



DWGM-AMDQ Allocation

Commencement of consultation on rule change request

The Australian Energy Market Commission has started consultation on a rule change request from the Australian Energy Market Operator (AEMO) that seeks to clarify the provisions relating to the classification and allocation of new capacity instruments in the Victorian Declared Wholesale Gas Market (Victorian DWGM).

The rule change request

AEMO has submitted a rule change request that seeks to amend Part 19 of the National Gas Rules (NGR). Under the proposed rule:

- all extensions and expansions to the Victorian declared transmission system (Victorian DTS) would result in creation of AMDQcc which would be allocated by APA;
- authorised MDQ would relate only to the historical capacity on the Longford to Melbourne pipeline at the time the Victorian DWGM commenced and would be allocated by AEMO;
- both AEMO and APA would provide a minimum notice period prior to an allocation of authorised MDQ or AMDQcc; and
- AEMO would be required to offset any proceeds it receives from the auction of authorised MDQ against the operating costs of the Victorian DWGM.

Issues for consultation

A consultation paper has been prepared to facilitate stakeholder comment on the issues raised by the rule change request, in particular:

- whether the existing rules relating to the classification and allocation of new capacity instruments in the Victorian DWGM lack clarity;
- whether increased information provision resulting from a minimum notice period will allow market participants to make more informed and efficient decisions;
- whether the allocation processes for capacity instruments undertaken by AEMO and APA are effective and efficient; and
- what investment signals are present in the Victorian DWGM and how are these related to the allocation process undertaken for capacity instruments.

The consultation paper should be read in conjunction with the rule change request, which is available on the project page for this rule change.

Submissions are due by 8 October 2015.

**Submissions
close on 8 October
2015**

Relationship with the Review of the Victorian DWGM

On 4 March 2015, the Victorian government requested the AEMC to initiate a review of the Victorian DWGM. This review is looking at the Victorian gas market at a much broader level than this rule change request. Nonetheless, the classification and allocation of new capacity as authorised MDQ or AMDQcc and who is responsible for undertaking the allocation process for the capacity instruments may interact with some of the broader issues being considered as part of the review. A discussion paper on the review was published on the AEMC's website on 10 September 2015.

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