



INFORMATION

Improvements to Natural Gas Bulletin Board

Final Determination

The Australian Energy Market Commission (AEMC) has made a final rule and final rule determination on the improvements to Natural Gas Bulletin Board rule change request. The final rule will enhance the breadth and accuracy of information provided to the market through the 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.

The final rule will improve the information provided to the market to assist users in making efficient decisions regarding the use of gas and gas services.

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.

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.

Final rule

The final 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
- exempts, on a case-by-case basis:
 - reporting entities where the information is already provided by another party
 - lateral gathering pipelines where the information provided would not be material
- 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 final rule

The final rule will 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 final rule, will 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 final rule contains a new reporting model and registration obligations which clarifies and simplifies the administrative process for parties. The model will help support a well-functioning and useful Bulletin Board. The final rule contains two exemptions from the reporting requirements: (1) for reporting entities where the information they would be required to report is already provided by another reporting entity; or (2) lateral gathering pipelines where the information provided is not material. These exemptions are in AEMO's discretion and apply on a case-by-case basis.

The final rule will 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 final 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 will 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.

The final rule also more closely aligns the reporting requirements for pipelines that form part of the declared transmission system (DTS) with other bulletin board pipelines. This change from the draft rule requires pipelines forming part of the DTS to provide separately aggregated injection and withdrawal information, as well as forecast injection and withdrawal information for the two days out from the current day.

Publication of information on the Bulletin Board

The final rule provides that AEMO will 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.

Funding arrangements and future development of the Bulletin Board

The final 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. The final rule also includes in Part 15A a new rule which allows AEMO to recover costs of providing services as operator of the Bulletin Board as a component of participant fees.

AEMO is required to publish a biennial report on the operation of the Bulletin Board. This requirement will 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.

Implementation

Under the final rule, parts of the rule will commence on different dates:

1. AEMO must prepare and implement the Bulletin Board Procedures by 30 April 2018
2. The new cost recovery provisions in Part 15A and the removal of the cost recovery provisions in Part 18 will commence on 15 May 2018
3. The remaining parts of the rule will commence on 30 September 2018.

This will provide AEMO and market participants sufficient time to develop the necessary procedures, policies and systems required to implement the final rule. Further, it will allow the new cost recovery provisions to be in place before the next financial year (1 July 2018) when participant fees are determined and collected.

The rule change request

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

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