GAS WHOLESALE CONSULTATIVE FORUM PAPER

FOR DISCUSSION

SUBJECT: MAINTENANCE RULE CHANGE PROPOSAL

AGENDA ITEM: 7

1. PURPOSE

This paper informs the GWCF of AEMO's proposed approach to modify the National Gas Rules to remove inconsistencies within the National Gas Rules (NGR), National Gas Law (NGL) and the current practise.

2. BACKGROUND

In June 2018, AEMO presented a proposal to the GWCF to amend NGR 326 to improve and clarify its existing maintenance coordination function. The purpose of the Rule change proposal was to:

- Remove inconsistencies in the NGR and provide clarity regarding:
  - How AEMO coordinates maintenance and assesses the threat to system security, consistent with the NGL, Victorian legislation and Australian Standards;
  - Which asset operators are involved in the maintenance coordination process, in accordance with current practice and the NGL.
- Enhance the NGR to be consistent with the NGL.

The purpose of the Rule change remains unchanged from June 2018, but AEMO has made minor changes to take into account the upcoming NGR and NGL changes. Any further changes relating to the upcoming NGR and NGL changes will occur later in the year.

AEMO presented the initial draft maintenance Rule change proposal to the GWCF on 12 June 2018. No issues were raised, or feedback provided during the June 2018 meeting, and no subsequent feedback was received by AEMO from the Forum members.

The paper can be found: Paper 5. Maintenance Rule Change Proposal: https://aemo.com.au/-/media/files/stakeholder_consultation/working_groups/wholesale/gwcf/2018/gwcf-meeting-21---meeting-pack---12-june-2018.zip

3. DISCUSSION

3.1. NGR 326(1) – Threats to System Security and Maintenance

This section remains unchanged from June 2018 proposal. Information on this section can be found in Paper 5. Maintenance Rule Change Proposal: https://aemo.com.au/-/media/files/stakeholder_consultation/working_groups/wholesale/gwcf/2018/gwcf-meeting-21---meeting-pack---12-june-2018.zip

3.2. NGR 326(1)(3)(4)(5)(6) and 7 – Directions with regards to maintenance

AEMO has made a minor change to this section. In June 2018, AEMO proposed to amend NGR 326 to include Producers. AEMO is instead proposing to introduce a new definition of DWGM facility operators in NGR Part 19, 200 Definitions. Consistent with NGL 91BA(1)(e), the definition would include producers, storage providers and service providers. The intent to include Producers in NGR 326 remains unchanged.

This would simplify the Rules by replacing the need to list the various producers and providers in all relevant Rules with one defined term, *DWGM facility operators*. Consequential amendments to relevant Rules will be needed, as set out in Draft Rule proposed at Appendix A to this proposal.

National Gas Law (NGL) 91BA(1)(e) states that AEMO's declared system functions are to coordinate the interaction of producers, storage providers and service providers for ensuring a safe, secure, reliable and efficient declared transmission system.

NGR 326 only requires service providers and Storage Providers to co-operate with AEMO in good faith to minimise any threat to system security resulting from proposed maintenance. Although the definition of *maintenance* under NGR 200 includes Producers, Rule 326 does not specify that Producers must coordinate maintenance with AEMO to ensure a safe, secure, reliable and efficient declared transmission, which is inconsistent with NGL 91BA(1)(e).

As Producers are not expressly captured by the requirements of NGR 326, AEMO is currently required to issue Producers with directions under NGL 91BC (which has been necessary in the past) to cancel, delay or suspend any maintenance.

3.3. NGR 200 – Definitions

Considering the measures to improve transparency in the gas market changes later in the year, AEMO is proposing to remove the definition of Producer and Storage Provider in NGR 200 and instead provide that the NGL definitions will apply to Part 19 of the NGR to avoid any confusion. There is currently an inconsistency in the definition of Producer and Storage Provider in Part 19 of the NGR and the NGL. The definition of producer and storage provider in the NGL will most likely be amended as part of the measures to improve transparency in the gas market changes.

AEMO is also proposing that all references to "Producer" and "Storage Provider" throughout Part 19 be changed to "producer" and "storage provider" to align with the NGL.

4. RECOMMENDATIONS

AEMO is seeking feedback on this proposed rule change to be provided to GWCF_Correspondence@aemo.com.au prior to the next GWCF (currently planned for 19 March 2020).

If feedback received is generally supportive of this change and there are no concerns, AEMO's recommendation is to progress this rule change request as an expedited rule change request, per NGR 9. For further detail on the rule change process please see the AEMC link below.

https://www.aemc.gov.au/our-work/changing-energy-rules

ATTACHMENTS

1. APPENDIX 1 – PROPOSED DRAFT RULES

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This draft is based on version 52 of the National Gas Rules.

