBB map. Affected participants will undertake individual testing and assessment of their individual testing requirements for submission of the required NGSBB data. The NGSBB pre-production website will be available for testing of data submissions.

AEMO's preliminary assessment of the proposal's compliance with section 135EB:	<u>Consistency with NGL and NGR</u> AEMO's view is that the proposed changes described in this document are consistent with the National Gas Law (NGL) and the NGR. <u>National Gas Objective (NGO)</u> <i>"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."</i> AEMO considers that the proposed Procedures are likely to contribute to the NGO because it promotes transparency of the gas market in the east coast, and assists gas market participants to make decisions and manage risk.
Consultation forum outcomes	Following the PPC consultation forum, comments raised by participants resulting in amendments to the draft Procedures are listed below: As raised by SEAGas, Section 5.3 has been separated into two sections: • Information required to be provided by production and storage facilities; and • Information required to be provided by pipelines. Section 5.8 includes clarification that the daily actual Receipts and Deliveries need to be provided by production and demand zone. Section 5.17 includes clarification on operational metering data to be provided for Receipts and deliveries to keep consistency with Rule 174. Section 5.18 includes the word "current" to reflect that the BB shipper list should be current. Schedule 2 includes the words "pipeline system" to provide clarification on the SEAGas demand zone. As raised by APA Group, Section 5.7 includes a sentence referring participants to the Rule section that specifies what information needs to be provided by BB pipeline operators and BB storage providers for uncontracted primary pipeline capacity and uncontracted storage capacity. Details of AEMO's response to all consultation discussion and feedback is provided in Attachment B.

RECOMMENDATION(S)	
Should the proposed Procedures be made, (with or without amendments)?	AEMO recommends that the draft Procedures presented with the PPC be amended based on 9 May 2016 PPC consultation outcomes and further discussion with market participants on the items shown in Attachment B. Taking into account the consultation that has occurred, AEMO recommends the proposed Procedures change should be made as described in Attachment A.
Proposed effective date for the proposed change(s)	AEMO invites feedback on the draft BB Procedures. As per the ordinary consultative procedure, registered participants and interested parties have 20 business days from the date of this notice to provide written submissions on this decision. This 20 business day period ends on 15 July 2016. Subject to feedback through this consultation, AEMO will publish a final decision and any associated notices on its website within 20 business days after the closing date for submissions. In accordance with Rule 135EE(5) of the NGR, the effective date for any Procedures change must be at least 15 business days before the day on which new Procedures are to take effect. The rationale for this Procedure change is the AEMC rule change which takes effect on 6 October 2016. Accordingly, AEMO proposes an effective date of 6 October 2016 to align with the commencement date of the changes to the NGR.

ATTACHMENT A – DOCUMENTATION CHANGES (SEE SECTION 3)

Blue represents additions **Red** and strikeout represents deletions – Marked up changes

Comments may be used to explain changes to the document

Please refer to (**Attachment A**) for the change marked copy of the Natural Gas Services Bulletin Board Procedures v7.0 Draft.

ATTACHMENT B – PPC CONSULTATION RESPONSES

STAKEHOLDER	STAKEHOLDER COMMENT	AEMO RESPONSE
SEAGas	Section 5.3 (a)(i) and (iii) – Needs clarification for each facility type.	Section 5.3 is now separated into: - Information required to be provided by production and storage facilities; and - Information required to be provided by pipelines.
SEAGas	Section 5.5 (b) – Needs to include timeframe by when updated standing capacity gate station information needs to be provided by.	In accordance with rule 170(4), the updated standing capacity information for gate station must be as soon as practicable after the operator becomes aware that the information is no longer accurate. This is included in the BB Procedures.
SEAGas	Section 5.7 – Can you confirm that the 12 month uncontracted capacity outlook information can be submitted anytime between the first of the month and 7pm on the last gas day of each month.	Yes, the 12 month uncontracted capacity outlook information can be provided at any time before 7pm local time on the last gas day of each month. The BB Procedures states that the BB facility is required to provide the 12 month uncontracted capacity outlook for a BB facility by 7pm local time on the last gas day of a month.
APA Group	Section 5.7 – The section needs to be separated by pipelines and storage.	AEMO has decided not to separate the sections out. Instead, a sentence referring participants to the Rule section that specifies what information needs to be provided has been included in the Procedures. <i>“The information required to be provided by BB pipeline operators and BB storage providers is defined in Rule 141(1) under uncontracted primary pipeline capacity and uncontracted storage capacity”</i>

STAKEHOLDER	STAKEHOLDER COMMENT	AEMO RESPONSE
SEAGas	Section 5.3, Section 5.8 and Section 5.17 – Specify what BB pipelines have to provide in terms of receipts and deliveries.	Section 5.3 is now separated into: • Information required to be provided by production and storage facilities; and • Information required to be provided by pipelines. Section 5.8 includes clarification that the daily actual Receipts and Deliveries need to be provided by production and demand zone. Section 5.17 includes clarification on operational metering data to be provided for Receipts and deliveries to keep consistency with Rule 174.
Lochard Energy	Section 5.13 – Provide clarification on case for 2 different markets in 2 different gas days.	Under NGR 175, a BB storage provider must provide AEMO with the time at which the gas day starts for the BB storage facility that it operates (e.g. 6am EST). This is has been clarified in the BB Procedures. Therefore, the delivery and receipt nominations data for a gas day must be provided to AEMO by no later than one hour after the Gas Day Start Hour specified in INT 901 on the Natural Gas Services Bulletin Board.
SEAGas	Section 5.18 – Should the list be current or if a pipeline has signed a contract with a shipper but the shipper is not effective until 2017, should they appear on the list?	The Procedures has been updated to reflect that the GBB shipper list should be “current”. The list should be current as of 6 October 2016 and BB pipeline operator must notify AEMO of the updated information as soon as practicable after it becomes aware that the information is no longer accurate. Therefore, if the shipper is effective 2017, the BB pipeline operator must provide an updated list once the shipper is effective.

SEAGas	Schedule 2 – Provide clarification on the definition of the SEAGas demand zone.	AEMO proposes to update SEA Gas (SEA) Demand Zone to be consistent with the name used in the scheme register of pipelines maintained by the AEMC. The Demand Zone will read SEA Gas Pipeline System (SEA).
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STAKEHOLDER	STAKEHOLDER COMMENT	AEMO RESPONSE
Santos	General comment – Provide clarification on definition of gas storage provider and how this apply to Santos.	Rule 141(1) states: <i>BB storage provider means a storage provider who operates a BB storage facility.</i> <i>BB storage facility means a gas storage facility:</i> <i>a) That was specified as an initial BB storage facility in Schedule 2 to the Rules; or</i> <i>b) That commences operation after the commencement of these Rules; or</i> <i>c) That is declared to be a BB storage facility under rule 153,</i> Rule 150(5) provides the current exemption criteria of a storage facility. From 6 October onwards, the exemption criteria of a storage facility will be: a) The production nameplate rating of the BB storage facility is, or (in the case of a proposed BB storage facility) will be, less than 20TJ of natural gas per gas day; or, c) The BB storage facility is not, or (in the case of a proposed BB storage facility) will not be, connected to a BB pipeline. Any gas storage facility that falls within the definition of BB storage facility and is not subject of an exemption declaration under Rule 150 is a BB storage facility for the purposes of the Gas Bulletin Board.