

IMPACT IMPLEMENTATION REPORT (IIR)

Summary Section

For AEMO to complete and administer.

Issue Number	1		
Impacted Jurisdiction(s)	Queensland, New South Wales, South Australia, Victoria, Tasmania, Northern Territory, Australian Capital Territory		
Proponent	Trent Morrow	Company	AEMO
Affected Gas Market(s)	<ul style="list-style-type: none"> • Capacity Auction • Capacity Trading Platform 	Consultation process (Ordinary or Expedited)	Ordinary
Industry Consultative forum(s) used	PCT Reference Group, GSH Reference Group		
Short Description of change(s)	Post go-live updates to Pipeline Capacity Trading arrangements		
Procedure(s) or Documentation impacted	<ul style="list-style-type: none"> • Transportation Service Point Register (TSPR) • GSH Exchange Agreement (EA) • Capacity Transfer and Auction Procedures (CTAP) 		
Summary of the change(s)	<ul style="list-style-type: none"> • Changes to TSPR to incorporate the Roma Pipeline, amendment to the Amadeus Gas Pipeline (AGP) service points, and potential arrangements for the Eastern Gas Pipeline (EGP) and the VicHub interconnect facility (VicHub) if they are classified as bi-directional in the future. • Corresponding update to the list of capacity trading products in the EA. • Amendments to CTAP related to the restriction of the publication of auction information for gas powered generating units (GPG) and a change to the minimum auction bid price. 		
I&IR Prepared By	Markets	Approved By	Paddy Costigan
Date I&IR published	8 May 2019	Date Consultation under 135EE or 135EF concludes	4 June 2019



**Email Address for
Responses**

pct@aemo.com.au

**Other key contact
information**

Trent Morrow – 07 3347 3072



IMPACT & IMPLEMENTATION REPORT – DETAILED REPORT SECTION

CRITICAL EXAMINATION OF PROPOSAL

1. DESCRIPTION OF CHANGE(S) AND REASONS FOR CHANGE(S)

1.1. Changes to TSPR

AEMO proposes changes to the TSPR for:

- the registration of the Roma Pipeline (RP),
- the addition of Tanami Road delivery point on the AGP, and
- a change to the receipt zone assigned to the Longford EGP receipt point on the EGP.

AEMO is also conducting a consultation on the zone and pipeline segment associated with a potential future change to the flow direction of the EGP and VicHub facilities. No effective date for the specification changes has been communicated to AEMO by the facility operator. Following the completion of this consultation, AEMO will publish the service point, zone and segment specification for bidirectional flows in the TSPR supporting document. AEMO will notify industry of the commencement date for the TSPR changes following an update to the facility registration by the facility operator.

1.2. Updated Capacity Trading Platform (CTP) product list

To coincide with the registration of the Roma pipeline, a new forward haul product will be made available for trading on the capacity trading platform, as specified in Attachment A, section 2.

AEMO consulted on the capacity trading products for the Northern Territory in 2018. AEMO will include these capacity trading products in the GSH Exchange Agreement with an effective date of 26 June 2019.

1.3. Procedures for the restricted publication of auction information

The CTAP outline rules to restrict the publication of auction information that may directly or indirectly disclose a nomination of GPG. AEMO identified additional restrictions that should be included in the procedures to ensure that the nomination from GPG is not disclosed. AEMO proposes the following amendments to the procedures to address this gap:

- a backhaul segment associated with a GPG service point will not be published, and
- all product components on pipelines with a single delivery zone that has restricted auction publication will not be published.

1.4. Change to the minimum auction bid price

Change to the minimum auction bid price from \$0/GJ to \$0.0001/GJ.

2. REFERENCE DOCUMENTATION

The following documents provide a reference to the proposed amendments:

- TSPR: <http://aemo.com.au/-/media/Files/Gas/Pipeline-Capacity/2019/TSP-Register-Document-for-Market-Commencement.pdf>
- GSH Exchange Agreement: http://aemo.com.au/-/media/Files/Gas/Gas_Supply_Hubs/Market_Operations/GSH-Exchange-Agreement.pdf



- CTAP: <http://aemo.com.au/-/media/Files/Gas/Pipeline-Capacity/2018/Capacity-Transfer-and-Auction-Procedures-v10.pdf>

3. THE HIGH LEVEL DETAILS OF THE CHANGE(S) TO THE EXISTING PROCEDURES

3.1. Changes to TSPR

Roma Pipeline

Following the registration of the Roma pipeline, AEMO is required to consult on the proposed pipeline zones prior to adding the facility to the TSPR. The Roma pipeline has a single receipt zone and a single delivery zone (both at Wallumbilla).

