

Impact and Implementation Report (IIR) – DWGM, ECGS and STTM Procedures changes for Gas Compensation Determinations

Impacted jurisdiction(s)	All (excluding WA)		
Proponent	Luke Stevens	Company	AEMO
Affected Gas Market(s)	DWGM, ECGS and STTM	Consultation process (Ordinary or Expedited)	Ordinary
Industry Consultative forum(s) used	Gas Wholesale Consultative Forum (GWCF)	Date Industry Consultative forum(s) consultation concluded	2 April 2024
Short Description of change(s)	Implementation of the AEMC's National Gas Amendment (Compensation and dispute resolution frameworks) Rule		
Procedure(s) or Documentation impacted	Wholesale Market Settlement Procedures; STTM Procedures; ECGS Procedures and the new documents: Gas Compensation Confidentiality Deed and Guidance on Gas Compensation Determinations		
IIR Prepared By	Luke Stevens	Approved By	Violette Mouchaileh
Date IIR published	22 May 2024	Date Consultation under 135EE or 135EF concludes	10 July 2024
Email Address for Responses	GWCF_Correspondence@aemo.com.au		

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Australian Energy Market Operator Ltd ABN 94 072 010 327

Impact and Implementation Report – Detailed Report Section

Critical Examination of Proposal

1. Description of issue

1.1. Background.

The AEMC undertook its review into the gas [compensation and dispute resolution frameworks](#) as part of the required review of the East Coast Gas System (ECGS) compensation framework review which resulted in a change to the compensation rules for the ECGS, Victorian Declared Wholesale Gas Market (DWGM) and Short Term Trading Market (STTM).

The rule change creates a new framework for the assessment of compensation claims for an independent expert to assess compensation claims in the DWGM, ECGS and STTM.

The AEMC published its Final Determination on 1 March 2024, which can be found here: <https://www.aemc.gov.au/rule-changes/compensation-and-dispute-resolution-frameworks>

This consultation process is for the documents required to be consulted on by the AEMC's rule changes as detailed in Attachment A.

1.2. How to make a submission

Anyone wanting to make a submission for this Impact and Implementation Report consultation stage are requested to use the response template provided in Attachment B. Submissions are due **COB 19 June 2024** and should be e-mailed to GWCF_Correspondence@aemo.com.au.

1.3. Requirement to consult AER and AEMC

Pursuant to the amended Rule 707(12), AEMO is required to specifically consult the AER and AEMC on the ECGS Procedures for determination and payment of compensation claims.

AEMO met with the AER and AEMC representatives on Monday 22 April 2024 to discuss the proposed changes to the ECGS Procedures.

AEMO met with the AEMC representatives on 6 May 2024, to discuss the feedback provided in reference C.3.1 of section C.3.

2. Reference documentation

The following documents are being consulted on as part of this consultation process:

- (a) ECGS Procedures
- (b) STTM Procedures

- (c) Wholesale Market Settlement Procedures
- (d) Gas Compensation Confidentiality Deed
- (e) Guidance to Gas Compensation Determinations

3. Overview of changes

The marked-up Procedure changes are provided in Attachment A to this document, as detailed above. AEMO has provided the IIR response template for participants to make their submissions in response to this consultation.

3.1. ECGS Procedures

3.1.1. Specific questions asked in the PPC on the ECGS Procedure changes

The following specific questions were asked in the PPC concerning the ECGS Procedures:

- Question 1: Are the times specified for AEMO to be provided data from various markets and facility operators in clause 4.4(b)(iii) of the ECGS Procedures appropriate?
 - The response to this question is summarised in section C.2
 - On the basis of the feedback provided, AEMO amended the timeframe in clause 4.4(b)(iii) from 10 business days to 15 business days.
- Question 2: AEMO has outlined strategies for determining the compensation funding amount in clause 4.4(c) of the ECGS Procedures. Are these compensation funding amount strategies appropriate? If not, please provide alternate strategies.
 - The response to this question is summarised in section C.3.
 - The AEMC, as discussed in reference C.3.1, provided feedback that the strategies be removed as it was inconsistent with the policy intent of the rule changes.
 - On the basis of discussion with the AEMC, AEMO has amended clause 4.4(c) of the Procedures to remove the strategies.

3.1.2. ECGS Procedures changes for compensation rule changes

AEMO has discussed the amendments to the ECGS Procedures in attachment C.4 of this document.

3.1.3. Amendment to new demand zones

As part of the PPC, AEMO amended Appendix A of the ECGS demand zones to add “MAPS-DE-13” and “PCA-DE-08” to reflect GPG demand zone. AEMO was informed by SEAGas, operator of the Port Campbell to Adelaide Pipeline (PCA), that the new “PCA-DE-08” demand zone is not a PCA connection.

AEMO reviewed and amended “PCA-DE-08” to be “MAPS-DE-14”, reflecting the physical connection to the Moomba to Adelaide Pipeline (MAP). AEMO informed Epic Energy of this change on 3 April 2024 and requested comment on the proposed change.

3.1.4. ECGS Procedures changes for Other Gases Rule changes

The National Gas Amendment (Other Gases) rule changes commenced 12 March 2024 and were gazetted on 21 March 2024 with the publication of the South Australian Government Gazette dated 21 March 2024.¹ AEMO included amendments in the PPC to account for these changes.

