



Gas day harmonisation draft determination

Stakeholders invited to comment on draft rule

The Australian Energy Market Commission has made a draft rule to harmonise the start time of the gas day used in the Short Term Trading Market hubs and the Gas Supply Hub trading locations with the gas day start time used in the Victorian Declared Wholesale Gas Market. Under the draft rule, the gas day in each market at each location would commence at 6.00 am Australian Eastern Standard Time from 1 April 2021.

Background

The draft rule, which is a more preferable rule, has been made in response to a rule change request submitted by the COAG Energy Council.

The rule change request sought to amend the National Gas Rules to harmonise the gas day start times of all Short Term Trading Market hubs with the Victorian Declared Wholesale Gas Market gas day start time of 6.00 am.

In addition, the COAG Energy Council sought to insert new rules into the National Gas Rules to specify that the gas day to be used in the Gas Supply Hub exchange agreement would also commence at 6.00 am.

Why harmonise the gas day in the east coast markets?

Different gas markets across the east coast currently operate with different gas day start times as a result of legacy pipeline arrangements. These differences impose a cost on the increasingly integrated system.

A common gas day across the facilitated markets would support new market arrangements proposed by AEMC's *East coast wholesale gas markets and pipeline frameworks review* including capacity standardisation and trading reforms. The implementation of these reforms is currently being progressed by the Gas Market Reform Group which has been established by the energy ministers.

However, if the rule was to commence in the near term, the benefits of doing so would be limited and would not outweigh the implementation costs. By implementing a harmonised gas day in conjunction with the capacity standardisation and trading reforms, the benefits of the changes will be expected to exceed the implementation costs.

The draft rule

Consistent with the COAG Energy Council's rule change request, the Commission has made a draft rule to amend the definition of a 'gas day' in the National Gas Rules so that the Short Term Trading Market gas day is a period of 24 consecutive hours starting at 6.00 am on each day.

In addition, the Commission introduced in new rule in relation to the Short Term Trading Market which requires allocation data provided by allocation agents for facility operators to be derived using metering data based on the new gas day. This is to provide certainty that gas allocation information provided to the Australian Energy Market Operator is determined using measurements corresponding to the market's gas day.

The Commission has also made a new rule requiring that the Gas Supply Hub exchange agreement must define a gas day as a period of 24 consecutive hours beginning at 6.00 am.

The commencement date for changes to the gas day in the Short Term Trading Market and the Gas Supply Hub is 1 April 2021.

**The draft rule
would harmonise
the gas day start
time of the east
coast gas markets
to 6.00 am AEST.**

Next steps

Stakeholders are invited to make submissions in response to the draft rule determination and the draft rule. Submissions must be provided to the AEMC by 12 January 2017.

For information contact:

Senior Advisor, **Kate Reid** (02) 8296 7800

Director, **Meredith Mayes** (02) 8296 7800

Media: Communication Director, Prudence Anderson 0404 821 935 or (02) 8296 7817

17 November 2016