



**Australian Energy Market Commission**

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## **CONSULTATION PAPER**

# National Gas Amendment (Gas day harmonisation) Rule 2016

**Rule Proponent**  
COAG Energy Council

3 March 2016

**RULE  
CHANGE**

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## **About the AEMC**

The AEMC reports to the Council of Australian Governments (COAG) through the COAG Energy Council. We have two functions. We make and amend the national electricity, gas and energy retail rules and conduct independent reviews for the COAG Energy Council.

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# 1 Introduction

On 26 November 2015, the Council of Australian Governments (COAG) Energy Council submitted a rule change request to the Australian Energy Market Commission (AEMC or Commission) in relation to harmonising the gas day start times of the Short Term Trading Market (STTM) and Wallumbilla Gas Supply Hub (GSH) with the gas day start time of the Victorian Declared Wholesale Gas Market (DWGM).<sup>1</sup>

This consultation paper has been prepared to facilitate public consultation and to seek stakeholder submissions on the rule change request.

This paper:

- provides the background to, and a summary of, the rule change request;
- identifies a number of questions and issues to facilitate the consultation on this rule change request; and
- outlines the process for making submissions.

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<sup>1</sup> In general terms, a gas day is the period of 24 consecutive hours over which gas is traded in the relevant facilitated market. A gas day is specifically defined under rule 200 of the National Gas Rules (NGR) in respect of the DWGM, rule 364 of the NGR in respect of the STTM and defined under the GSH Exchange Agreement in respect of the GSH.

## 2 Background

The rule change request submitted by the COAG Energy Council arose from a recommendation made by the AEMC in the Stage 1 Final Report on the East Coast Wholesale Gas Market and Pipeline Frameworks Review (East Coast Review).<sup>2</sup>

The COAG Energy Council requested that the AEMC review the design, function and roles of facilitated gas markets and gas transportation arrangements on the east coast of Australia.<sup>3</sup> The terms of reference for the East Coast Review requested that AEMC consider, amongst other things:

“opportunities to harmonise the market parameters of the facilitated markets across the east coast, such as prudential obligations, gas day trading times and market price caps.”

The Commission stated in its Stage 1 Final Report that harmonising the three spot market gas day start times across the DWGM, STTM and GSH would reduce compliance costs and barriers to trading across multiple hubs, and is therefore likely to promote the National Gas Objective (NGO).<sup>4</sup>

Submissions received during Stage 1 of the East Coast Review were supportive of the draft finding that the gas day should be harmonised across the markets with responses ranging from cautious in principle or qualified support to full support.<sup>5</sup> A number of submissions suggested further work should be done to determine the costs and benefits of harmonising the gas day, implementation requirements and timetable.<sup>6</sup>

The Commission recommended in the Stage 1 Final Report that the COAG Energy Council submit a rule change request to the AEMC seeking to change the STTM gas day start times to 6:00am Australian Eastern Standard Time (EST) and define the GSH gas day start time in the NGR as 6:00am (EST), in line with the arrangements in the DWGM.<sup>7</sup> In making this recommendation the Commission noted that more detailed consideration of the benefits and costs of specific start time options needs to be undertaken and that a rule change process would allow the Commission and stakeholders to engage at a more granular level on the operational, commercial and legal work that implementation of the recommendation would require.<sup>8</sup>

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2 AEMC, East Coast Wholesale Gas Market and Pipeline Frameworks Review, Stage 1 Final Report , 23 July 2015, pp113-115.

3 *ibid*, p5.

4 AEMC, East Coast Wholesale Gas Market and Pipeline Frameworks Review, Stage 1 Final Report , 23 July 2015, pp113.

5 *ibid*, pp110-112.

6 Submissions on East Coast Wholesale Gas Market and Pipeline Frameworks Review, Stage 1 Draft Report: APA, p14; ESAA, pp4-5; Origin, p3.