No submissions were received on these proposed ECGS Procedures amendments required due to the Other Gases rule changes in participant submissions.

3.1.5. Review of the ECGS Direction for Queensland Gas Pipeline

AEMO will be reviewing the ECGS directions issued for the Queensland Gas Pipeline (QGP) incident that occurred from 5 March 2024. In accordance with rule 698 of the NGR and clause 3.6(a) of the ECGS Procedures, AEMO will:

- (d) endeavour to publish a preliminary *post-intervention report* within 1 month of the end of the exercise of all directions relating to the same identified risk or threat; and
- (e) publish a final *post-intervention report* within 4 months of the end of the exercise of all directions relating to the same identified risk or threat.

AEMO published the preliminary intervention report on the AEMO website on 7 May 2024². AEMO expects that there may be learnings included in the final intervention report, which may require a future ECGS Procedure change.

AEMO still has an active ECGS direction related to the Queensland Gas Pipeline event. AEMO will publish a ECGS notice when the direction is revoked, and when the identified risk or threat is resolved.

3.2. STTM Procedures

There were no comments received from participants on the STTM Procedure changes proposed in the PPC.

3.3. Wholesale Market Settlement Procedures

There were no comments received from participants on the STTM Procedure changes proposed in the PPC.

¹ See [No. 19 - Thursday, 21 March 2024 \(pp. 473–501\) \(governmentgazette.sa.gov.au\)](https://www.governmentgazette.sa.gov.au), South Australian Government Gazette no 19, page 495, accessed 22/03/2024.

² AEMO, East Coast Gas System – Queensland Gas Pipeline Preliminary Post-Intervention Report, May 2024, accessed 7 May 2024, see: <https://www.aemo.com.au/-/media/files/gas/east-coast-gas-system/ecgs-qgp-5-mar-2024-preliminary-intervention-report.pdf?la=en>

3.4. Gas compensation Confidentiality Deed

AEMO is required to consult on the gas compensation Confidentiality Deed by rule 135JD(2). This document has been drafted on the basis of the NEM compensation Confidentiality Deed which can be found on AEMO's website.³

AEMO has discussed the amendments to the gas compensation Confidentiality Deed in attachment C.7 of this document.

3.5. Guidance on Gas Compensation Determinations

AEMO is required to publish the Guidance on Gas Compensation Determinations under Rule 135JD(3). Please note AEMO is not required to consult on this Guidance but has chosen to do so for the initial version. Future amendments to the Guidance can be made at AEMO's discretion.

AEMO has discussed the amendments to the Guidance on Gas Compensation Determinations in attachment C.8 of this document.

4. Likely implementation requirements and effects

The compensation changes embodied by this Rule change require business process changes for AEMO and presumably for the market participant in the event that a compensation event occurs in either the DWGM, ECGS or STTM.

5. Overall cost and benefits

AEMO considers that the AEMC's [compensation and dispute resolution frameworks](#) rule change provides the assessment of cost and benefits of the rule changes as required by the National Gas Objective (NGO).

Participant's submissions have not identified concerns with the overall cost and benefits of this proposal as detailed in AEMO's PPC.

6. Magnitude of the changes

AEMO is making this Procedure under the ordinary process for making Procedures under rule 135EE of the NGR as material changes are required to the ECGS Procedures, STTM Procedures and Wholesale Market Settlement Procedures.

AEMO is also required to consult on the Gas Compensation Confidentiality Deed as required by Rule 135JD(2), and has elected to use this process to undertake the consultation.

³ See AEMO website link: https://www.aemo.com.au/-/media/files/electricity/nem/market_notices_and_events/market_event_reports/2017/independent_expert_confidentiality_deed.pdf?la=en

AEMO is required to publish the Guidance to Gas Compensation Determinations under Rule 135JD(3). However, AEMO is not required to consult on this Guidance but has chosen to do so for the initial publication of the Guidance.

7. Consistency with National Gas Rules and National Gas Objective

Regarding these changes, AEMO’s assessment of the proposal’s consistency with the NGR and NGO is:

Requirement	AEMO’s Preliminary Assessment
Consistency with National Gas Law (NGL) and NGR	AEMO’s view is that the proposed procedure change is consistent with the NGL and NGR, as amended in the AEMC’s rule change.
National Gas Objective	It is AEMO view’s that the changes are expected to contribute to the achievement of the NGO by promoting efficient operation and use of covered gas services for the long-term interests of consumers of natural gas with respect to price, safety, reliability and security of supply of natural gas.

No participant submitted any opposing views in relation to AEMO’s assessment during the PPC consultation. AEMO therefore maintains its original assessment as described above.

8. Consultation outcomes

AEMO published our proposed procedure change on 2 April 2024 and informed, by email, the Gas Wholesale Consultative Forum. Submissions to these PPCs were due on 1 May 2024.

AEMO received 1 submission that has been published on the consultation webpage and issues raised in this submission have been summarised in Attachment C.

9. Supporting Documentation

The documents can be found in:

- Attach A – Consultation documents, include:
 - ECGS Procedures
 - STTM Procedures
 - Wholesale Market Settlement Procedures
 - Gas Compensation Confidentiality Deed
 - Guidance to Gas Compensation Determinations
- Attachment B – IIR response template

10. Impact and Implementation Report – Recommendations

10.1. Should the proposed Procedures be made?

AEMO recommends that the Procedures and consultation documents should be published as set out in Attachment A of this IIR.