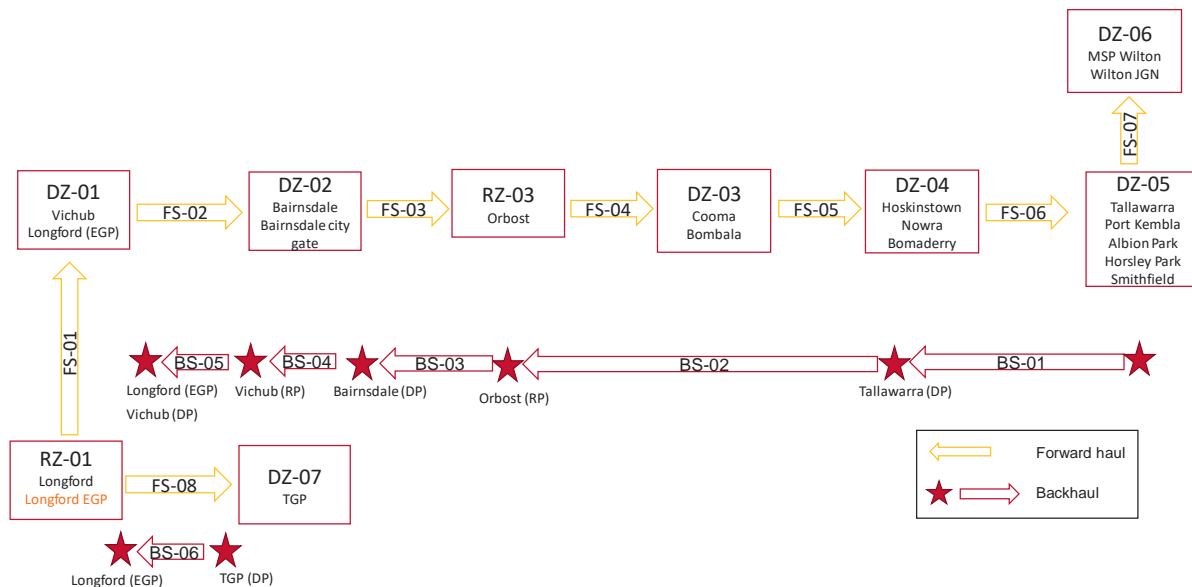
AGP – change to service points

APA group have registered a new delivery point on the AGP. It is proposed that the Tanami Road delivery point is added to the Tennent Creek delivery zone (DZ-02).

No changes to the AGP zones or pipeline segments are required in relation to the Tanami Road delivery point.

EGP – Longford EGP receipt point

AEMO received feedback from industry in early 2019 that the EGP park receipt point (Longford EGP) should change zone so that gas from park and backhaul services on the EGP can be transported to the TGP. Under the current EGP configuration, only gas from the Longford Gas Plant (in RZ-01) can be transported to the TGP. AEMO proposes a change to the EGP zones to move the EGP park receipt point into the same zone as the Longford gas plant (RZ-01) which will enable gas to be transported from this point to the TGP via FS-08.