7 AEMC, East Coast Wholesale Gas Market and Pipeline Frameworks Review, Stage 1 Final Report, 23 July 2015, p113.

8 *ibid*.

## 2.1 Market overview

This section provides an overview and background to aspects of the facilitated markets relevant to the issues considered in this rule change process.

Over the last two decades all major markets in eastern and southern Australia have become interconnected due to significant investment made in new and augmented transmission pipelines. Now, the emergence of the Liquefied Natural Gas industry in Queensland is contributing towards changing market dynamics and creating opportunities for the trade of gas. Despite extensive development in infrastructure and ongoing reforms in the sector, the eastern gas market and regulatory frameworks appear fragmented.<sup>9</sup>

There are three different facilitated market designs in eastern Australia: the DWGM in Victoria, the STTM with hubs at Adelaide, Sydney and Brisbane, and the Wallumbilla GSH. The different markets were designed in response to specific circumstances and feature different sets of regulatory arrangements. The markets supplement bilateral contracts between gas producers and shippers and pipeline operators and shippers. The markets provide additional options for trading and managing risks.

Market time in the facilitated markets is always measured in Australian Eastern Standard Time, regardless of the local time at the hub.<sup>10</sup> Consequently market times do not change for daylight saving time.

### Declared Wholesale Gas Market

The DWGM, established by the Victorian Government in March 1999, is a compulsory market in which Victorian gas market participants sell or purchase gas. Participants bid to inject or withdraw gas from the Declared Transmission System. Prices are determined on an ex ante<sup>11</sup> intra-day basis where there are five scheduling times starting at 6:00am EST and then followed by 10:00am, 2:00pm, 6:00pm and 10:00pm. Intra-day pricing was introduced in 2007, allowing participants to respond to changing market conditions during the day.<sup>12</sup>

### Short Term Trading Market

The STTM was implemented in Adelaide and Sydney in September 2010 and Brisbane in December 2011. It was part of a package of reforms by the Ministerial Council on Energy following recommendations by the Gas Market Leaders Group in 2006. At the time, governments identified the need to increase market transparency and provide participants with additional options for pricing imbalances and trading incremental

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<sup>9</sup> AEMC, Final Stage 1 Report, East Coast Wholesale Gas Market and Pipeline Frameworks Review, 2015, p2.

<sup>10</sup> See Rule 366 of the NGR and clause 2.7 of the Exchange Agreement.

<sup>11</sup> In this context, ex ante refers to transactions that occur ahead of the relevant time period.

<sup>12</sup> VENCorp, Victorian Gas Market Pricing and Balancing Review, Recommendations to Government, 30 June 2004.

gas outside of bilateral contracts.<sup>13</sup> The STTM was designed to be a mandatory market for wholesale trading and balancing of gas at defined hubs between transmission pipelines and distribution networks. The STTM hubs are located at Sydney, Adelaide and Brisbane. Each hub operates separately under the same regulatory framework.

The STTM is an ex ante market where supply and demand is matched for the following day and an ex ante price is determined by the market operator (Australian Energy Market Operator (AEMO)). Offers and bids can be submitted to AEMO up until 12.00pm EST the day before the gas day in Adelaide and Sydney, and up until 1.30pm EST in Brisbane.<sup>14</sup> The STTM has a key role as an on-the-day balancing mechanism in the broader east coast gas market.

### **Wallumbilla Gas Supply Hub**

The Wallumbilla GSH is a voluntary brokerage gas supply hub established in early 2014. COAG Energy Council requested AEMO to develop this hub to enhance transparency and reliability of gas supply by creating a voluntary market that offers a low-cost, flexible method to buy and sell gas at interconnecting pipelines.<sup>15</sup> The GSH is an exchange for the wholesale trading of natural gas. Participants may place anonymous offers (to sell) or bids (to buy) a specified quantity at a specified price, which are automatically matched on the exchange to form transactions during the trading hours of 9:00am to 5:00pm EST by AEMO. Once matched, parties then finalise their transaction.<sup>16</sup>

Unlike the DWGM and the STTM, the primary instrument governing the operation of the GSH is the GSH Exchange Agreement. In accordance with the NGR, the Exchange Agreement sets out the standardised terms of participation in the GSH and the terms governing transactions entered into through the exchange. The Exchange Agreement contains the trading, delivery and settlement obligations common to all products. It also outlines the product specifications, which are schedules to the exchange agreement that contain details unique to each product.