10.2. Proposed timelines

The AEMC’s rule change requires AEMO to have the amended Rules and Procedures take effect from 31 July 2024. The Procedure consultation process is as follows:

- PPC published: 2 April 2024
- PPC consultation submissions due: 1 May 2024
- IIR publication date: 22 May 2024
- IIR consultation submissions due: 19 June 2024
- Notice of Decision published: 10 July 2024
- Effective Date of Procedures: 31 July 2024

Attachment A. Consultation documents

The following Procedures are provided in track change format. The version issued for this consultation are attached separately to this document:

- Wholesale Market Settlement Procedures v2.0 (IIR) (track changes)
- Gas Compensation Confidentiality Deed v0.2 (IIR) (track changes)
- Guidance on Gas Compensation Determinations v0.2 (IIR) (track changes)

The following consultation documents have not changed since the PPC was published:

- ECGS Procedures v2.0 (PPC) (track changes)
- STTM Procedures v14.0 (PPC) (track changes)

Attachment B. IIR response template

The 'Attachment B - IIR response template' has been attached separately to this document. There are two sections in the template:

- Section 1 seeks general feedback on AEMO's examination of the proposal and each Procedures.
- Section 2 seeks specific drafting proposals for each consultation document.

The process for making a submission is outline in section 1.2 of the consultation document.

Attachment C. Summary of PPC submissions and AEMO’s responses

The following responses were received from participants in response to the Proposed Procedure Change.

C.1 General comments

Reference	Submitter	Submission details	AEMO response
Does your organisation support AEMO’s assessment of the proposal?			
C.1.1	APLNG	APLNG does not have specific feedback on AEMO’s assessment of the proposal however support AEMO’s review of the ECGS directions issued for the QGP incident and consider that any learnings should be incorporated in the relevant documents as appropriate and following consultation with stakeholders.	Noted.

C.2 Specific consultation question 1

Reference	Submitter	Submission details	AEMO response
Are the times specified for AEMO to be provided data from various markets and facility operators in clause 4.4(b)(iii) and 4.4(b)(iv) of the ECGS Procedures appropriate?			
C.2.1	APLNG	APLNG recommends expanding the timeframe in which a shipper is to provide shipper allocation data to AEMO to no later than 15 business days from the date of request, to allow for reconciliation processes associated with the underpinning data to be completed.	Incorporated feedback into ECGS Procedures.

C.3 Specific consultation question 2

Reference	Submitter	Submission details	AEMO response
AEMO has outlined strategies for determining the compensation funding amount in clause 4.4(c) of the ECGS Procedures. Are these compensation funding amount strategies appropriate? If not, please provide alternate strategies.			

Reference	Submitter	Submission details	AEMO response
C.3.1	AEMC	The AEMC, on 6 May 2024, recommended that we consider the alignment of the strategies specified in clause 4.4(c) of the ECGS Procedures to the AEMC determination - specifically section 3.2.2 of its draft determination. ⁴	<p>In summary, the AEMC found in its Draft Determination that determining a causer pays model is a complex task. Ascribing fault to a particular entity presents a difficult, time-consuming task within the context of complex market dynamics. The AEMC found that this is particularly the case where an entity may be responding to a normal commercial incentives. The AEMC’s analysis indicated that the main beneficiary of any direction would be demand, however, demand may also be a cause of directions. As such the AEMC found that this leaves gas consumption, i.e. demand as the preferable means of allocating costs. The rule change process maintained the consumption-driven approach with minor, but key, modifications.</p> <p>AEMO has reviewed Rule 707(9) and 707(11) along with section 3.2.2 of the AEMC’s Draft Determination.</p> <p>AEMO considers the AEMC’s proposal to remove the strategies in clause 4.4(c) would be more consistent with the Rule intent.</p> <p>AEMO has deleted the text in clause 4.4(c) of the ECGS Procedures.</p>
C.3.2	APLNG	<p>APLNG is generally supportive of the two strategies to the extent that AEMO is unable to determine specific end-users to allocate the compensation funding amount to. However, where there are a small number of identifiable end users, there is a preference for the adoption of a beneficiary-pays approach. The beneficiary-pays approach promotes a more equitable distribution of casts and leads to a fairer and more reasonable outcome for end-users in this scenario.</p> <p>If AEMO intends to adopt a strategy other than one of the two strategies outlined in clause 4.4(c), a new clause should be added to the ECGS Procedures requiring AEMO to publicly consult on its proposed strategy before issuing tax invoices to liable relevant entities. If such a consultation occurs, we consider it appropriate for AEMO to extend the period in which it will issue tax invoices to liable relevant entities by the number of days allowed for consultation.</p>	See AEMO’s response C.3.1.

