

31 July 2019

Mr John Pierce  
Chair  
Australian Energy Market Commission

By online submission

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Dear Mr Pierce

### **Short Term Trading Market Interface Protocol amendment rule change proposal**

The Australian Energy Market Operator (AEMO) requests the Australian Energy Market Commission (AEMC) consider amending Rule 368 of the National Gas Rules (NGR) to remove the requirement to abide by the standard consultative procedure, which is currently required to be followed when amending the Short Term Trading Market (STTM) Interface Protocol.

The attached National Gas Rules Change Proposal proposes amendments to the STTM Interface Protocol to replace the current process for consultation with a requirement to follow the consultation process outlined in Part 15B of the NGR. This will provide a benefit to the market, as it will implement consistent consultation processes for both the STTM Interface Protocol and the STTM Procedures. The proposed rule change will create efficiencies by avoiding duplication of consultations requiring different processes (and timelines), as well as reducing the resourcing required by AEMO to conduct different consultation processes.

Any queries concerning this rule change proposal should be directed to Jordan Daly on 02 9239 9110 or [jordan.daly@aemo.com.au](mailto:jordan.daly@aemo.com.au).

Yours sincerely



Peter Geers  
Chief Strategy and Markets Officer

Attachment: Rule Change Proposal: STTM Interface Protocol

# NATIONAL GAS RULES CHANGE PROPOSAL

STTM INTERFACE PROTOCOL

**July 2019**





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## 1. SUMMARY

The Australian Energy Market Operator (AEMO) is proposing an amendment to Part 20, Division 1, Rule 368 of the National Gas Rules (NGR) to remove the requirement to abide by the standard consultative procedure that is currently required to be followed when amending the Short Term Trading Market (STTM) Interface Protocol (the Protocol) and replace it with a requirement to follow the consultation process for procedures outlined in Part 15B, Rules 135EE and 135EF, of the NGR.

Changes to the Protocol often prompt changes to the STTM Procedures and vice-versa. However, there are currently different processes for consultation in relation to changes to each of the documents, under the respective rules for each document. As such, AEMO is proposing that the process for consultation in relation to amendments to the Protocol be the same as the consultation process for changes to the STTM Procedures, which is outlined in Part 15B. This will create efficiencies in the process of consultation, as it will avoid a duplication of consultations that are required to be conducted using different processes, as well as associated resourcing required to undertake these separate processes.

## 2. RELEVANT BACKGROUND

### 2.1 Current Framework

The Protocol outlines the communications and transactions involved in the STTM, while the STTM Procedures provide a framework for the operation of the STTM. Each of these are currently consulted upon under different processes, despite both applying to the operation of the STTM. For example, the updates associated with the contingency gas notification rule change in early 2017 required separate consultations for the Protocol and Procedures.

Rule 368 outlines the obligation for AEMO to establish and publish the Protocol, which must describe the requirements of provision of communications made under Part 20 of the NGR. "Communication" is defined as "any information, notice, request, bid, offer or other submission or communication to be given by AEMO or any other person under this Part". Rule 368(2) provides AEMO may amend the Protocol after consulting with specified groups of stakeholders, in accordance with the standard or expedited consultation procedures, as outlined in Rules 8 and 9 of the NGR respectively.

Part 15B, Rule 135EA(4) of the NGR sets out the matters that the STTM Procedures may deal with. These matters often also invoke the operation of the Protocol and, therefore, changes to the STTM Procedures will often require corresponding changes to the Protocol. Part 15B further describes the ordinary and expedited processes for amending procedures. Specifically, Rule 135EE outlines the ordinary process for making Procedures and 135EF outlines the expedited process for making Procedures.

### 2.2 Current Rules

Rule 368, subrule 2 of the NGR states:

"(2) AEMO may amend the STTM interface protocol after consulting with Trading Participants, STTM facility operators, STTM distributors and allocation agents in accordance with:

- (a) the standard consultative procedure; or
- (b) if AEMO reasonably considers the proposed amendment to be urgent, the expedited consultative procedure."



## 2.3 Issue and proposed changes

Given that the STTM Procedures and the Protocol are related documents, a change to the STTM Procedures typically necessitates a change to the Protocol. However, each of these changes have separate rules governing them that require different consultation processes with inconsistent requirements. This leads to inefficiencies and often a duplication of effort on the part of AEMO and Participants.

In order to maintain consistency within the process for making changes to AEMO Procedures and the Protocol, the requirement to consult on the Protocol in accordance with Rules 8 and 9 should be replaced with a public consultation in accordance with to Rules 135EE and 135EF of the NGR respectively, that is, the same rules that the Procedures are consulted under.

# 3. HOW THE PROPOSAL WILL ADDRESS THE ISSUES

## 3.1 How the proposal will address the issues

If a change and consultation to the Procedures prompts a change and consultation on the Protocol, these consultations can now be packaged together and conducted collectively, rather than as two separate consultations under two separate processes. This will reduce resourcing requirements and cost to AEMO.

AEMO will continue to notify relevant participants of any proposed changes to the Protocol and allow adequate time to respond. However, the additional obligation to consult within a certain timeframe with the wider public separately to the STTM Procedures will no longer be required. This additional obligation is not currently adding additional value to the consultation process so the removal of this requirement is not expected to have any adverse consequences for the market. Conversely, these amendments will allow for continued transparency within the market, while improving efficiency and consistency and lowering cost.

## 3.2 AEMO Procedure changes

AEMO intends to continue to publish notices of consultation on its webpage and inform participants of consultations opening for comment via email.

# 4. PROPOSED RULE

## 4.1 Description of the Proposed Rule

AEMO proposes removing the requirement to conduct a standard consultation for amendments to the Protocol, making it consistent with the process for amending the STTM Procedures. It is proposed the amended Rule would read as follows:

"(2) AEMO may amend the STTM interface protocol after consulting with Trading Participants, STTM facility operators, STTM distributors and allocation agents in accordance with:

- (c) the **ordinary process for making Procedures set out in rule 135EE** ~~standard consultative procedure;~~  
or



- (d) if AEMO reasonably considers the proposed amendment to be urgent, ~~the expedited process for making Procedures set out in rule 135EF~~ **the expedited process for making Procedures set out in rule 135EF** ~~the expedited consultative procedure.~~"

## 4.2 Consequential Rule Changes

The matters listed in Rule 135EA(4)(a) to (m) include a number of matters to which communication is an essential element and, therefore, communication would be considered to be a matter consequent or related to a number of the matters listed in Rule 135EA(4)(a) to (m), that is, it would be captured under Rule 135EA(4)(n). This means that Rule 135EA would not be required to be updated, and there are no other foreseeable consequential changes to the NGR that will be required due to this proposed rule change.

## 5. HOW THE PROPOSED RULE CONTRIBUTES TO THE NATIONAL GAS OBJECTIVE (NGO)

Streamlining consultations by amending Rule 368 will improve allocative efficiency by allowing a reduction in business and opportunity costs and, therefore, reducing cost to participants.