The Exchange Agreement is a multilateral contract between AEMO and hub participants which may be amended by AEMO in accordance with the NGR and the Exchange Agreement.<sup>17</sup> Under the NGR and the Exchange Agreement, AEMO must undertake a consultation process with gas trading exchange members and any other affected people in respect of proposed amendments to the Exchange Agreement.

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<sup>13</sup> Gas Market Leaders Group, National Gas Market Development Plan, June 2006.

<sup>14</sup> The variation in timing is due to differences in gas day start times at the hubs. The Brisbane hub operates from 8am EST while Sydney and Adelaide operate from 6.30am EST.

<sup>15</sup> <http://www.aemo.com.au/Gas/Market-Operations/Gas-Supply-Hub>

<sup>16</sup> Participants may also agree bilaterally to a transaction on standard product terms and then register the transaction for delivery and settlement.

<sup>17</sup> Rule 540 of Part 22 of the NGR sets out the process pursuant to which AEMO may amend the Exchange Agreement. AEMO may only amend the Exchange Agreement if it is satisfied the amendment is consistent with the NGL and the NGR, and is appropriate having regard to the NGO and any compliance costs likely to be incurred by the Operator or gas trading exchange members in consequence of the amendment.

While the GSH currently only operates at Wallumbilla, AEMO and the gas industry have been working to extend the GSH framework to Moomba in South Australia. A GSH is expected to be implemented at Moomba by 1 June 2016.

### 3 Overview of the rule change request

The rule change request from the COAG Energy Council proposes changes to the National Gas Rules (NGR) to harmonise the gas day start times of the STTM and GSH with the gas day start time of the Victorian DWGM. The rule change request seeks to achieve this by:

- prescribing a single gas day definition in the NGR for all STTM hubs, with a start time of 6:00am EST, thereby aligning the Adelaide, Sydney, and Brisbane hubs with the DWGM gas day; and
- inserting a new rule in the NGR that establishes the GSH gas day start time as 6:00am EST to harmonise the GSH gas day with the DWGM gas day.<sup>18</sup>

In its rule change request COAG Energy Council surmises that different gas day start times create complexity and inconsistency between facilitated markets which may:

- create additional costs to participants operating in these markets; and
- act as a barrier to gas trading and opportunities for arbitrage between different regions of the interconnected east coast market.<sup>19</sup>

A number of key points raised in the rule change request are summarised as follows:

- The required timing for intra-day activities in the STTM are specified in the NGR relative to the start of the gas day start. The inconsistent start times of the three STTM hubs result in different:
  - deadlines for the submission of bids and offers for the following gas day; and
  - timing for the publication of ex ante schedules and pricing.<sup>20</sup>
- The gas day start times for each of the facilitated markets are not currently prescribed in a single national legislative instrument. The gas day start times of the STTM hubs and the DWGM are prescribed in the NGR while the GSH exchange agreement specifies the gas day start time for the products offered through the Wallumbilla GSH. COAG Energy Council considers that specifying a uniform gas day start time for all facilitated gas markets in the NGR that is aligned with the DWGM gas day would provide market participants with greater certainty and confidence that the gas day start time would become and remain aligned.<sup>21</sup>

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18 COAG Energy Council rule change request, 19 November 2015, p8.

19 *ibid*, p5.

20 *ibid*, p6.

21 *ibid*, pp6-7.

