

IMPACT & IMPLEMENTATION REPORT – SUMMARY SECTION

Issue Number	BB 15-001		
Impacted Jurisdiction (s)	VIC, TAS, NSW, Qld, SA		
Proponent	Rebecca Denton	Company	AEMO
Affected Gas Markets(s) <ul style="list-style-type: none"> ▪ Retail ▪ Wholesale ▪ Bulletin Board ▪ STTM 	Natural Gas Services Bulletin Board (GBB)	Consultation process (Ordinary or Expedited)	Ordinary
Industry Consultative forum(s) used	GBB-WG	Date Industry Consultative forum(s)consultation concluded	17 April 2015
Short Description of change(s)	Schedule 2 of the GBB Procedure is proposed to be updated to add a new Demand zone, which will capture gas being delivered to the LNG processing facilities on Curtis Island near Gladstone.		
Procedure(s) or Documentation impacted	The following documents are impacted by the proposed changes: <ul style="list-style-type: none"> • GBB Procedures. 		
Summary of the change(s)	The changes will reflect the following: <ul style="list-style-type: none"> • The addition of a new Demand zone to capture gas delivered to Curtis Island LNG facilities. • This new zone will result in the addition of new gas transmission pipelines being defined as GBB Pipelines and reporting to the GBB. 		
I&IR Prepared By	Rebecca Denton	Approved By	Joe Spurio
Date I&IR published		Date Consultation under 135EE or 135EF concludes	17 April 2015
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IMPACT & IMPLEMENTATION REPORT – DETAILED REPORT SECTION

CRITICAL EXAMINATION OF PROPOSAL

<p>1. Description of change(s) and reasons for change(s)</p>	<p>In the Gas Bulletin Board (GBB), information on the the gas infrastructure in the eastern Australian states is published publicly to facilitate improved decision making and trade in gas across the East Coast system. The regions where gas production, storage and delivery data is defined and reported by demand and production zone.</p> <p>Recent development of LNG export facilities (QCLNG, APLNG, and GLNG) in Curtis Island near Gladstone and the pipeline and production facility infrastructure to supply these facilities with gas have not been captured on the GBB. This is because a demand zone has not been declared for this region.</p> <p>Following consultation with industry, including establishing a Queensland Redevelopment working group to examine the issues surrounding capturing of the LNG zone, AEMO has recommended that a demand zone be created to capture gas deliveries to LNG facilities in Curtis Island.</p> <p>However, due to the potential sensitivity of this data while only a single LNG export project (QCLNG) is in operation, AEMO recommends that this Procedure change be made effective only when there will be two or more LNG export projects in operation. Based on the current timelines of these projects, this is estimated to be by September/October 2015.</p>
<p>2. Reference documentation</p>	<p>GBB Procedures version 3.0 - Schedule 2</p>
<p>3. The high level details of the change(s) to the existing Procedures</p>	<p>AEMO proposes to add Curtis Island LNG zone as a new demand zone to the Schedule of Demand and Production zones in the GBB Procedures.</p> <p>A marked up version of the proposed change to schedule 2 of the GBB Procedures is included in Attachment A.</p>
<p>4. Explanation regarding the order of magnitude of the change</p>	<p>Market impact: AEMO considers the Procedure change to be material as they will require the operators of gas pipelines which deliver gas to the LNG facilities on Curtis Island to register these pipelines on the GBB as BB pipelines, and to provide forecast and actual delivery data, as well as capacity updates for their facilities on a daily basis in accordance with the NGR and the GBB Procedures.</p> <p>Implementation impact: the changes proposed to the GBB Procedures require changes to the BB website map to add the new zone and BB pipelines.</p> <p>The requirement for these pipeline operators to submit forecast and actual delivery data, and capacity outlooks throughout the day will likely necessitate these operators to set up automatic data transfer systems to the GBB.</p>

ASSESSMENT OF LIKELY EFFECT OF PROPOSAL

<p>5. Overall Industry Cost / benefit (tangible / intangible / risk) analysis and/or cost estimates</p>	<p>The expected benefits of this change are increased information availability on the GBB, which will increase transparency and will facilitate improved decision making and trade in gas.</p> <p>The risks of publishing data sensitive to the LNG export project operators are sufficiently reduced by delaying the effective date of this procedure change and the publishing of data for this demand zone until two or more LNG export facilities are in operation.</p>
<p>6. The likely implementation effect of the change(s) on stakeholders</p> <p>(e.g. Industry or end-users)</p>	<p>The implementation effects of the proposal to the affected GBB Participants are listed below:</p> <ul style="list-style-type: none"> • APLNG, GLNG and QCLNG Pipelines will be required to register as BB Pipelines. • New BB Pipeline operators will be required to submit forecast and actual flow data, in addition to providing capacity outlook data for these GBB Pipelines. • Where there are gas production and storage facilities delivering gas directly or indirectly into these BB Pipelines, they would be eligible as BB facilities.
<p>7. Testing requirements</p>	<p>AEMO will undergo UAT testing for the addition of a new demand zone to the GBB reports, as well as adding new GBB Pipelines to the interactive GBB map.</p> <p>Affected participants will need to make their own assessment of their individual testing requirements for submission of the required GBB Pipeline data. The GBB Pre-Production website will be available for testing of data submissions.</p>
<p>8. AEMO's preliminary assessment of the proposal's compliance with section 135EB:</p> <ul style="list-style-type: none"> - consistency with NGL and NGR, - regard to national gas objective - regard to any applicable access arrangements 	<p><u>Consistency with NGL and NGR</u></p> <p>AEMO's view is that the proposed changes described in this document are consistent with the National Gas Law (NGL) and the National Gas Rules (NGR).</p> <p><u>National Gas Objective</u></p> <p><i>"Promote efficient investment in, and efficient operation and use of, natural gas services for the long term interests of consumers of natural gas with respect to price, quality, safety, reliability and security of supply of natural gas."</i></p> <p>AEMO considers that the proposed procedure is likely to contribute to the NGO because it promotes transparency of the gas market in the east coast, and assists gas market participants to make decisions and manage risk.</p>