Part 19

200 Definitions

DWGM facility operators mean service providers, producers and storage providers.

Maintenance means work carried out by DWGM facility operators ~~service providers, Producers and Storage Providers~~ that, in AEMO's opinion, may affect:

(a) AEMO's ability to supply gas through the declared transmission system; or
(b) AEMO's ability to operate the declared transmission system; or
(c) declared transmission system capacity; or
(d) system security; or
(e) the efficient operation of the declared transmission system generally.

~~Producer means a producer whose gas production facility is connected to the declared transmission system.~~

~~Storage Provider means a person who owns or operates a storage facility.~~

216 Failure to conform to scheduling instructions

[…]

(4) A Market Participant is not obliged to comply with a scheduling instruction issued in respect of a bid:

(a) [Deleted]

(b) if, in the case of the Market Participant, not being a DWGM facility operator ~~Producer, Storage Provider, or interconnected transmission pipeline service provider~~, having ordered a quantity of gas from a Producer or other person to enable it to comply with that bid and that Producer or other person was only required, under the terms of its contract with that Market Participant, to use its reasonable endeavours to deliver that quantity of gas and that Producer or other person does not in fact deliver that quantity of gas; or

(c) if, in the case of the Market Participant also being a DWGM facility operator ~~Producer, Storage Provider or interconnected transmission pipeline service provider~~, that Market Participant has used its reasonable endeavours to deliver that quantity of gas but has not in fact delivered that quantity of gas provided that Market Participant has made its bid in good faith.

324 Participant disclosure obligations

[…]

(4) DWGM facility operators ~~declared transmission system service provider, interconnected transmission pipeline service providers, and Storage Providers~~ must include the following additional forecasts, where relevant to the operation or security of the declared transmission system, with the information provided to AEMO under subrule (2):

(a) the availability of equipment;
(b) details of any constraints on the availability of equipment;

(c) the time and duration of any proposed maintenance;
(d) full details of the proposed maintenance;
(e) the longest period likely to be required to recall into operation relevant equipment during the course of maintenance; and
(f) operational requirements for maintenance to be performed including:
(i) the gas pressure under which the maintenance will be performed;
(ii) gas requirements for testing; and
(iii) compressor test operations required,
and this additional information must be provided to AEMO in accordance with subrule (1) and also in the form of week-ahead forecasts commencing from Monday in each week which must be provided to AEMO by no later than the immediately preceding Wednesday unless otherwise agreed under an operating agreement under NGR 277.

326 Maintenance Planning

(1) AEMO must, having regard to information provided by Registered participants (under rule 324(4) or otherwise), coordinate all maintenance planned by the DWGM facility operators ~~declared transmission system service provider, interconnected transmission pipeline service providers, and Storage Providers~~ to minimise any threats to system security ~~ensure that system security is not threatened~~ as a consequence of the unavailability of equipment undergoing maintenance.

(3) A DWGM facility operator ~~service provider or Storage Provider~~ that has provided information under rule 324(4), concerning time and duration of proposed maintenance, must act in accordance with those forecasts unless:
(a) those forecasts are updated in the manner specified in the maintenance planning procedures more than 5 days before that maintenance is due to commence; or
(b) if the update is to occur within 5 days of the day on which that maintenance was due to commence, consent to an update has been obtained from AEMO in the manner specified in the maintenance planning procedures.

(4) If AEMO believes that any maintenance proposed by a DWGM facility operator ~~service provider or Storage Provider~~ will threaten system security, AEMO must notify the DWGM facility operator ~~service provider or Storage Provider~~ and that DWGM facility operator ~~service provider or Storage Provider~~ must co-operate with AEMO in good faith to minimise any threat to system security that in AEMO's reasonable opinion would be likely to result from that proposed maintenance.

(5) AEMO may direct a DWGM facility operator ~~service provider or Storage Provide~~r to cancel, delay or suspend any maintenance if in AEMO's reasonable opinion:
(a) the DWGM facility operator ~~service provider or Storage Provider~~ is conducting or proposing to conduct maintenance in a way that does not minimise threats to system security; and
(b) the relevant equipment will not be materially damaged by deferring that maintenance.

(6) If equipment owned or operated by a DWGM facility operator ~~service provider or a Storage Provider~~ breaks down or is likely to break down, and the breakdown threatens or could threaten system security, the DWGM facility operator ~~service provider or Storage Provider~~:
(a) must immediately provide AEMO with full details of:
(i) the breakdown or threatened breakdown; and
(ii) its proposed response to the breakdown or threatened breakdown; and
(b) must co-operate with AEMO in good faith to minimise the threat to system security.

(7) If AEMO becomes aware of defective equipment that could adversely affect system security, AEMO must promptly provide all relevant DWGM facility operators ~~service providers and Storage Providers~~ with full details of the defect.