

IMPACT & IMPLEMENTATION REPORT – SUMMARY SECTION
(For AEMO to complete and administer)

Issue Number	N.A.		
Proponent	AEMO	Date of submission	
Affected gas markets	STTM	Consultation process (Ordinary or Expedited)	Ordinary
Industry consultative forums used	GWCF	Date industry consultative forums consultation concluded	24 February 2015
Short description of change	Change to reduce the scope of the definition of 'material involuntary curtailment'.		
Procedures or documentation impacted	STTM Procedures v 10.1		
Date I&IR published	10 July 2015	Date consultation under 135EE or 135EF concludes	7 August 2015
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IMPACT & IMPLEMENTATION REPORT – DETAILED REPORT SECTION

ASSESSMENT OF PROPOSAL

<p>Summary and rationale for the changes</p> <p>(see Attachment A for the full set of changes)</p>	<p>The change is to reduce the scope of the definition of Material Involuntary Curtailment.</p> <p>The current definition of Material Involuntary Curtailment could potentially capture any curtailment, including small or localised curtailment associated with network repair or safety, rather than just being applicable to material gas supply emergencies at a hub.</p> <p>This is a problem because on a gas day where there is a localised curtailment event, trading participants with a short deviation would pay for their deviation at the administered price cap despite not being responsible for, or contributing to, the curtailment.</p> <p>AEMO proposes that the DPflag (which is set for settlement purposes when Material Involuntary Curtailment occurs) should only apply to curtailment events associated with a gas supply emergency at an STTM hub. This would be achieved by linking the definition of Material Involuntary Curtailment to the CG trigger events (Rule 440).</p>
<p>Cost estimate (and/or cost/benefit analysis)</p>	<p>No cost to implement.</p>
<p>The likely implementation effect of the change(s) on stakeholders</p>	<p>A change to the definition of Material Involuntary Curtailment would ensure that high deviation prices do not unnecessarily apply to localised curtailment events. It would also mean that users who are involuntarily curtailed due to a localised event would be subject to the regular deviation settlement and as a result may incur a net loss if the long deviation price is lower than the ex ante price.</p> <p>However, note that:</p> <ul style="list-style-type: none"> • A localised curtailment event is likely to be relatively small and as such have limited impact on settlement outcomes. • With timely communication, a curtailed user would have an opportunity to manage the deviation settlement exposure through a renomination of associated shipping volumes or through an off-market transaction with another trading participant at the hub (and reduce their deviation quantity with a Market Schedule Variation (MSV)). <p>In addition to the above, a change to the definition of Material Involuntary Curtailment will also impact the obligations of</p>

	Participants under sections 8.2.2 and 9.3.3 of the STTM Procedures.
Testing requirements	None
AEMO's preliminary assessment of the proposal's compliance with section 135EB:	<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>The proposed Procedure change promotes efficient operation of the market process by ensuring that localised curtailment events do not have a disproportionate impact on market-wide settlement outcomes.</p>
Consultation forum outcomes	<p>The Gas Wholesale Consultative Forum (GWCF) is a standing forum for providing effective and efficient consultation with stakeholders on issues related to the Declared Wholesale Gas Market and the Short Term Trading Markets. The GWCF is an open forum and all interested parties may attend the GWCF and participate in the meetings.</p> <p>The proposed changes were discussed at the GWCF held on 10 February 2015. Meeting records can be found at: http://www.aemo.com.au/About-the-Industry/Working-Groups/Wholesale-Meetings/Gas-Wholesale-Consultative-Forum</p> <p>Final drafting of the change to the definition of 'Material Involuntary Curtailment' was finalised after the consultation process, however the substance of the changes remains consistent with that discussed at the forum.</p>

RECOMMENDATION(S)	
Should the proposed Procedures be made?	AEMO recommends the proposed change should be made as described in Attachment A.
Proposed effective date for the proposed change(s)	AEMO proposes an effective date of <u>Monday, 29 September 2015</u> subject to further feedback from stakeholders.

ATTACHMENT A – DOCUMENTATION CHANGES (SEE SECTION 3)

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

Comments may be used to explain changes to the document

material involuntary curtailment means any involuntary curtailment of the delivery of gas to:

(a) *end users* implemented by an *STTM distributor* ~~in accordance with curtailment tables specified in the applicable access arrangement for its STTM distribution system~~ that is caused by a *contingency gas trigger event* as specified in rule **440(1)**; or

(b) *deemed STTM distributors*, implemented by the *STTM pipeline operator* by limiting the withdrawal of gas from the *STTM pipeline* to a quantity less than the aggregate quantities of gas in final nominations accepted by the *STTM pipeline operator* for those *deemed STTM distributors*.