



AGL Energy Limited
ABN: 74 115 061 375
Level 24, 200 George St
Sydney NSW 2000
Locked Bag 1837
St Leonards NSW 2065
t: 02 9921 2999
f: 02 9921 2552
agl.com.au

Australian Energy Market Operator

via email: gasreform@aemo.com.au

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AGL Response to East Coast Gas System Procedures

AGL Energy (AGL) welcomes the opportunity to comment on East Coast Gas System (ECGS) Procedures.

AGL is a leading integrated essential service provider, with a proud 185-year history of innovation and a passionate belief in progress – human and technological. We deliver 4.3 million gas, electricity, and telecommunications services to our residential, small, and large business, and wholesale customers across Australia.

AGL would like to raise the following suggestions to improve the draft ECGS procedures and minimise the administrative impacts on market participants:

- Section 2.1.4:

AGL suggests that instead of creating a new, untested and onerous framework of linepack and demand zones, that AEMO instead extend the current retail demand submissions to the DWGM/STTMs to provide additional information on supply demand balance for the proposed 7-day period. This framework is well known, already utilised by industry and participants and contains sufficient data for AEMO to observe upcoming reliability problems in the gas system and signal threats to participants (if required). This would be a valuable improvement in providing the market with meaningful transparency in time to provide a market response.

Considering the very short implementation timeframe AGL sees this as the best efficient operational solution that aligns with the intent of the national gas objective.

Alternatively, AGL suggests that AEMO create a 'by pipeline' requirement (rather than zone), which would be far more manageable and equally useful for managing system security.

- Sections: 2.2.1.(g); 2.2.2 (e); 2.2.3 (i), 2.2.5(f), and 2.2.6(h):

AGL is concerned at the possibility of having requirements tied to volumes as low as 5 TJ/day. For example, a pipeline to a gas powered generator (GPG) might routinely change volumes greater than this throughout the day in response to electricity market needs. We suggest this number in the formula should instead be 10 TJ/day, which better reflects gas flow changes that will impact the wider market and helps to minimise the administrative burden of the reform. Ultimately though, we believe our proposed alternative set of reforms (summarised below) provides a better outcome and a more realistic outlook given it will be based upon overall conditions in the NEM.

- Section 2.2.1:

This section introduces a 7 day demand forecast. We note that all NEM participants (including GPG) are obliged to provide ST PASA (7 day) outlook and are obliged to always make offers that are not



false or misleading. Specifically, there is a 7-day forecast that captures GPG risks – referenced as “PD7 GPG”. We consider this existing framework should be used by AEMO instead of creating a duplicative reporting requirement, not only because it reduces operational burden on participants, but also because this would be a NEMDE solved solution/forecast that considers the whole NEM outlook, whereas a participant providing a forecast will only be providing their view (which will not be as accurate as NEMDE).

Should AEMO have concerns with the accuracy of PD7 GPG, we would encourage AEMO to improve compliance with or accuracy of that report instead of creating a new reporting requirement.

That said, AGL believe the best place to assess demand is at the DWGM and STTM, as they are material demand points, familiar to participants, and gross pools (i.e., all GJ’s are submitted). The market would benefit from a longer-term provisional outlook and submission information. The STTMs solve in under a minute, the DWGM often a few minutes for provisional. Extending the market outlook is a much better solution for the industry.

- Section 2.2.2:

Section 2.2.2(b)(iii) requests information about the expected maximum daily demand during maintenance. GPG assets already provide maintenance information via the MTPASA system in the NEM. They must provide weekly energy constraints which provides fuel information that AEMO could be using for the purpose of these gas procedures. AGL suggests that AEMO should make use of this information instead of introducing a duplicate process for GPG assets. GPG assets should be exempt from this requirement.

- Section 2.2.4:

Medium term capacity outlook recall times are required “by 7.00 pm on each Monday of”, however this should also consider public holidays. These tasks are not “critical” and should not be required on a day when additional staffing is not absolutely necessary (such as on a public holiday). AGL suggests adding the following, “or the first next business day based on the location of the reporting entity”.

- AGL is concerned that the new reporting requirements to identify system security issues are complicated, piecemeal and are therefore unlikely to be fully effective.

AGL suggests that an effective alternative would be to require pipeline operators to report to AEMO:

- in circumstances when ‘gas in’ is well below ‘gas out’; or
- there is a material change between the anticipated entry and exit volumes on a BB pipeline.

Pipeline operators hold the overall picture of supply and demand for everyone moving gas from production to consumption. They are the key party in establishing whether there is an issue (AGL note that a facility/pipeline meeting is the first, and only required meeting before a contingency gas event can be declared – so the information they hold is already well recognised and understood).

This approach would be more effective and efficient, and more closely meets the National Gas Objective, than obtaining information from every participant to determine the supply/demand balance on a pipeline.



In summary, AGL believe the best solution for the provision of market information to identify system security issues is to utilise existing systems to implement this large body of reform. That is:

1. extend the STTM and DWGM demand reporting to 7 days
2. use the GPG 7 Day NEM forecast
3. set up monitoring of offers made on the Gas Supply Hubs to identify potential shortfalls in supply
4. make use of pipeliner information to forecast supply issues.

AGL looks forward to continuing to work with AEMO to ensure that the ECGS reforms are aligned with the intent of the NGO.

Yours sincerely,

Jenessa Rabone
Senior Manager, Wholesale Energy Policy