⁴ AEMC, Draft Rule Determination: National Gas Amendment (Compensation and dispute resolution frameworks) Rule, 30 November 2023, See: <https://www.aemc.gov.au/sites/default/files/2023-11/Draft%20determination%20-%20rule%20change%20%288%29.pdf>

C.4 ECGS Procedures

Reference	Submitter	Submission details	AEMO response
C.4.1	APLNG	<p>Clause 3.4 – In addition to AEMO’s communication of notices to the Part 27 register contacts, it might be beneficial to the market for the ‘AEMO Communications’ newsletter to include a brief article highlighting that AEMO has exercised its ECGS reliability and supply adequacy functions under Part 27 of the NGR, with further information available on AEMO’s ECGS Notices website. This will help increase the visibility of the actual or potential risk or threat to persons beyond those listed on the Part 27 register.</p> <p>The CSV file on the ECGS Notices website should maintain a record of all notices issued until the end of the risk or threat period or directions period (whichever occurs latest), with notices no longer in effect marked as such. This will ensure a complete record of notices is available to the market.</p>	<p>AEMO Communications is AEMO’s weekly industry newsletter delivering technical, regulatory and market information to subscribers.</p> <p>Operational events, including ECGS directions, DWGM directions or STTM contingency gas, are sent to the appropriate market contacts for action via market notices. Only the post-intervention reports for these events would be included in the AEMO Communication newsletter.</p> <p>Thank you for identifying this issue with the ECGS market notices published on AEMO’s website. AEMO has determined there is a limitation in our ECGS market notice processes.</p> <p>To resolve this limitation AEMO has adjusted the end date of all public ECGS market notices so that they end on “31 December 2024” and republished the report “INT929A System Notices”. This change was made on 14 May 2024 and the public market notices for the event are available on AEMO’s website. See https://www.aemo.com.au/energy-systems/gas/east-coast-gas-system/ecgs-reports-and-notices</p> <p>The ECGS market notices are available in INT929A until a new ECGS Notice is published after 31 December 2024. Further information on these changes may be provided in the post-intervention report.</p>
C.4.2	APLNG	<p>Under rule 705(1) of the NGR, AEMO is required to publish a notice requesting relevant entities that wish to claim compensation under rule 704(1) to submit a notice of claim in accordance with rule 705. APLNG recommends the insertion of a new clause in the ECGS Procedure that covers, at a minimum, the timing and manner of publication and how the notice will be communicated to the market (e.g. via a market notice or direct communications to Part 27 register contacts).</p>	<p>The notice of claim will be a public market notice as amended in section 3.4 of the ECGS Procedures. In accordance with rule 705 of the NGR, the timing of the publication will be as soon as practicable after the completion of actions required to be taken as a direct result of an east coast gas system direction.</p>
C.4.3	APLNG	<p>Clause 4.1 - The reference to rule 705(2)(a) should be removed in the opening paragraph, given this paragraph also references the information to be specified in the notice of claim, which is captured by rule 705(2)(b) not rule 705(2)(a).</p>	<p>Incorporated feedback into ECGS Procedures.</p>
C.4.4	APLNG	<p>Clause 4.1(a) - Given there are different types of compensation claims under the NGR, we recommend adding a new requirement for the notice of claim to specify the type of claim (e.g. compensation claim under rule 705 of the NGR). This requirement could be added before clause 4.1(a)(v).</p>	<p>Note that these requirements specifically relate to notice of claims under Part 27 of the NGR.</p>
C.4.5	APLNG	<p>Clause 4.1(a)(v)(D) – Proposed change:</p>	<p>Incorporated feedback into ECGS Procedures.</p>

Reference	Submitter	Submission details	AEMO response
		The amount (in dollars) of the direct costs incurred by the relevant entity as a direct result of AEMO issuing an east coast gas system direction compensation claim (exclusive of the amount in (E) and (F) below) reflecting only direct costs of the event ;	
C.4.6	APLNG	Clause 4.1(a)(v)(E) - APLNG seeks further information from AEMO about the circumstances in which a claimant would have previously received compensation from AEMO. We would expect a claim under one of the other gas compensation frameworks would not directly affect an ECGS compensation claim, given the different nature of the claims. Further, clause 4.1(a)(v)(F) captures the requirement for the independent expert to consider any compensation received by the claimant per rule 707(2)(b).	AEMO notes that Rule 135JE(2) indicates that compensation claims for an 'event' that impacted the ECGS, DWGM and STTM would need to be considered together. The rules do not differentiate the Rules Part for each claim. See definitions: related claims means compensation claims that arise from a single compensation claim event or out of a series of compensation claim events that, in AEMO's reasonable opinion, are related. compensation claim event means the event or circumstance, or series of related events or circumstances, that gives rise to a compensation claim. AEMO has removed clause 4.1(a)(v)(E) which relates to market payments. AEMO considers clause 4.1(a)(v)(F) is sufficient for the ECGS Procedures.
C.4.7	APLNG	Clause 4.1(a)(v)(F) – The wording in this clause should be expanded to reflect rule 707(2)(b) of the NGR: Any other benefit (including funds, payments, compensation or other financial benefit) the claimant received for undertaking the activity required as a direct result of the direction notice or being deprived of the relevant service ;	Incorporated feedback into ECGS Procedures.
C.4.8	APLNG	Clause 4.1(c) – The supporting information is an integral part of the notice of claim. Therefore, the wording in this clause should be strengthened to require to claimant to provide this information.	Incorporated feedback into ECGS Procedures.
C.4.9	APLNG	Clause 4.1(c)(i) - APLNG submits that, instead of providing supporting contracts, claimants should include invoices and receipts of payment with the notice of claim. Invoices and receipts provide the most direct evidence of the direct costs incurred and allow claimants to minimise submission of contractual documentation which contains commercial-in confidence information that goes beyond the requirements of evidencing direct costs.	Incorporated provision of invoices and receipts of payment with the notice of claim into the ECGS Procedures however noting that direct costs can also be determined by reference to prices in a contractual agreement.
C.4.10	APLNG	We note that some contracts or other supporting information may be subject to disclosure requirements whereby permission must be sought from counterparties before the information can be disclosed to AEMO and the independent expert. Further, some evidence supporting the claim, such as tax invoices and receipts, may not be available when the notice of claim is lodged. APLNG therefore recommends a new clause requiring the claimant to provide this type of information to AEMO and/or the independent expert as soon as practicable after the information can be disclosed or becomes available to the claimant.	Rule 707(4A) of the NGR requires a claimant to provide information to the independent expert in accordance with the compensation determination process to enable the independent expert to assess the matters in rules 707(2)-(4).
C.4.11	APLNG	Under rule 705(3), AEMO is required to appoint an independent expert if a 'valid notice of claim' is given to AEMO under rule 705(2). We seek clarity from AEMO on whether it will	Rule 705(2) of the NGR sets out requirements and timing of a valid notice of claim.