<p>9. Consultation Forum Outcomes</p> <p>(e.g. the conclusions made on the change(s) whether there was unanimous approval, any dissenting views)</p>	<p>There has been ongoing discussion with participants throughout the last year, which led to the establishment of the GBB Redevelopment Queensland Working Group. This group examined whether gas delivery data to the LNG facilities should be captured and in what form.</p> <p>At working group meeting on 3 December 2014, options for the capture of gas delivery data to the LNG export projects (the three projects referred to are QCLNG, GLNG, and APLNG). From the prior discussions on the zone options, there were three main options for consideration:</p> <ul style="list-style-type: none"> - Option A: Domestic and LNG Zones would be established in the BB Procedures, and any BB Pipelines would provide data in alignment with the current data submission requirements of the National Gas Rules and would be published on the Bulletin Board in accordance with current BB Procedures. - Option B: Domestic and LNG Zones would be established in the BB Procedures, and any BB Pipelines would provide data in alignment with the current data submission requirements of the National Gas Rules, however, the individual pipeline capacity outlook, forecast and actual flows for the BB Pipelines delivering to the LNG Demand Zone would be published on the Bulletin Board as aggregated quantities. - Option C: QGC submitted a proposed LNG Demand Zone design which would publish netted flows between the LNG projects and the domestic gas market. <p>Participants were invited to submit their comments on the zone options. The majority of respondents, including AGL, ERM Power, Energy Australia, the Australian Energy Regulator (AER) and Energy Council officials, supported Option A on the basis that :</p> <ol style="list-style-type: none"> 1 it would ensure that LNG facilities report information that is consistent to that provided by other eastern gas market facilities in accordance with the National Gas Rules; 2 equal access by market participants to LNG information may enable participants to better respond to changing market dynamics, reducing their level of risk. <p>However, some stakeholders raised concerns that the publication of individual LNG pipeline data will expose information that is commercially sensitive to those pipelines. Origin Energy, Alinta Energy, GLNG and Energy Edge (Queensland-based consultants) also support flows on the LNG pipelines being aggregated to protect against the release of commercially-sensitive information on single shipper pipelines, and also assert this would still provide sufficient information to the market on flows for LNG.</p> <p>As the first LNG producer to commence exports, QGC had also expressed concern about the publication of any LNG data until there are at least two LNG producers actively flowing gas.</p>
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	<p>Following the AEMO recommendation, a consultation meeting was held on 17 April 2015, prior to the formal procedure change process.</p> <p>GDF Suez questioned whether there would be any data published for the QCLNG pipeline if the operation of a second LNG project is delayed beyond September/October 2015. AEMO stated that this had not been considered in AEMOs decision and would not be in the scope of this procedure change.</p>
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RECOMMENDATION(S)	
<p>10. Should the proposed Procedures be made, (with or without amendments)?</p>	<p>AEMO recommends that the proposed Procedure change, which are provided in Appendix A, be made without amendments.</p>
<p>11. If applicable, a proposed effective date for the proposed change(s) to take effect and justification for that timeline.</p>	<p>AEMO invites feedback on the proposed timing method for implementing the BB Procedures. It should be noted that pursuant to NGR 135EE(5), AEMO must give notice at least 15 business days before the day on which new procedures are to take effect.</p> <p>AEMO's preferred option is to declare the effective date of the BB Procedures only once it has been confirmed that first cargo has been loaded for the second LNG project. This effective date must be at least 15 business days from the date of the notice, meaning that the BB Facility information would be collected and appear on the GBB no earlier than 15 business days after first cargo of the second project.</p> <p>Alternatively, AEMO could use publicly available data, and/or notice from the LNG facility operators to declare an effective date 15 business days <i>before</i> AEMOs estimate of the date of first cargo for the second LNG project. From the effective date declared by AEMO, the first LNG project would need to submit data to the GBB in accordance with the NGR and this data will be published, even if the actual date for first cargo from the second project occurs after the date estimated by AEMO.</p> <p>AEMO welcomes feedback on these options or alternative timing methods.</p>

ATTACHMENT A – DOCUMENTATION CHANGES (SEE SECTION 3)

Blue represents additions Red and strikethrough represents deletions – Marked up changes

Schedule 2 Demand Zones and Production Zones

a. Demand Zones

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Demand Zone	Description	BB Pipeline nominations, flows required
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<u>Curtis Island LNG</u>	<u>Deliveries to the LNG facilities for export on Curtis Island near Gladstone from LNG pipelines including Queensland Curtis LNG Pipeline, Australia Pacific LNG Pipeline, and Gladstone LNG Pipeline.</u>	<u>QCLNG Pipeline, APLNG Pipeline, GLNG Pipeline</u>