

What was discussed in AEMO's wholesale and retail forums: December 2014 – March 2015

## Gas Retail Consultative Forum

16 December 2014

### Australian Gas Networks Unaccounted for Gas

The forum is considering aligning the Unaccounted for Gas (UAFG) arrangements in South Australia and Queensland with Victoria's approach. Currently, every five years network operators use a competitive tender process to select a single provider to meet their UAFG needs, passing the costs onto retailers through network tariffs. Under the proposal, retailers would instead be responsible for sourcing daily UAFG and the costs would be recovered directly from customers. The forum discussed the retail market issues, and options to implement these proposed changes within the existing framework without making multiple changes to wholesale systems or procedures.

### Unique gas meter serial numbers

New numbers for unique gas meter serial numbers have been agreed and provided.

### Queensland Retailer of Last Resort implementation

The forum's proposed approach for implementing Retailer of Last Resort (RoLR) procedures in Queensland is to adapt the Victorian Retail Market Procedures. Currently, none of Queensland's three licensed gas retailers (AGL, Origin and Alinta) are covered under a RoLR scheme, and the Australian Energy Regulator is about to nominate one as the default. AEMO published the [Proposed Procedure Change](#) and feedback closes 17 March 2015.

### HUB documentation changes

The Full Retail Contestability (FRC) HUB Operational Terms and Conditions need to be updated. AEMO is reviewing submissions and feedback submitted on the documents, Impact and Implementation Report and Proposed Procedure Change. A draft of the FRC HUB certification strategy document has been circulated to retail gas and IT forum participants, with a final version expected in March 2015.

*Gas Retail Consultative Forum next meeting:  
12 March 2015*

## National Electricity Market Wholesale Consultative Forum

28 January 2015

### Retail Market Blueprint

AEMO provided the forum with an overview of its Retail Market Blueprint, developed to ensure that AEMO's services adapt to keep delivering value. The Blueprint aims to promote customer choice, accommodate service innovation, and support secure and sustainable markets. It focuses on creating more flexible regulatory arrangements, streamlining data management and flows, and harmonising platforms and processes to be flexible to adapt to change when required. An overview was also delivered to the November 2014 Consumers' Forum. AEMO will provide forums with progress updates throughout 2015.

### Demand Response Mechanism, Embedded Networks, and Multiple Trading Relationships

AEMO updated the forum on progress with its recent rule change proposals in response to the AEMC's Power of Choice review. The Demand Response Mechanism rule change proposal has been revised by the Council of Australian Governments (COAG) to include voluntary participation by market participants, with staged implementation to minimise the costs to industry. The Embedded Networks (EN) rule change proposal aims to clarify the regulatory framework and associated roles and responsibilities. And the rule change proposal for Multiple Trading Relationships (MTR) establishes an enabling regulatory framework that allows participants and AEMO to develop. The AEMC plans to publish consultation papers on both EN and MTR in the first half of 2015.

### Optional Firm Access

In December 2014, AEMO published a draft report on Optional Firm Access (OFA), setting out AEMO's findings on whether there is merit in implementing the Access Settlement component as a Stage 1 to deliver dispatch efficiencies ahead of the full OFA. Submissions closed on 6 February 2015 and the five submissions received are available on AEMO's website. AEMO is now considering the feedback and preparing a final report that responds to the COAG Energy Council's terms of reference, for publication in late March 2015.

## Marginal Loss Factors

AEMO's consultation on the methodology for calculating Marginal Loss Factors (MLF) finished in October 2014. MLFs account for energy lost in transmission. Participants raised three issues: the treatment of losses associated with interconnector flows; the use of marginal losses instead of actual losses and the potential for over-recovery; and how any over-recovery of losses is returned to customers. The forum discussed the issues and concerns and agreed that any approach needs to be clearly defined. AEMO is now meeting with participants individually and will update the forum.

## Offsets in the Prudential Margin

AEMO briefed the forum on its draft rule change proposal to allow the application of full offsets in the Prudential Margin (PM) calculation. The aim is to create more equitable credit support requirements and further promote the efficient use of market participant collateral. AEMO developed the revised draft following consultation, and the May 2014 forum was broadly supportive. Submissions closed on 27 February 2015.

*National Electricity Market Wholesale Consultative Forum next meeting: 25 March 2015*

## Gas Wholesale Consultative Forum

10 February 2015

### Short-term Trading Market curtailment process

AEMO is considering amending the Short-term Trading Market (STTM) Contingency Gas Procedures. The aim is to clarify the definition and process for Material Involuntary Curtailment (MIC) to ensure it only applies to gas supply emergencies at a hub, and not to localised network repair or safety events. Currently, if the MIC processes are triggered, even for localised repair or safety events, the MIC results in a charge to trading participants of \$40 per GJ on negative deviations. AEMO asked the forum for feedback on a proposed change to the MIC definition.

### Short-term Trading Market parameter review

In 2013, AEMO reduced the Declared Wholesale Gas Market (DWGM) Cumulative Price Threshold from \$3,700 to \$1,800. As a result, the Rules required AEMO to find out whether an earlier review of STTM Market Parameters was needed, rather than waiting until the next scheduled review date (2017). AEMO obtained specialist advice on current market risks and issues and discussed these with members. The forum agreed that, instead of an earlier review, it would be more beneficial to engage in the AEMC's broader reviews of the east coast gas markets and monitor industry developments as they evolve. This would help make the next STTM Market Parameters review in 2017 a more valuable exercise.