- Stakeholders have indicated that it is not currently possible to design a financial risk management product to fully hedge against price risk on a given day due to a number of market design factors. COAG views harmonising the gas day as a preliminary step towards greater harmonisation of market design which may later support the use of financial risk management products.<sup>22</sup>

The COAG Energy Council's rule change request includes a proposed rule.

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<sup>22</sup> *ibid*, p7.

## 4 Assessment framework

The Commission's assessment of this rule change request must consider whether the proposed rule promotes the national gas objective (NGO) as set out under s. 23 of the National Gas Law (NGL).

The NGO is:

“to 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.”

Based on a preliminary assessment of this rule change request, the most relevant aspect of the NGO for the purpose of this rule change request is the efficient operation and use of natural gas services. To determine whether the proposed rule, if made, is likely to promote the NGO the AEMC proposes to take the following into account as part of the assessment:

- **Potential to enhance the efficient operation of facilitated gas markets and use of natural gas services.** Aligning the gas day may enhance the interconnectedness of the facilitated markets and participants' ability to readily trade between regions. Participants may also be able to more readily find opportunities for arbitrage thereby promoting the flow of gas to its highest value end use.
- **Reduce the administrative costs of participants.** If the gas day start time and other key gas day events, such as deadlines for submission of bids and offers and the publication of the ex ante market schedule and prices, are consistent across all facilitated markets, market participants (and possibly AEMO as market operator) may be able to streamline activities and reduce administrative and compliance costs.

The Commission proposes to assess identified benefits against the implementation and potential ongoing costs of the proposed rule and compare this against the counterfactual of making no change to the current arrangements. The Commission proposes to undertake this assessment independent of the future shape the facilitated market arrangements may potentially take in the long term (as an outcome of Stage 2 of the East Coast Review for example).

## 5 Issues for consultation

Taking into consideration the assessment framework a number of issues for consultation have been identified that appear to be relevant to this rule change request.

The issues outlined below are provided for guidance. Stakeholders are encouraged to comment on these issues as well as any other aspect of the rule change request or this paper including the proposed assessment framework.

### 5.1 Consequences of inconsistent gas day start times

A 'gas day' is the period of 24 consecutive hours over which, amongst other things, gas is traded in each of the facilitated markets. The gas day start time determines the period in which certain operational, commercial and market activities (including intra-day activities) occur.<sup>23</sup>

The different facilitated markets currently operate with different gas day start times:

- the Victorian DWGM gas day commences at 6.00am;
- the Sydney and Adelaide STTM gas days commence at 6.30am; and
- the Brisbane STTM and Wallumbilla GSH gas days commence at 8.00am.

As mentioned above, in each of these markets, market time is always measured in Australian Eastern Standard Time, regardless of the local time at the hub.<sup>24</sup> Consequently market times do not change for daylight saving time.

COAG Energy Council's rule change request identifies potential consequences of having inconsistent gas day start times in the different facilitated markets.

#### 5.1.1 Inconsistent timing for gas day events in the STTM

COAG Energy Council suggests that the inconsistency in gas day start times creates unnecessary complexity between the STTM hubs, which may be contributing to additional costs to participants operating in these markets.

Since the timing of gas day events are determined in relation to the gas day start time, if gas day start times of the STTM hubs were harmonised, COAG Energy Council suggests market participants could streamline their activities across the three STTM hubs and possibly find opportunities for cost savings. For example, in the STTM the submission of bids and offers for the following gas day close five and a half hours after the start of the current gas day at that location. The inconsistent start times at the three

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<sup>23</sup> For example, rule 410 of the NGR sets out the timing of submissions of ex ante offers, ex ante bids and price taker bids by reference to the start of the gas day.