Reference	Submitter	Submission details	AEMO response
		<p>assess a notice of claim to determine its validity, what assessment criteria AEMO will use (see below), and what steps AEMO will take if it considers that a claim is not valid.</p> <p>We consider that a 'valid notice of claim' requires the relevant entity to:</p> <ul style="list-style-type: none"> •give its notice of claim to AEMO in accordance with section 4.1 of the ECGS Procedures within 20 business days after the end of the month in which AEMO published the notice under rule 705(1) for the relevant ECGS direction •include with the notice of claim the information specified in section 4.1 of the ECGS Procedures. <p>However, we query whether there will be flexibility for a claimant to submit an updated claim if AEMO determines that there is missing or incomplete information and, if so, the timeframe in which the claimant must respond for the claim to be considered valid. We believe that 5 business days after AEMO's request is a reasonable timeframe in which to provide any missing or incomplete information (to the extent the information is available, see feedback above).</p>	<p>The relevant entity making the claim is to ensure that the information provided to AEMO is complete and consistent with the requirement of the NGR and the ECGS Procedures.</p>
C.4.12	APLNG	<p>Under rule 705(5), a claimant may withdraw its notice of claim before the date the claimant is required to provide written submissions under rule 135JG(3)(b). APLNG suggests the inclusion of a new clause specifying who the claimant should contact if it wishes to withdraw its notice of claim (i.e. a written notice to AEMO via bbo@aemo.com.au and the independent expert, if one has been appointed at the time of withdrawal).</p>	<p>Incorporated feedback into AEMO's Guidance on Gas Compensation Determinations.</p>
C.4.13	APLNG	<p>Clause 4.2 & 4.2(a) - We note that rule 707(8)(b) of version 75 of the NGR currently refers to standing prices or benchmark rates for certain 'covered' gas services. We anticipate that the use of the term 'covered' will be retained when the new rule 707(9)(b) is introduced and therefore should be captured in the ECGS Procedures.</p>	<p>The AEMC has informed AEMO a minor rule change will be required to omit the relevant references of 'natural gas' and substitute 'covered gas'.</p> <p>AEMO have amended 'natural gas' to 'gas' to capture all covered gas services throughout the Procedure. The Part 27 definition of "gas" means "natural gas, unless otherwise defined in this part. AEMO considers the drafting to be consistent with the Rules."</p>
C.4.14	APLNG	<p>Clause 4.2(a)(ii)(A)3 - APLNG requests that AEMO re-consider the standing prices and benchmark rates applicable to the supply of gas in Queensland. Firstly, the Short Term Trading Market (STTM) Brisbane ex ante price is not an accurate reflection of the cost of gas being supplied by claimants who are not registered to participate in the Brisbane STTM. Secondly, the Brisbane STTM is an involuntary market used for balancing purposes, whereas the Gas Supply Hub is a voluntary market that more accurately reflects the market price of gas. Thirdly, the Brisbane STTM has fewer infrastructure connections and may not be appropriate for all events</p>	<p>AEMO note that the benchmark price applies in the absence of having a contract for that gas. This is generally going to only occur when directing a producer. Using the STTM and the DWGM for each state provides for consistency in approach. Further, it is likely that the market price will be higher than a producer's cost of production.</p>
C.4.15	APLNG	<p>Clause 4.4(a)(ii)(D) - The reference to 'LNG export project' in this clause should be replaced with 'LNG export facility', to align with the definition of 'gas demand' in rule 703 of the NGR.</p>	<p>Incorporated feedback into ECGS Procedures.</p>

