



## Matched allocation process in the Short Term Trading Market

### Stakeholder submissions invited on draft rule determination

**The AEMC has made a draft rule that would enable the distributor for NSW Gas Networks to continue to utilise either of two available methods to manage its network's daily gas needs for operational requirements.**

#### The Commission's decision

The Commission's draft rule determination, which includes a draft rule, would enable Jemena Gas Networks (NSW) Ltd (Jemena), as the operator of the NSW Gas Network,<sup>1</sup> to continue to utilise either the matched allocation process or the STTM, for the purpose of meeting its network's daily gas needs for operational requirements from 1 July 2015.

#### Reasons for the Commission's decision

The Commission considers that making the draft rule is in the long term interests of natural gas consumers. This is because the draft rule would assist Jemena to better manage its obligations under its Access Arrangement and gas Retail Market Procedures to replace unaccounted for gas<sup>2</sup> in its distribution network, given the role of the distributor and particular treatment of unaccounted for gas in the NSW gas retail market. This would support the efficient operation and use of natural gas services with respect to the price of natural gas.

The reasons for the Commission's decision are: unaccounted for gas in the NSW gas retail market cannot be forecast accurately on a daily basis; the overall quantity of unaccounted for gas is relatively small; and access to reliable and updated information is required to be able to participate effectively in the STTM and appropriately manage any potential exposure to trading risk.

#### The draft rule

The matched allocation process is a process specified in the National Gas Rules (NGR) that excludes gas quantities, supplied to Jemena for operational requirements for its NSW Gas Network, from the settlement of the Sydney STTM. The matched allocation process is a transitional provision in the NGR that is set to expire on 30 June 2015.

The draft rule, if implemented, would effectively move the transitional provisions relating to the matched allocation process from Schedule 1, to Part 20, of the National Gas Rules. The effect of which would be to enable Jemena to continue to utilise either of two available methods from 1 July 2015. The draft rule is consistent with Jemena's proposed rule, with some minor amendments to improve the clarity of the proposed rule.

#### Consultation

Stakeholders are invited to make written submissions in response to the draft rule determination, and the draft rule, by no later than 23 April 2015.

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<sup>1</sup> The NSW Gas Network consists of the NSW Distribution System, the Wilton-Newcastle trunk line, the Wilton-Wollongong trunk line and the Central West Distribution System.

<sup>2</sup> The transitional provision in the NGR refers to the gas procured by Jemena as being "natural gas purchased by Jemena to meet the operational requirements of its STTM distribution system" (see clause 26(1)(a) of the NGR). In effect, the gas procured by Jemena under this provision largely refers to "unaccounted for gas", which is a term used in Jemena's Access Arrangement and describes the gas that is lost in Jemena's distribution network whilst under its custody.