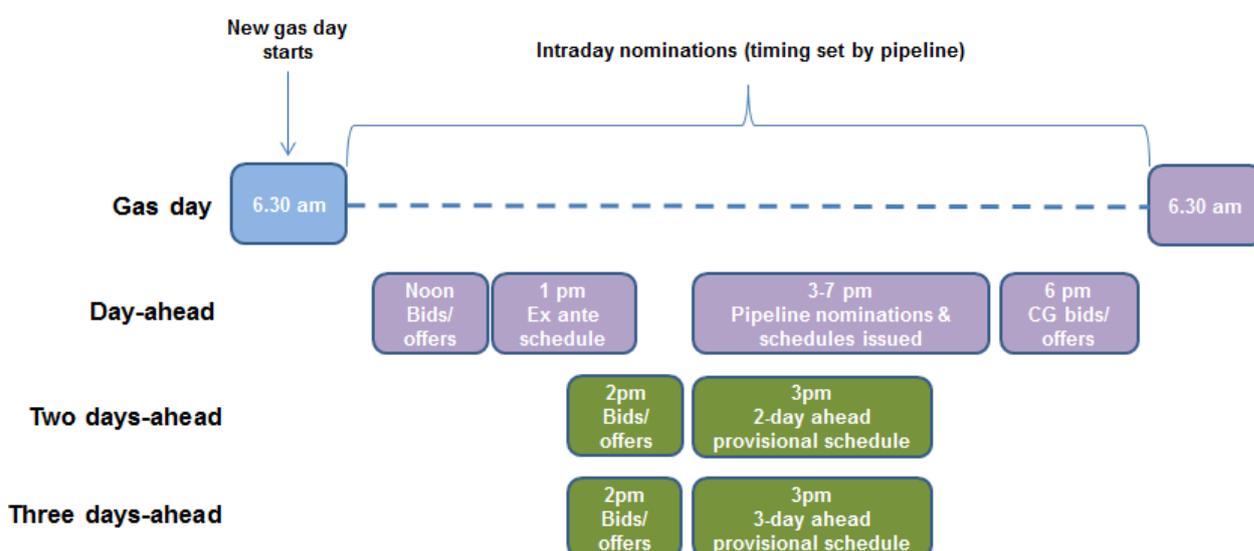
<sup>24</sup> See rule 366 of the NGR and clause 2.7 of the Exchange Agreement.

STTM hubs therefore results in different deadlines for the submission of bids and offers and the publication of ex ante schedules.

While independent of the STTM, pipeline nominations are also made by reference to a gas day start time. After the ex ante market schedules are published by AEMO shippers make nominations to pipeline operators in accordance with their relevant contracts.<sup>25</sup>

Figure 5.1 shows the timeline for a typical STTM day in Adelaide and Sydney in Eastern Standard Time. All timings for events in the Brisbane STTM are 1.5 hours after Adelaide and Sydney.

**Figure 5.1 Adelaide and Sydney STTM timeline**



Source: AEMC, East Coast Wholesale Gas Market and Pipeline Frameworks Review, Stage 1 Final Report.

**Question 1 Inconsistent timing for gas day events in the STTM**

(a) Do the different gas day start times in the STTM hubs contribute to unnecessary complexities as suggested by the COAG Energy Council? If so, please provide further information on the nature and extent of these complexities.

### 5.1.2 Inconsistent gas day start times between facilitated markets

The rule change request is not limited to proposing harmonisation of the gas day start times in each of the STTM hubs. COAG Energy Council also suggests that different gas day start times also create complexity and inconsistency between the three different types of facilitated markets and that this may contribute to additional costs and complexity for participants operating across all these markets. Further, this

<sup>25</sup> AEMO, Industry Guide to the STTM, November 2015, p35.

inconsistency may also be acting as a barrier to gas trading and opportunities for arbitrage between different regions of the interconnected east coast gas market.<sup>26</sup>

The AEMC notes that amending the gas day start time of the STTM and the GSH to align to the Victorian DWGM gas day start time of 6:00am EST will not necessarily align all gas day events between the facilitated markets given the different market designs of each market. The COAG Energy Council has not proposed to make any specific changes to intra-day events in any of the facilitated markets.