Reference	Submitter	Submission details	AEMO response
		<p>An LNG export project includes the operation of an LNG export facility and upstream production and processing. We do not believe the upstream production and processing aspect should be captured as a liable relevant entity because:</p> <ol style="list-style-type: none"> 1.The definition of gas demand does not include gas consumed in extraction and processing activities, given the reference to ‘taken from a pipeline’ in the definition. 2.Any gas sold by a supplier for ‘consumption purposes’ will be allocated a share of the compensation funding amount (as appropriate) via clauses 4.4(a)(ii)(A), (B) and (C) of the ECGS Procedures. 	
C.4.16	APLNG	<p>In accordance with rules 707(5)(a) and 707(6) of the NGR, AEMO must calculate the compensation funding amount that is to be recovered from liable relevant entities before it determines their share and requests payment. We therefore recommend the insertion of a new clause before existing clause 4.4(b)(i) to capture this calculation.</p> <p>We also believe claimants should be entitled to interest on the amounts determined by the independent expert. While the NGR does not explicitly reference applying interest to ECGS compensation claims, it is fair and reasonable for the claimant to seek recompense for this, given the period of time that lapses between when the direct costs are incurred and when subsequent payment is made by AEMO. We also note that there is precedence for applying interest to compensation claims in the Declared Wholesale Gas Market (see rule 238 of the NGR) and the Short Term Trading Market (see rule 466).</p> <p>Interest could be calculated at the default interest rate specified in rule 3 of the NGR, from the day the claimant lodged its claim to the date when AEMO pays the relevant entity the amount of compensation determined. Interest could be calculated as simple interest on a daily basis.</p>	<p>AEMO consider that rule 707(6) deals adequately with the calculation of the compensation funding amount.</p> <p>The Rules do not contemplate applying interest to Part 27 compensation claims however the notice of claim submitted by the claimant may include the direct costs such as interest.</p>
C.4.17	APLNG	<p>Clause 4.4(b), (c) and (d) - Rule 707(10) requires the ECGS Procedures to explain how AEMO will calculate aggregate gas demand in a location and a liable relevant entity’s share of gas demand in that location.</p> <p>‘Gas demand’ is defined in rule 703 as ‘gas taken from a pipeline forming part of the east coast gas system for:</p> <ol style="list-style-type: none"> (a) consumption purposes. (b) an LNG export facility; or (c) any other purpose, including storage, specified in the Procedures, in circumstances where the withdrawal of that gas has the potential to impact the supply demand balance in the east coast gas system during the period of an identified risk or threat.’. <p>For consistency with the NGR, we believe all references to consumption should be replaced with ‘gas demand’. Further, the reference in clause 4.4(b)(i) to ‘supplied gas for consumption’ should be removed as this is inconsistent with both the NGR and the strategies outlined in clause 4.4(c) of the ECGS Procedures.</p>	<p>Incorporated feedback into ECGS Procedures.</p>
C.4.18	APLNG	<p>Clause 4.4(c) - The strategies apply to the determination of a liable relevant entity’s share of the compensation funding amount, not the compensation funding amount itself.</p>	<p>Noted. Clause 4.4(c) has been amended as discussed in reference C.3.1.</p>

Reference	Submitter	Submission details	AEMO response
C.4.19	APLNG	As discussed in the Question 2 response, APLNG is supportive of AEMO adopting alternative strategies to determine a liable relevant entity's share of the compensation funding amount, provided that AEMO publicly consults on its proposed strategy before it issues tax invoices to liable relevant entities.	Noted. Clause 4.4(c) has been amended as discussed in reference C.3.1.
C.4.20	APLNG	Clause 4.4(g) - APLNG notes that the independent expert may allocate part (or all) of the compensation process costs to a claimant under rule 135JJ(3). Clause 4.4(g) of the ECGS Procedures should therefore be expanded to capture payment of these costs to AEMO. Alternatively, a new clause could be inserted.	We note that rule 707(8) of the NGR already allows AEMO to offset process costs payable by the claimant against compensation payable to the claimant.
C.4.21	APLNG	As discussed in our response to Question 2, if AEMO consults on a new strategy to determine a liable relevant entity's share of the compensation funding amount, we consider it is appropriate for AEMO to extend the period for issuing tax invoices to liable relevant entities by the number of business days allowed for consultation on AEMO's proposed strategy.	Noted. Clause 4.4(c) has been amended as discussed in reference C.3.1.
C.4.22	APLNG	It would be beneficial for the ECGS Procedures to outline the steps a liable relevant entity or claimant can take if it has concerns with an invoice issued by AEMO	We expect that the liable relevant entity or claimant will reach out in a timely manner if there are any concerns with the invoice issued by AEMO.
C.4.23	AEMO	<p>AEMO has amended the ECGS Procedure clause to allow AEMO to account for payments by a liable relevant entity to the claimant in the compensation funding amount.</p> <p>Amended Clause 4.1(a)(vi)(D) to include:</p> <p>(D) Other relevant evidence supporting the compensation claim, including invoices (paid and unpaid) to liable relevant entities for gas demand in the affected location during the period of the identified risk or threat.</p> <p>New Clause 4.4(c) to include:</p> <p>(c) _____ A liable relevant entity's share of the compensation funding amount may be reduced by any amount paid by a liable relevant entity to a claimant for gas demand in the affected location during the period of the risk or threat and:</p> <p>(i) _____ AEMO may request the claimant to provide information about the liable relevant entities that have made payments to the claimant for gas demand in the affected location for the period of the risk or threat; and</p> <p>(i) _____ the claimant must provide the information requested by AEMO under clause 4.4(c)(i) to AEMO within 15 business days of the date of the request.</p>	Noted. See clause 4.1(a)(vi)(D) and clause 4.4(c)(i).
C.4.24	AEMO	AEMO has clarified the drafting around the notice of compensation claim's supporting information, in clause 4.1(a)(vi), to have the claimant indicate the information that is confidential, rather than treating all supporting information as confidential.	Noted. See clause 4.1(a)(vi).

C.5 STTM Procedures

Reference	Submitter	Submission details	AEMO response
No feedback was received on the STTM Procedures.			