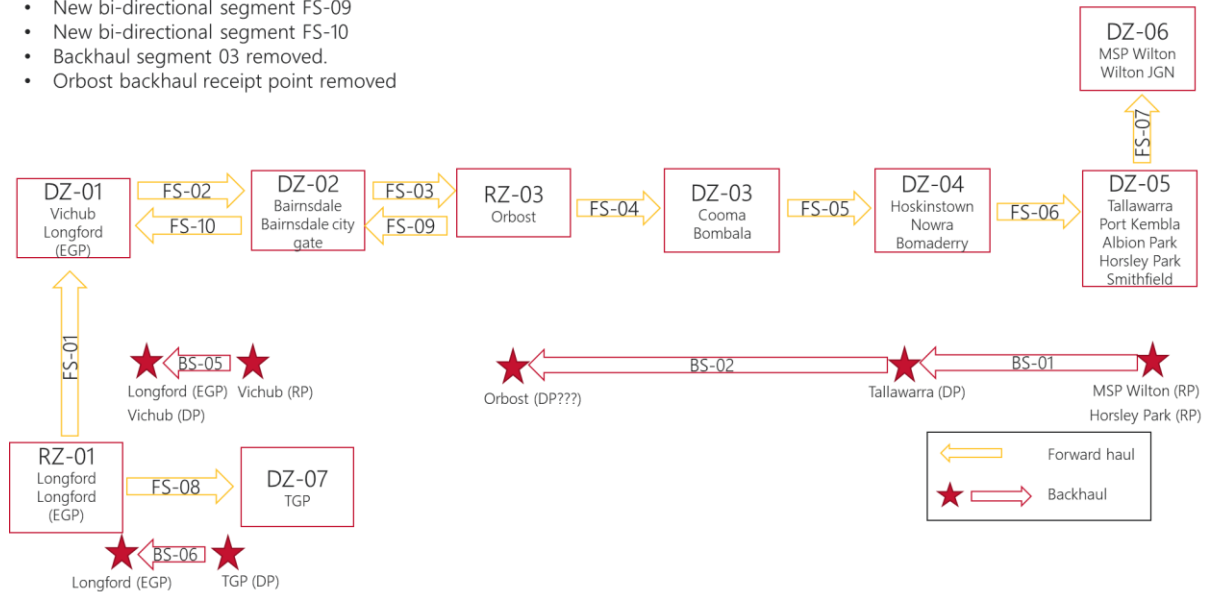
EGP – bidirectional flows

Jemena has informed AEMO of the potential for the EGP to change specification from single direction to bidirectional between Orbost and VicHub. If the specification of the pipeline does change in the future, then AEMO proposes that the backhaul segments from Orbost to VicHub would be replaced with forward haul segments. A new notional delivery point at Orbost would be required for use as a backhaul delivery point.



EGP bi-directional changes

- New bi-directional segment FS-09
- New bi-directional segment FS-10
- Backhaul segment 03 removed.
- Orbost backhaul receipt point removed



VicHub - bidirectional flows

Jemena has informed AEMO of the potential for VicHub to change specification from a single direction to a bidirectional pipeline. If the specification of VicHub does change in the future, then the following amendments would be made to the TSPR:

- the existing EGP receipt point would also be classified as a delivery point,
- the EGP delivery point would be assigned to a new delivery zone (DZ-02),
- the existing DTS delivery point would also be classified as a receipt point,
- the DTS receipt point would be assigned to a new receipt zone (RZ-02), and
- the backhaul segment (BS-01) would be replaced with a forward haul pipeline segment (FS-02).



3.2. Updated CTP product list (EA Schedule 35)

As outlined in section 1.2.

3.3. Procedures for restricted publication of auction information

As outlined in section 1.3.



3.4. Change to the minimum auction bid price

The capacity auction currently permits participants to submit a bid with a price of \$0/GJ. The allocation of capacity to a bid with a \$0/GJ price would not generate any economic surplus. The capacity auction solver is indifferent between allocating capacity and not allocating capacity to these bids so tie breaking rules apply. Each bid has a random chance of winning capacity.

While the approach to tie-breaking is outlined in the industry guide, some participants may be unaware of the potential outcomes associated with submitting a \$0/GJ bid. The implementation of a very low minimum price for auction bids would avoid the potential for tie breaking of \$0/GJ bids. This approach would avoid the need for a significant change to the auction solver and is likely to have minimal impact on pricing outcomes as the principle of a \$0/GJ clearing price when auction quantity exceeds demand would still apply. As such, AEMO proposes a change to the minimum auction bid price from \$0/GJ to \$0.0001/GJ.

4. EXPLANATION REGARDING THE ORDER OF MAGNITUDE OF THE CHANGE

The proposed amendment is a non-material change to current market operations.

ASSESSMENT OF LIKELY EFFECT OF PROPOSAL

5. OVERALL INDUSTRY COST / BENEFIT (TANGIBLE / INTANGIBLE / RISK) ANALYSIS AND/OR COST ESTIMATES

Costs:

- With the exception of arrangements to support the new facilities added to the TSPR, AEMO anticipates minor implementation costs associated with this proposal.

Benefits:

- Amendments to the TSPR and capacity trading products to incorporate new facilities is as per regulatory requirements for the registration of facilities.
- The proposed amendments to the CTAP will aid the operation of the auction.

Risks:

- Facility Operators should undertake testing in the pre-production environment to aid their operational readiness and meet their regulatory obligations.

6. THE LIKELY IMPLEMENTATION EFFECT OF THE CHANGE(S) ON STAKEHOLDERS

6.1. Changes to TSPR

The relevant facility operators will need update the registered service point specification in their systems.