**Question 2      Harmonising gas day start times between the facilitated markets**

- (a) **How do different gas day start times across the facilitated markets create complexities and contribute to additional costs for participants operating in these markets?**
- (b) **Does the nature and extent of the complexities identified by the COAG Energy Council vary across the different facilitated markets?**
- (c) **Do different gas day start times between facilitated markets act as a barrier to gas trading and opportunities for arbitrage between different regions of the east coast gas market? If so, how?**

## **5.2 Potential benefits of the proposed solution**

As set out in Chapter 3, the COAG Energy Council has proposed to address the above issues by:

- prescribing a single gas day definition in the NGR for all STTM hubs, with a start time of 6:00am EST; and
- inserting a new rule in the NGR that establishes the GSH gas day start time as 6:00am EST.<sup>27</sup>

As noted above, the COAG Energy Council has identified some potential broad benefits to making the proposed rule. These are:

- reducing complexities and enabling market participants to streamline their activities across the facilitated markets and possibly find opportunities for cost savings;<sup>28</sup>
- increasing opportunities for trade and arbitrage between regions, enabling gas to flow to its highest value use;<sup>29</sup>

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<sup>26</sup> COAG Energy Council rule change request, 19 November 2015, p5.

<sup>27</sup> *ibid*, p8.

<sup>28</sup> *ibid*, p6 and p9.

<sup>29</sup> *ibid*, p5.

- providing market participants with greater certainty and confidence that the gas day start time would become and remain aligned by introducing the gas day start time for the GSH in the NGR;<sup>30</sup> and
- supporting the development of financial risk management tools.<sup>31</sup>

**Question 3 Potential benefits of the proposed solution**

- (a) If all STTM hubs and the GSH had a gas day start time of 6:00am EST, what would be the benefits (including any avoided costs) to your business, the wider market and consumers? Over what period of time would the identified benefits accrue and to which parties?
- (b) If all STTM hubs used a gas day start time of 6:00am EST, how would this impact on the relevant pipeline nominations process and any other activities (whether prescribed under the regulatory framework or otherwise under commercial arrangements)?
- (c) Will setting the GSH gas day start time in the NGR provide participants greater certainty and confidence that the gas day start time will remain aligned across certain markets going forward?
- (d) Will setting the gas day start time for the STTM and GSH to 6:00am EST benefit participants by way of supporting the development of financial risk management tools? If so, how?

### 5.3 Potential costs of the proposed solution

The proposed solution may impose a range of costs on AEMO and market participants which need to be assessed against the potential benefits. While the COAG Energy Council's proposed solution seeks to minimise costs, AEMO and market participants will need to undertake a range of steps to implement the new gas day start time in the STTM and the GSH.

#### 5.3.1 Minimising costs

The particular solution proposed by COAG Energy Council seeks to minimise the implementation costs and impacts of harmonising the gas day start time across the facilitated markets.

The COAG Energy Council argues that aligning the facilitated markets with the DWGM's gas day start time will minimise costs across the facilitated markets because the DWGM supports the greatest number of participants and hosts significant metering infrastructure. As such, while amending the gas day start time in the STTM and the GSH will be disruptive to market participants and infrastructure operators in

<sup>30</sup> *ibid*, p5.

<sup>31</sup> *ibid*, p6.

these markets, the total costs and impacts associated with metering and contractual changes of harmonising the gas day start time across the eastern markets will be minimised.<sup>32</sup>

#### **Question 4**

- (a) **Will COAG Energy Council's proposal to align the STTM and GSH gas day start time to that currently used in the Victorian DWGM minimise the total implementation cost of the proposed change for the east coast gas market?**

### **5.3.2 Implementation costs of the proposed solution**

The proposed solution will require a program of operational, commercial and procedural work to be undertaken by AEMO and industry. Currently, AEMO and market participant's systems, procedures and contractual arrangements are generally aligned to the specific gas day in the relevant market. If the gas day start time in the STTM and the GSH is amended to 6:00am EST, AEMO and market participants will incur a number of one off costs associated with modifying procedures, systems and contractual arrangements. There may also be ongoing costs. Some of the potential costs are outlined below.