C.6 Wholesale Market Settlement Procedures

Reference	Submitter	Submission details	AEMO response
No feedback was received on the Wholesale Market Settlement Procedures.			

C.7 Gas Compensation Confidentiality Deed

Reference	Submitter	Submission details	AEMO response
C.7.1	APLNG	Clause 1.2 - It is unclear what the 'Commencement Date' in the 'Compensation event overview' is referring to. For example, is it the date the claim was lodged or the date the confidentiality deed is entered into or something else?	The commencement date of the <i>compensation claim event</i> .
C.7.2	APLNG	Clause 1.4 - The governing law should be the state in which the claimant is located, as the confidentiality deed is for the benefit of the claimant. Field should be left blank and be advised/completed by the claimant.	As with the NEM Confidentiality Deed, as it may be difficult to have a certain method of determining the applicable jurisdiction for a claimant, AEMO consider a State considers should be specified.
C.7.3	APLNG	Clause 3.2 - We recommend including a definition for 'Independent Expert'. Independent Expert means a person appointed pursuant to rule 135JE of the National Gas Rules to determine a compensation claim.	The Independent Expert is the party signing the document.
C.7.4	APLNG	Clause 5(d), 7.1(a) and 7.2(a) - APLNG submits that it is not appropriate or necessary for the independent expert to retain a claimant's confidential information for any purpose. Clause 5(d) and all references to clause 5(d) should be deleted.	This is a standard clause for confidentiality agreements.
C.7.5	APLNG	Clause 7.4.1(ii) - In the event of the unauthorized disclosure of the claimant's confidential information, APLNG is of the view that the independent expert should immediately take all necessary steps to recover the confidential information and prevent its further disclosure.	AEMO considers the clause already would require the expert to take these steps, and there is no right in the document for

Reference	Submitter	Submission details	AEMO response
		Proposed drafting change - Take all necessary steps, at its own expense, to enforce the confidentiality obligations imposed or required to be imposed by this Deed including: (A) make all reasonable efforts to regain possession of the Confidential Information from, and prevent any further unauthorised disclosure or use by, the person to whom the Independent Expert had disclosed or allowed access to the Confidential Information.	the Independent Expert to claim costs for complying with this document.
C.7.6	APLNG	Clause 9;1(a) to 9.4(a) and 9.6(a) to 9.8(a) – The indentation of the text does not align with other parts of the Guidance.	Incorporated feedback in Gas Compensation Confidentiality Deed.
C.7.7	APLNG	Clause 9.8(b) and (c) - The governing law should be the state in which the claimant is located, as the confidentiality deed is for the benefit of the claimant. Field should be left blank and be advised/completed by the claimant.	Refer to response for C.7.2
C.7.8	APLNG	APLNG recommends using a consistent approach to referring to the NGR (i.e. Rules or National Gas Rules, not both).	Incorporated feedback in Gas Compensation Confidentiality Deed.
C.7.9	APLNG	The confidentiality deed contemplates that the independent expert may not be a natural person. APLNG submits that an independent expert can only be a natural person. We suggest that the confidentiality deed be amended to clarify that the independent expert must be a natural person. Examples of where the confidentiality deed contemplates that the independent expert is not a natural person include (but are not limited to): <ul style="list-style-type: none"> • 4(e)(ii), 6(a)–(c), 7.2(a) – ‘officers of’ the independent expert • 7.3(a) – ‘authorized representative’ of the independent expert • 10 – deed execution by company under section 127(1) of the Corporations Act 2001. 	There is no requirement in the rules for the independent expert to be a natural person

C.8 Guidance to Gas Compensation Determinations

Reference	Submitter	Submission details	AEMO response
C.8.1	APLNG	Page 2 - The effective date in the ‘Current version release details’ table should be 31 July 2024, in line with the commencement date specified in transitional rule 104 of the NGR. 31 July 202 5 ⁴	Noted. AEMO has amended the document.
C.8.2	APLNG	Page 3 - In the ‘Purpose’ section, we recommend that AEMO delete the duplicative ‘under’ and add a reference to the NGR to provide legislative context. ...under rule 344 or 350 of Part 19, rule 433 of Part 20 and under Division 6 of Part 27 of the National Gas Rules ...	Noted. AEMO has amended the document.

