

Notice to Participants of AEMO's decision on making the Wholesale Market AMDQ Procedures (Victoria) and Wholesale Market Uplift Payment Procedures

AEMO advises all Registered Participants and other interested stakeholders that consultation on changes to the Wholesale Gas Market AMDQ Procedures and Wholesale Market Uplift Payment Procedures under the ordinary procedure change consultative process, prescribed in rule 135EE of the National Gas Rules (NGR), concluded on 29 September 2016.

Taking into account the assessment provided in the Impact and Implementation Report (IIR) and submissions made by consulted persons, AEMO hereby gives notice of its decision to make amended Wholesale Market AMDQ Procedures (Victoria) and Wholesale Market Uplift Payment Procedures, effective from 25 October 2016.

The changes made to the Wholesale Market AMDQ Procedures (Victoria) are as follows:

- Incorporating AMDQ credit certificates auction procedures for the purposes of rule 329G(5) of the NGR
- Editorial changes to increase clarity and reflect the NGR amendments made by the *National Gas Amendment (DWGM – AMDQ allocation) Rule 2016 No. 1*.

The changes made to the Wholesale Market Uplift Procedures (Victoria) are as follows:

- New clause has been added to reflect the requirement that AMDQ credit certificates are taken into account in determining uplift hedges for the Longford close proximity injection point.

AEMO received one submission in response to the Proposed Procedure Change (PPC), and one submission in response to the Impact and Implementation Report (IIR). AEMO's response to the submission on the IIR is provided in the Attachment A.

Reference to submissions: <http://aemo.com.au/Stakeholder-Consultation/Consultations/DWGM---AMDQ-Allocation>

AEMO considers that the procedure changes meet the requirements of the National Gas Objective.

These changes promote the efficient operation and use of natural gas services by implementing an auction process with a view to determining an efficient price and allocation mechanism for AMDQ Credit Certificates.

As required by Rule 135EE(5), AEMO publishes this notice to inform Participants that the amended Wholesale Market AMDQ Procedures (Victoria) and Wholesale Market Uplift Payment Procedures will be effective from 25 October 2016.

Notice Date: 29 September 2016

Attachment A: Summary of stakeholder comments on AMDQ Proposed Procedure Change

This attachment presents a summary of stakeholders' comments in response to the Wholesale Gas Market AMDQ Procedures Impact and Implementation Report (IIR), published by AEMO on 04 August 2016 as part of a formal consultation under Rule 135EE of the National Gas Rules (NGR).

AEMO received 1 submission in response to the IIR from:

- Energy Australia (EA)

| Org | Clause No | Summary of comment | Response |
|-----|-----------|---|--|
| EA | 6.2.2 | EA supports the changes to the procedures. It is clear that AEMO's intention is to commence the auction process 12 months in advance, so EA is comfortable with no date being included in the procedures. | Noted. |
| EA | 6.5.2 | Clause (c) and (d) in section 6.5.2 is confusing and needs editorial changes. | Noted. Amended the Final Procedures to increase the clarity. |
| EA | 2.5 | Ownership of AMDQ Credit Certificates (AMDQ CC) by Market Participants without firm capacity is contrary to the National Gas Objective (NGO). In a scenario where a holder of AMDQ CC injection rights does not hold firm injection capacity on the Interconnected Facility, it might result in perverse | The final rule made by the AEMC on 24 March 2016 has been assessed against the NGO and the AEMC has determined that the final rule will promote regulatory certainty, increase timely provision of information and promote an efficient allocation process. This proposed Procedure implements the final rule and is aligned with this assessment. |

| Org | Clause No | Summary of comment | Response |
|-----|-----------|--|--|
| | | <p>market outcomes. Non-firm injectors could use AMDQ CC to be scheduled before firm injectors.</p> <p>This issue was identified with withdrawals from the Culcairn System Withdrawal Point (SWP) and similar situations could arise for injections at both Culcairn and Iona.</p> | <p>Unlike the issue noted for withdrawals at the Culcairn SWP into a contract carriage pipeline, any scheduled injections can be transported because the DWGM operates on market carriage principles. Accordingly, there is no concept of firm or as available capacity when scheduling injections into the declared transmission system – AMDQ CC only gives priority in tie breaking.</p> <p>AEMO notes that there is no requirement under the current AMDQ Procedure for Market Participants to submit evidence of firm rights on injections when transferring Authorised AMDQ or AMDQ CC. AEMO considers that the proposal to limit eligibility for the auction to firm capacity holdings would be a significant change to the proposed Procedure, and would require AEMO to seek other Market Participants' view.</p> <p>The final rule requires AEMO's decision on the new Procedure to be made by 29 September 2016, so there is not sufficient time to take this matter to GWCF. Therefore, AEMO suggests any concerns with this should be raised as a new Gas Market Issue. This could also include the need to review eligibility to transfer Authorised MDQ and AMDQ CC. The issue could then be reviewed by the GWCF, and potentially proceed to a further Procedure change.</p> |