6.2. Updated CTP product list

The new products will be available to trade in the pre-production environment for gas supply hub members.

6.3. Procedures for restricted publication of auction information

This change will have no impact on facility operators or participants.



6.4. Change to the minimum auction bid price

Auction participants will be required to submit a bid with a price greater than \$0/GJ.

7. TESTING REQUIREMENTS

The proposed changes to the will included in the pre-production environment to allow testing by facility operators and participants.

8. AEMO'S PRELIMINARY ASSESSMENT OF THE PROPOSAL'S COMPLIANCE WITH SECTION 135EB:

The proposed amendments outlined in this report are consistent with the NGL and NGR. The addition of the Roma Pipeline and the AGP delivery point to the TSPR are required in accordance with the NGR.

The proposed amendments to the CTAP will aid the operation of the auction and are not expected to have a material compliance cost to participants.

9. CONSULTATION FORUM OUTCOMES

AEMO consulted on the proposed changes with the PCT and GSH reference groups on 2 April 2019.

AEMO received one response from stakeholders in response to the consultation with the reference groups.

Stakeholder feedback	AEMO's response
When will changes to the TSPR be effective?	With the exception of the bi-directional flows, it is proposed that the changes will take effect on 26 June 2019.
Support restricting the publication of auction information that could disclose GPG information.	Noted
In relation to the minimum auction bid price, there is a preference for the auction solver to be updated to rectify the issue identified. To the extent this is not possible, updating the minimum bid price to \$0.0001/GJ should be considered.	A change to the capacity auction solver is likely to be a material change to the market systems. Given the likely impact of a higher price floor on participants is minimal, AEMO considers that this option is appropriate for resolving the issue.

RECOMMENDATION(S)

10. SHOULD THE PROPOSED PROCEDURES BE MADE, (WITH OR WITHOUT AMENDMENTS)?

AEMO recommends that the proposed amendments be made to the TSPR, Gas Supply Hub Exchange Agreement and CTAP.



11. IF APPLICABLE, A PROPOSED EFFECTIVE DATE FOR THE PROPOSED CHANGE(S) TO TAKE EFFECT AND JUSTIFICATION FOR THAT TIMELINE.

There is currently no effective date for the TSPR changes associated with a bidirectional pipeline specification on the EGP and VicHub facilities. The proposed effective date for all other changes outlined in this report is 26 June 2019.



ATTACHMENT A – DOCUMENTATION CHANGES (SEE SECTION 3)

Blue represents additions Red and strikethrough represents deletions – Marked up changes shown only in sections with changes.

1 Changes to TSPR

Roma Pipeline (RP)

Service points

Name	Type	Zone Name	Description	Publication
SWQP Receipt (Gate Station)	Receipt	RP-RZ-01		No
Roma Power Station Offtake	Delivery	RP-DZ-01		No
Roma Township Offtake	Delivery	RP-DZ-01		No

Zones

Name	Type	Description	Publication
RP-RZ-01	Receipt	Wallumbilla	No
RP-DZ-01	Receipt	Wallumbilla	No

Segments

Name	Type	From Location	To Location	Publication
RP-FS-01	Forward haul	RZ-01	DZ-01	No

AGP

Service points

Name	Type	Zone Name	Description	Publication
Tanami Road	Delivery	AGP-DZ-02		No



EGP

Change to zone for Longford EGP receipt point

Service points

Name	Type	Zone Name	Description	Publication
Longford (EGP)	Receipt	EGP-RZ-02 1	Park service receipt point.	Yes

Zones

Name	Type	Description	CTP Name	Publication
EGP-RZ-02	Receipt	Longford EGP		Yes

Pipeline Segments

Name	Type	From Location	To Location	Publication
EGP-FS-01	Forward haul	RZ-01	DZ-01, RZ-02	Yes
EGP-FS-02	Forward Haul	DRZ-01 ²	DZ-02	No

Proposed arrangements for bi-directional flows

Service points

Name	Type	Zone Name	Description	Publication
Orbest notional point	Backhaul delivery point	N/A	Notional point for backhaul delivery	Yes

Pipeline Segments

Name	Type	From Location	To Location	Publication
EGP-FS-09	Forward haul	RZ-03	DZ-02	Yes
EGP-FS-10	Forward Haul	DZ-02	DZ-01	No
EGP-BS-03	Backhaul	Orbest	Bairnsdale	No
EGP-BS-04	Backhaul	Bairnsdale	VicHub Pipeline (RP)	No



