



Improvements to Natural Gas Bulletin Board – draft determination

Stakeholders invited to comment on draft rule

The Australian Energy Market Commission (AEMC) has made a draft rule to increase the breadth and accuracy of information provided to the market through the Natural Gas Bulletin Board.

Background

Natural gas consumption, supply and use, both for domestic and export purposes, plays an important role in the Australian economy. As the electricity generation mix in the National Electricity Market changes, the generation of electricity using natural gas is particularly critical in terms of helping to maintain power system security and through its impact on electricity prices.

Timely and accurate information to help guide operating and commercial decisions is becoming increasingly important. Improved information supports more transparent pricing which in turn, should lead to better decisions by market participants. These decisions include balancing the domestic needs of Australian consumers (including gas-fired generators) against contractual and other international obligations. More efficient gas markets will have wide spread benefits to businesses and individuals.

In this environment, the AEMC has considered a rule change request to make improvements to the Natural Gas Bulletin Board (Bulletin Board) in relation to the information that market participants are required to provide to AEMO.

The rule change request follows from the east coast wholesale gas market framework review undertaken by the AEMC. This review examined the design, functions and roles of facilitated gas market and gas transportation arrangements on the east coast of Australia.

As part of the review, the Commission made a number of recommendations to improve the operation and relevance of the Bulletin Board for participants in the east coast gas market. All of these recommendations were accepted by the COAG Energy Council in August 2016.

In developing the final report for the review, the Commission consulted extensively on the issues and recommendations which are contained within the rule change request. As comprehensive consultation had already taken place, the Commission initiated the rule change request under the fast-track process on 14 June 2017.

Not all of the review's recommendations in relation to the Bulletin Board are covered by this rule change request, as they may require changes to the National Gas Law and Regulations.

INFORMATION

In particular, this rule change request does not capture or require information to be provided by gas fields, large user facilities, liquefied natural gas processing facilities or gas supply hub compression facilities. Information requirements related to these users cannot be considered in a rule change request until such time as changes are made to the National Gas Law or Regulations.

Draft rule

The draft rule makes a number of amendments to Part 18 of the NGR, in particular, it:

- clarifies the purpose of the Bulletin Board
- removes the zonal model and establishes a new reporting model
- exempts remote pipelines from reporting obligations
- includes regional pipelines and facilities attached to regional or distribution pipelines in the reporting obligations
- establishes a new registration framework and threshold
- includes a reporting standard
- removes the market participant and AEMO cost recovery provisions
- adds a biennial reporting requirement for AEMO.

Reasons for the draft rule

The draft rule would lead to increased confidence in the information provided on the Bulletin Board and lead to more efficient use, operation and investment in the east coast gas market. Therefore, the draft rule, would or is likely to, contribute to the achievement of the National Gas Objective.

Bulletin Board framework

The new Bulletin Board framework aims to provide a clear structure for reporting entities and AEMO to work within. This is reflected in the amended Bulletin Board purpose which identifies the important role of the Bulletin Board in decision making for all participants within the gas market.

The draft rule contains a new reporting model and registration obligations which clarifies and simplifies the administrative process for parties. The model would help support a well-functioning and useful Bulletin Board. Further, the draft rule would also provide clarity and greater certainty for reporting entities on the expectations for information quality and overall compliance with the Bulletin Board framework. The Bulletin Board framework aims to prevent information gaps and present a reliable and timely picture of gas supply, pipeline flows, storage and demand in the east coast gas market.

Bulletin Board reporting requirements

The reporting requirements contained within the draft rule provide that those facilities that may have an impact on the broader market have an obligation to provide information to the Bulletin Board. This new requirement is balanced against providing limited exemptions where facilities are not yet connected to the east coast gas market or where, due to technical or operational limitations, information provided may be of limited use to the market (that is, distribution pipelines).

This would enable relevant information to be available to market participants and Bulletin Board users. It aims to allow them to make better informed decisions in and about the market, without imposing administrative and compliance costs on participants where the information provides limited value.

Publication of information on the Bulletin Board

The draft rule provides that AEMO would be responsible for the aggregation and publication of information. This provides a more flexible approach than the approach under the current provisions of the NGR. The details will be set out in the Procedures and can be amended from time to time without a rule change request to reflect changes in the market. Such flexibility is important to allow AEMO to efficiently and promptly meet the needs of market participants while ensuring consistency with the purpose of the Bulletin Board.

The draft rule would lead to increased confidence in the information provided on the Bulletin Board

Funding arrangements and future development of the Bulletin Board

The draft rule removes the provisions relating to the operation of specific cost recovery processes for Bulletin Board costs. Such provisions are not consistent with the efficient operation of the Bulletin Board, particularly as the costs can be recovered through other means.

AEMO is required to publish a biennial report on the operation of the Bulletin Board. This requirement would support the on-going confidence of participants and users in the reliability of Bulletin Board information. The Commission anticipates that the biennial reports will alert market participants of any changes and development that may be needed to maintain the relevance of the Bulletin Board. This will serve to support the continuation of well-informed decision-making across the market.

The rule change request

The draft rule is the result of a rule change request from the COAG Energy Council. The draft rule is the same as the proposed rule provided as part of the rule change request.

Consultation

The AEMC invites submission on the draft rule determination, including the draft rule by Tuesday, 22 August 2017.

For information contact:

AEMC Director, **Shari Boyd** (02) 8296 7869

Media: Communication Director, Prudence Anderson 0404 821 935 or (02) 8296 7817

11 July 2017