## System-wide Notices for constraints

The forum discussed the need for improvements to the System-wide Notices on constraints – specifically the need for more and better quality information. Participants need to know if an incident was planned or unplanned; incidents' time periods; and want a more descriptive Market Information Bulletin Board (MIBB) attachment. AEMO will provide a summary of feedback at the end of March.

## Elizabeth Isolation Valve

The Elizabeth Valve has kept the Elizabeth portion of the Adelaide STTM network isolated for approximately eight years. This portion has been supplied exclusively from the Moomba Adelaide pipeline with billing quantities calculated at the Moomba Adelaide heating value. The valve was re-opened in July 2014. Given it was six months from reopening, APA sampled its heating values to make sure the appropriate value was being billed, and that gas from the rest of the network was flowing through the valve. Analysis showed a 0.3% variation. APA will keep monitoring and report to the forum as needed.

## Market Information Bulletin Board reports

AEMO produces a large number of files and reports that are accessed by Victorian and Queensland gas participants using the MIBB. AEMO's User Guide to MIBB Reports lists all reports, with summaries of data produced in terms of source, system and purpose. Currently, AEMO's Estimated Ancillary Payments (AP) MIBB reports (INT116A and INT117A) are not taking into account AP claw back. Participants still find the reports useful and AEMO will update the User Guide to alert users of the limitation.

## Application of Constraints in the Declared Wholesale Gas Market

AEMO is proposing changes to the Wholesale Market Gas Scheduling Procedures, the Wholesale Market Administered Pricing Procedures and the Wholesale Market Compensation Procedures. These changes will improve accuracy and clarity around AEMO's scheduling procedures, and reflect the recent removal of Force Majeure provisions from the National Gas Rules. [Consultation started on 10 February 2015](#) and submissions close on 10 March 2015.

## PricewaterhouseCoopers audit findings

PricewaterhouseCoopers (PwC) presented its annual findings on the 2014 market audits for the STTM and the DWGM. PwC is keen to hear from participants regarding topics for consideration in the next audit.

## Gas plant maintenance outages

AEMO briefed the forum on planned maintenance scheduled for February.

*Gas Wholesale Consultative Forum next meeting: 14 April 2015*

## Business-to-Business and Market Settlement + Transfer Solutions Reference Group

11, 12 February 2015

### Order of Magnitude template

The new 'Order of Magnitude' assessment template is designed to help members capture each issue's impact, volume, cost and potential risk in the NEM. AEMO is piloting the template over March-April 2015 and plans to extend the pilot to include the Gas Retail Consultative Forum.

### Enhancements pending

Members are undertaking cost-benefit analyses for Issues/Change Form 4754–Change Multiple Roles; and Issues/Change Form 4756–Update Next Scheduled Read Date, to assess their potential for late 2015 procedure consultation and implementation.

Progress on Issues/Change Form 4825–Customer Preferred Date and Time, has been postponed until 2016 at the request of the proponent.

### Life Support information

During 2014, the reference group started mapping the various electricity market end-to-end processes for communicating customers' requirements in relation to Life Support equipment. In February's meeting, members finished mapping all the current processes. In April, the group will identify the gaps and issues that industry participants and customers are currently experiencing, and start developing solution options.

*B2B and MSATS Reference Group next meeting:  
11 March 2015 (teleconference only)*

## Retail Market Consultative Forum

26 February 2015

### Multiple Trading Relationships

One major initiative from the AEMC's Power of Choice Review was to facilitate Multiple Trading Relationships (MTR), whereby customers will be able to deal with multiple electricity retailers for different services at their premises.

In December 2014 AEMO submitted a rule change proposal to establish a regulatory framework that allows MTR and facilitates future development by:

- Defining the various roles and responsibilities.
- Creating a new "settlements point" to separate the physical connection from the financial.

- Supporting (but not mandating) a range of metering options.
- Providing implementation details and retail procedures.

The AEMC will publish a consultation paper before mid-2015.

### Minimum Functionality Shared Protocol

The Minimum Functionality Shared Protocol (MFSP) project is preparing advice for the Council of Australian Governments (COAG) Energy Council on

- 1) Minimum functionality specifications for smart Meters.
- 2) Requirements for a shared market protocol for smart meter communications.

The advice is being delivered in two phases in mid-March and mid-May 2015. It spells out the scope and form of service levels; performance and technology requirements; implementation costs and timeframes; as well as how new services might be incorporated over time; and facilitating opportunities to provide additional services. The AEMC is currently considering the MFSP advice in the metering competition rule change.

### NSW-ACT retail gas project

The NSW-ACT retail gas project (NARGP) is designing and implementing the gas market arrangements and technology changes needed for introducing Business to Business (B2B) and Business to Market (B2M) arrangements in New South Wales and the Australian Capital Territory. The aim is to align these gas market arrangements to those in Queensland, Victoria and South Australia. The NARGP Procedures and Participant Build Pack #5 consultation is complete. See the AEMO website for the [Notice of Decision](#).

### Metrology framework changes

New South Wales Roads and Maritime Services intend to reduce energy consumption by operating traffic signal installations fitted with LED lamps in a dimmed mode. Changes to the Metrology Procedures introduce a metering data calculation methodology for traffic signal dimming. The 1 July 2015 effective date for the changes aims to give meter data providers' time to make the necessary system changes.

*Retail Market Consultative Forum next meeting:  
27 March 2015*

Any questions, feedback or ideas, please email:  
[stakeholderrelations@aemo.com.au](mailto:stakeholderrelations@aemo.com.au)