



Australian Energy Market Commission

CONSULTATION PAPER

**National Gas Amendment (Removal of the Gas
Bulletin Board emergency information page)
Rule 2015**

Rule Proponent

Australian Energy Market Operator

12 March 2015

**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

The Australian Energy Market Operator (AEMO) has proposed changes to the National Gas Rules (NGR) relating to the emergency information page on the Natural Gas Services Bulletin Board (or Gas Bulletin Board).

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

This paper:

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

2 Background

This chapter provides background on gas emergency arrangements and the role of the Gas Bulletin Board in emergency management.

The rule change request concerns the NGR requirement for the Gas Bulletin Board to include an emergency information page. The National Gas Law (NGL) and the NGR do not cover other aspects of multi-jurisdiction emergency arrangements and these are outside the scope of this rule change process.

2.1 Gas emergency arrangements

Each Australian jurisdiction has its own emergency powers that can be exercised by a Minister or agency during an emergency.¹

The Commonwealth, states and territories have also developed the National Gas Emergency Response Protocol (the Protocol) to apply during emergency incidents affecting two or more jurisdictions. The Protocol is set out in a Memorandum of Understanding, which was entered into in May 2005.²

The Protocol establishes the National Gas Emergency Response Advisory Committee (NGERAC) to advise Ministers on the use of their emergency powers and responses to gas supply shortages affecting multiple jurisdictions.

NGERAC is currently chaired by the Commonwealth Department of Industry and Science, while secretariat services are provided by AEMO. Other members of NGERAC include industry, user and jurisdictional representatives.

While NGERAC has an important role to play in advising jurisdictions during an emergency, the affected jurisdictions will ultimately decide whether their emergency powers will be exercised and the end-users that should be curtailed if there is a shortage of available gas.

2.2 Role of the Gas Bulletin Board in emergency management

The Gas Bulletin Board is an information website established in 2008 at the request of the Ministerial Council on Energy (now the COAG Energy Council). Its purpose is to:

- facilitate trade in natural gas and pipeline capacity through the provision of gas system and market information; and
- assist in emergency management through the provision of system and market information.³

AEMO operates the Gas Bulletin Board in accordance with its obligations under the NGL and the NGR. The rules require AEMO to maintain a section on the Gas Bulletin

1 These powers typically allow a Minister to direct how gas is used, which may include load curtailment and rationing of the available supply.

2 Memorandum of Understanding - National Gas Emergency Response Protocol for Natural Gas Supply Shortages Affecting Jurisdictions with Interconnected Gas Supply Networks, May 2005.

3 NGR, rule 142.

4 Removal of the Gas Bulletin Board emergency information page

Board for the publication of emergency information. In the event of an emergency, the Chair of NGERAC or a jurisdiction may request AEMO to activate the emergency information page.⁴

When the emergency information page is active, Gas Bulletin Board participants, including jurisdictions, may provide information for AEMO to publish on the page. Only Gas Bulletin Board participants may access the emergency information page.

Since the inception of the Gas Bulletin Board, the emergency information page has not been activated in a real incident. However, AEMO has conducted test exercises so that users can practise using the facility. Following the July 2013 exercise, AEMO recommended that the emergency information page should be decommissioned. This recommendation was endorsed by NGERAC at its October 2013 meeting.⁵

NGERAC's emergency management process, the Interruption to Supply Process, does not rely on the emergency information page. Instead, NGERAC's process uses text messages, email and teleconferences as the primary forms of communication during an incident.

⁴ Rule 182. A jurisdiction may request activation of the emergency information page even if the incident is not affecting more than one jurisdiction.

⁵ Minutes from the 20th NGERAC meeting, 22 October 2013, p6.

3 Details of the rule change request

3.1 Reasons for the rule change request and the proposed rule

AEMO has identified three issues with the emergency information page which is currently specified in the NGR. Firstly, the page introduces undue complexity and risk in the emergency management process. This is due to:

- The absence of a central co-ordinating authority to verify information posted on the emergency page.
- That the activated page must be frequently refreshed to see the most recent information.
- That users must be logged-on to receive updates, which creates a risk of participants being unable to log on.

Secondly, the use of the page alongside other means of communication could lead to multiple sources of emergency information, which may result in conflicting messages, confusion and sub-optimal decision making.