#### **Field flow computers and distribution connected meters**

Amending the gas day start times in the STTM and the GSH is likely to require modifying the coding of each flow computer at transmission pipeline meters in Queensland, NSW and South Australia. The AEMC understands that this cannot be performed remotely at many meters and will require field technicians to undertake site visits. It may be necessary for these visits to be on the day of change over to allow manual reprogramming or replacement of meters. However, some site visits may be able to occur in advance of the day the rule takes effect.

Interval meters of large gas users which are distribution connected within an STTM hub may also need to be reprogrammed to synchronise with the new gas day start time. However, meters for residential customers, being accumulation meters which are only read quarterly, are unlikely to be affected.

#### **Amending commercial contracts**

Contracts such as gas transportation agreements (GTAs) and gas supply agreements (GSAs) generally specify a gas day in relation to particular terms and conditions of the contract between the parties. If the gas day start time was amended to 6:00am EST in the STTM and the GSH then some parties may seek to amend their GTAs and/or GSAs so that contractual arrangements reflect the change in the gas day. This may have the benefit of aligning various intra-day activities between commercial arrangements and the relevant market. Alternatively, parties would need to manage any mismatch in

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<sup>32</sup> *ibid*, p9.

timing between contracts and the relevant market through their own business processes.

### **Modifying business procedures and systems**

There may be a number of modifications to business procedures and operational systems that market participants in the STTM and the GSH will need to undertake to align these with a 6:00am EST gas day start time:

- shippers may amend internal procedures for forecasting and making bids and offers into the markets;
- pipelines may make changes to their systems in relation to receipt and delivery of gas; and
- producers may also amend processes for their production facilities.

### **Amending AEMO systems and procedures**

If the proposed rule is made, AEMO will need to assess what operational and procedure changes will be necessary for the STTM and GSH. In addition, AEMO's retail market systems and the Retail Market Procedures for each market may require amendments. AEMO has indicated it expects the necessary changes would be minor and would not be costly to implement.

### **Amending the GSH Exchange Agreement**

The Gas Supply Hub Exchange Agreement (Exchange Agreement) is made by AEMO pursuant to rule 539 of the NGR. The Exchange Agreement provides the terms of participation in the Wallumbilla GSH and the transactions entered into through the hub. It is a multilateral contract between AEMO and hub participants.

The gas day start time for products traded at the GSH is currently defined in the Exchange Agreement as 8:00am. Therefore, if the proposed rule is made, consequential amendments would be required to the Exchange Agreement so it is consistent with the NGR.

The NGR provides for AEMO to amend the Exchange Agreement through a consultation process with gas trading exchange members and any others affected persons in accordance with the process set out in the Exchange Agreement. AEMO may only make amendments to the Exchange Agreement that are consistent with the NGL and the NGR. AEMO must also have regard to the NGO and any compliance costs AEMO or members or hub participants will incur as a consequence of the amendment.<sup>33</sup>

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<sup>33</sup> Rule 540 of the NGR.

## **Impact outside the STTM and GSH**

The proposed rule does not require any changes to other markets, pipelines, or locations, including for example:

- the Northern Territory;
- retail markets; or
- unconnected pipelines.

The result may be that not all of the east coast gas market (including the Northern Territory) operates on the same gas day. While some commercial and regulatory arrangements outside of the STTM and GSH may be amended, in other instances participants may not see the benefit in doing so.

## **Transitional arrangements**

If the proposed rule is made, there will need to be a smooth transition leading up to, and on, the day that the new start time commences. For example, on the day of change over in Queensland consumption between 6am and 8am will be transferred from one day to the next. Arrangements will need to be put in place to provide shippers with the appropriate daily capacity on pipelines over the change day which will create a short gas day in Queensland. This may impact on shipper line pack balances, daily variations and imbalances and allocations. Businesses may incur commercial and legal costs in managing these issues.