VicHub

Proposed arrangements for bi-directional flows

Service points

Name	Type	Zone Name	Description	Publication
Eastern Gas Pipeline	Backhaul delivery point	N/A DZ-02	Auction quantity limit set as offset of scheduled flows at forward haul receipt point.	Yes
Declared Transmission System	Backhaul receipt point	N/A RZ-02	Auction quantity limit set as offset of scheduled flows at forward haul delivery point	Yes

Zones

Name	Type	Description	CTP Name	Publication
VicHub-DZ-02	Delivery	EGP Zone	EGP	Yes
VicHub-RZ-02	Receipt	DWGM interface Zone	DWGM	Yes

Pipeline Segments

Name	Type	From Location	To Location	Publication
EGP-FS-09	Forward haul	RZ-03	DZ-01	Yes
EGP-BS-03	Backhaul	Orbest	Bairnsdale	No



2 Updated CTP product list (Exchange Agreement)

Roma Pipeline

Product available for pre-matched trading

Pipeline Receipt Zone	Receipt Zone Description	Pipeline Delivery Zone	Delivery Zone Description
RP-RZ-01	Wallumbilla	RP-DZ-01	Wallumbilla

NT pipelines

Products available for on-screen (continuous trading) and pre-matched trading

Pipeline Receipt Zone	Receipt Zone Description	Pipeline Delivery Zone	Delivery Zone Description
AGP-RZ-03	Darwin	AGP-DZ-02	Tennent Creek
NGP-RZ-01	Tennent Creek	NGP-DZ-01	Mt Isa

Products available for pre-matched trading

Pipeline Receipt Zone	Receipt Zone Description	Pipeline Delivery Zone	Delivery Zone Description
AGP-RZ-01	Alice Springs	AGP-DZ-02	Tennant Creek
AGP-RZ-01	Alice Springs	AGP-DZ-04	Darwin
AGP-RZ-02	Bonaparte	AGP-DZ-01	Alice Springs
AGP-RZ-02	Bonaparte	AGP-DZ-02	Tennant Creek
AGP-RZ-02	Bonaparte	AGP-DZ-04	Darwin
AGP-RZ-03	Darwin	AGP-DZ-01	Alice Springs

EGP – bidirectional flows

Products available for pre-matched trading

Pipeline Receipt Zone	Receipt Zone Description	Pipeline Delivery Zone	Delivery Zone Description
EGP-RZ-03	Orbost	EGP-DZ-01	VicHub



VicHub - bidirectional flows

Products available for pre-matched trading

Pipeline Receipt Zone	Receipt Zone Description	Pipeline Delivery Zone	Delivery Zone Description
VicHub-RZ-02	DTS	VicHub-DZ-02	EGP



3 Procedures for restricted publication of auction information (CTAP)

24.1 Information access restrictions

Rule 657(3) provides that the Procedures may provide for access to information published by AEMO in relation to the capacity auction to be restricted, where necessary to protect against directly or indirectly disclosing a nomination made by a market generating unit.

- (a) In this clause, a GPG service point means a *service point* which is solely used for the delivery of natural gas used by a *market generating unit* for the generation of electricity or the operation of the *market generating unit*.
- (b) The Auction Platform will restrict access to the following categories of information:
 - (i) information relating to a GPG service point;
 - (ii) information relating to a *pipeline delivery zone* in which at least one *service point* is a GPG service point and the aggregate *nameplate rating* of all *service points* in the zone is less than 100 TJ; ~~and~~
 - (iii) information relating to a *forward haul pipeline segment* that directly connects to a *pipeline delivery zone* referred to in paragraph (ii);
 - (iv) information relating to a *backhaul pipeline segment* that directly connects to a GPG *service point*; and
 - (v) information relating to all product components associated with Auction Products on an auction facility for which all forward haul delivery points for that facility are allocated to a single *pipeline delivery zone* that is covered by paragraph (ii).

4 Minimum auction bid price (CTAP)

18.2.2 Form of bids

(d) For each bid:

- (i) the bid price must be in \$/GJ and must be expressed to up to four decimal places;
- (ii) the bid price must be \$0.0001/GJ or higher;
- (iii) the bid price must not be more than \$50/GJ; and
- (iv) the bid quantity must be at least 1 GJ and must be expressed as a whole number of GJ.