Thirdly, AEMO estimates that it would have to spend up to \$180,000 to include the emergency page in the recently re-developed Gas Bulletin Board. All Gas Bulletin Board costs are recovered from pipeline shippers.⁶

AEMO's proposed solution is to remove the requirement in the rules for it to maintain an emergency information page.

In its rule change request, AEMO indicates that both NGERAC and the Gas Bulletin Board Reference Group support the removal of the emergency information page. AEMO has received a letter of support for its proposal from the Department of Industry and Science in its capacity as the Chair of NGERAC.

AEMO's rule change request includes a proposed rule that removes all provisions in the NGR relating to the emergency information page.

3.2 Consideration as a non-controversial rule

The Commission proposes to treat this rule change request as a non-controversial rule. A "non-controversial Rule" is defined by the NGL (s. 290) as:

“a Rule that is unlikely to have a significant effect on a market for gas or the regulation of pipeline services”.

Rule changes that are considered to be non-controversial may proceed under an expedited process, whereby the final determination must be published with six weeks of the rule change process being initiated.⁷ If stakeholders wish to object to the use of the expedited process, they must notify the AEMC by 26 March 2015.

⁶ Pipeline shippers are defined in the NGR as pipeline users who are party to a contract with a service provider of a pipeline, or have the right via an access determination to be provided with a pipeline service (rule 141).

⁷ NGL, s.304(1).

4 Assessment framework

The Commission's assessment of this rule change request must consider whether the proposed Rule promotes the National Gas Objective (NGO):

“The objective of this Law 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.”⁸

The objective captures the three dimensions of efficiency: productive (efficient operation), allocative (efficient use of) and dynamic efficiency (efficient investment).⁹

Based on a preliminary assessment of this rule change request, the most relevant aspects of the NGO, for the purpose of this rule change request, are:

- the efficient use of natural gas services with respect to security of supply; and
- the efficient operation of natural gas services with respect to price.

To determine whether the proposed rule, if made, is likely to promote the NGO, the following principles may be considered as part of the AEMC's assessment of the rule change request:

- **Clarity of emergency information and management roles.** A characteristic of effective emergency management is for decision makers to have access to current and unambiguous emergency information and for roles to be clearly defined. The proposed rule may improve the clarity of the emergency management arrangements by reducing the potential for outdated, conflicting or inaccurate information during an emergency incident. Clearer emergency management arrangements may contribute to more effective management of incidents, which would be in the long-term interests of consumers.
- **Productive efficiency due to reduction of regulatory and administrative burden.** Removing the requirement for an emergency page would reduce the costs of administering the Gas Bulletin Board, which are incurred by AEMO and recovered from pipeline shippers. The reduction of administrative burden and the benefit to consumers will be considered in conjunction with the potential impact, if any, on stakeholders of there no longer being an emergency information page.

⁸ NGL, s. 23.

⁹ Productive efficiency means goods and services should be provided at lowest possible cost to consumers; allocative efficiency means that the price of goods and services should reflect the cost of providing them, and that only those products and services that consumers desire should be provided; dynamic efficiency means arrangements should promote investment and innovation in the production of goods and services so that allocative and productive efficiency can be sustained over time, taking into account changes in technologies and the needs and preferences of consumers.

5 Issues for consultation

We have identified some issues for consultation that are relevant to this rule change request. Stakeholders are encouraged to respond to these questions as well as any other aspect of the rule change request or this paper, including the proposed assessment framework.

Question 1 Does the emergency information page, as set out in the NGR, contribute, or have the potential to contribute, to effective emergency management?

Question 2 Do you agree that removing the requirement for an emergency information page in the NGR would reduce the potential for confusion during an emergency incident?

6 Lodging a submission

Submissions on the rule change request are to be lodged by 9 April 2015. Any objections to the making of a rule under the expedited process are to be lodged by 26 March 2015.

Submissions and any objection to the making of a rule under the expedited process are to be lodged online via the Commission's website, www.aemc.gov.au or by mail to:

Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Or by Fax to (02) 8296 7899.

Where practicable, submissions should be prepared in accordance with the Commission's guidelines for making written submissions on rule change requests.¹⁰ The Commission publishes all submissions on its website, subject to a claim of confidentiality.

All enquiries on this project should be addressed to Ben Noone on (02) 8296 7800.

¹⁰ This guideline is available on the Commission's website.