### **Question 5      Implementation costs of the proposed solution**

**(a)    If the STTM and GSH gas days are amended to start at 6am EST, what changes would be required to business':**

- (i)    infrastructure and IT systems;**
- (ii)   procedures and processes; and**
- (iii)   contractual arrangements?**

**What is the estimated cost of making these changes and who will bear that cost?**

**(b)    Would the proposed gas day start time have an ongoing business cost? What is the estimate of this cost and who will bear that cost?**

**(c)    Would the proposed change to the STTM and GSH gas day impact on businesses that are outside of these facilitated markets? What are these impacts and their estimated costs? Who will bear these costs?**

- (d) What is an appropriate method to manage transitional arrangements leading up to, and on, the day that the new gas day start time would commence?
- (e) Given the level of liaison and cooperation that will be required between pipelines, shippers and market participants is there a need for a market institution to provide oversight of implementation and market readiness?

#### 5.4 Implementation timeframe

There are a number of steps that would need to be undertaken by AEMO and market participants prior to the commencement of a new gas day start time of the STTM and the GSH. Adequate time would need to be provided for:

- transmission and distribution pipeline operators to plan and resource a program to reset field flow computers and any other relevant equipment;
- market participants to modify business procedures and systems;
- GTAs and GSAs to be amended if necessary;
- AEMO to make any requisite changes to its retail market systems and consequential changes required to the Retail Market Procedures for each market and the STTM Reports Specification; and
- AEMO to consult on and make amendments to the Exchange Agreement.

AEMO has indicated that it considers six months would be adequate to make amendments to its systems, procedures and the Exchange Agreement before a change in the gas day start time in the STTM and the GSH to 6:00am EST could commence.

#### Question 6 Implementation timeframe

- (a) If the proposed rule is made, what are the necessary steps to implement it? What is an appropriate period for implementation to occur?

## **6 Lodging submissions**

The Commission has published a notice under section 303 of the NGL inviting written submissions for this rule change request. Submissions are to be lodged online or by mail by 31 March 2016 in accordance with the following requirements.

Where practicable, submissions should be prepared in accordance with the Commission's Guidelines for making written submissions on rule change proposals available on the AEMC website. All submissions are published on the website subject to a claim of confidentiality.

All enquiries on this project should be addressed to Kate Reid on (02) 8296 7857.

### **6.1 Lodging a submission electronically**

Electronic submissions must be lodged online via the Commission's website, [www.aemc.gov.au](http://www.aemc.gov.au), using the "lodge a submission" function and selecting the project reference code "GRC0036". The submission must be on letterhead (if submitted on behalf of an organisation), signed and dated.

Upon receipt of the electronic submission, the Commission will issue a confirmation email. If this confirmation email is not received within 3 business days, it is the submitter's responsibility to ensure the submission has been delivered successfully.

### **6.2 Lodging a submission by mail**

The submission must be on letterhead (if submitted on behalf of an organisation), signed and dated. The submission should be sent by mail to:

Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

Or by Fax to (02) 8296 7899.

The envelope must be clearly marked with the project reference code: GRC0036.

Except in circumstances where the submission has been received electronically, upon receipt of the hardcopy submission the Commission will issue a confirmation letter.

If this confirmation letter is not received within 3 business days, it is the submitter's responsibility to ensure successful delivery of the submission has occurred.

## Abbreviations

AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
COAG	Council of Australian Governments
Commission	See AEMC
DWGM	Declared Wholesale Gas Market
EST	Eastern Standard Time
Exchange Agreement	Gas Supply Hub Exchange Agreement
GSH	Gas Supply Hub
GSA	Gas supply agreement
GTA	Gas transportation agreement
NEO	National Electricity Objective
NGL	National Gas Law
NGR	National Gas Rules
STTM	Short Term Trading Market