Reference	Submitter	Submission details	AEMO response
C.8.3	APLNG	<p>Section 2.1(c) - We have proposed minor changes to this clause to provide clarity on the nature of the ECGS compensation claims.</p> <p>...a claim for compensation under Division 6 of Part 27, notified to AEMO in a notice of claim under rule 705, which allows under rule 704(1) for the relevant entity to seek compensation for the following direct costs incurred as a direct result of AEMO issuing an ECGS direction:</p>	Noted. AEMO considers the current drafting is appropriate and consistent with the other provisions.
C.8.4	APLNG	<p>Section 2.3 - APLNG requests that AEMO provides information on the factors AEMO will consider when selecting independent experts and how AEMO will maintain the pool of potential independent experts, per the matters specified in rule 135JD(3) of the NGR. We consider that an independent expert should:</p> <ul style="list-style-type: none"> • have a good understanding of the relevant parts of the covered gas industry or the capacity to acquire a good understanding of the relevant parts of the covered gas industry quickly. • have sufficient resourcing to undertake the compensation claim determination efficiently. • hold relevant qualifications (e.g. a Bachelor's, Master's or Doctoral degree (or equivalent)) • demonstrate their experience in assessing claims or projects that are similar in complexity. • have knowledge of the relevant NGR provisions. <p>APLNG also believes that AEMO should set out:</p> <ul style="list-style-type: none"> • the process AEMO will follow in seeking expressions of interest for the independent expert standing consultation panel (the panel) (e.g. cyclical requests via market notices) • how persons may apply to be on the panel (i.e. form and content of the application and submission details) • how AEMO will assess and process applications received • the appointment term that will generally apply to persons appointed to the panel. • how persons may withdraw from the panel (i.e. the notice period (including any restrictions such as finalizing any claims currently on foot), form and content of the withdrawal application and how to notify AEMO) • whether there is a minimum and/or maximum number of panel members. 	AEMO is in the process of reviewing these arrangements.
C.8.5	APLNG	<p>Section 2.3 - Under rule 135JE(4) of the NGR, the Australian Energy Regulator (AER) must give AEMO a copy of any objections received in relation to the proposed independent expert on the grounds of a potential conflict of interest. AEMO may then nominate a different person to act as the independent expert (per rule 135JE(5)).</p> <p>To promote regulatory certainty, APLNG believes that the Guidance should explain the steps AEMO will take upon receiving such an objection and the matters it will consider when assessing and determining whether a different independent expert will be nominated. It is our view that AEMO should meet with all affected claimants to resolve the matter.</p>	<p>Noted. AEMO considers there are a wide variety of potential conflict of interest scenarios that include mitigation options (including nominating a new independent expert or input appropriate controls).</p> <p>AEMO notes the AER has the ability to determine a new independent expert is required. Therefore, AEMO considers that any potential conflict of interest will be mitigated appropriately.</p>
C.8.6	APLNG	<p>Section 2.3 - To provide further clarity around the process for nominating and appointing an independent expert, APLNG considers that section 2.3 of the Guidance (including the process map, where appropriate) should be updated to encompass the following:</p> <p>(1) two steps at the beginning of the process to cover AEMO's request for nominations for persons interested in joining the panel and AEMO's assessment of such nominations. We believe the assessment of a person's expertise to be an independent expert for gas</p>	<p>In response to each item:</p> <p>(1) AEMO will be onboarding standing panel members to be available from 31 July 2024. AEMO does not consider the</p>

Reference	Submitter	Submission details	AEMO response
		<p>compensation determinations should be undertaken prior to the person joining the panel, rather than after a claim is submitted.</p> <p>(2) the requirement for AEMO to notify the AER of the nominated independent expert per rule 135JE(1) of the NGR</p> <p>(3) the requirement for AEMO to publish a notice specifying the nominated independent expert per rules 135JE(1) and 705(4) of the NGR. To promote transparency, we consider AEMO should also indicate how the notice will be published (e.g. via a market notice)</p> <p>(4) the timeframe in which AEMO must appoint the independent expert as set out in rule 135JE(7).</p> <p>Please refer to Appendix A [of APLNG’s PPC submission] for proposed revisions to the process map for the nomination and appointment of an independent expert.</p>	<p>process to tender, onboard and maintain these standing panel members should be outlined in the Guidance.</p> <p>(2) Noted. AEMO has amended the document.</p> <p>(3) Noted. AEMO has amended the document to reflect AEMO sending a market notice.</p> <p>(4) Noted. AEMO has amended the document.</p>
C.8.7		<p>Section 2.4 – We consider that the following changes should be made to section 2.4 of the Guidance:</p> <p>(1) A clarification note should be added to the process map indicating that the independent expert may amend the process and timetable at a later date by notifying the claimant(s) and AEMO. Further, the independent expert may extend the timeframes for releasing the draft and final reports, as permitted by rule 135JG(5)(b).</p> <p>(2) The process around the provision of information to the independent expert should be expanded to capture the requirement on AEMO to provide market data, as soon as practicable after receiving a request from the independent expert, to both the independent expert and the claimant(s) (per rule 135JF(2)).</p> <p>(3) The process around the provision of information by the claimant(s) to the independent expert should be split into two separate sub-processes:</p> <p>(4) The first sub-process relates to the claimant(s) providing written documentation to the independent expert within the timeframe specified in the independent expert’s request, in line with rule 135JG(3)(b).</p> <p>(5) The second sub-process covers the independent expert’s ability to request additional information from the claimant(s) under rule 135JG(6). This information should be provided within 10 business days; otherwise, the independent expert is entitled to make assumptions it thinks appropriate.</p> <p>(6) The current process map appears to confuse the two requirements, by specifying that claimants are required to provide written documentation within the 10-business day timeframe (instead of the timeframe specified in the independent expert’s request).</p> <p>(7) The process map should explicitly state that the independent expert is responsible for assessing the claim and preparing the draft report, draft determination and the notice inviting public submissions on its draft report draft determination (per rule 135JH(1)). It may also be beneficial to clarify the recipient of such submissions (i.e. AEMO or the independent expert).</p> <p>(8) Claimants should be given an opportunity to review the draft and final reports to identify whether any confidential information has been disclosed, prior to publication by AEMO.</p> <p>(9) The process map should capture the obligation on the independent expert to provide the final report and tax invoice to AEMO, and the final determination to AEMO and the claimant(s) (per rule 135JH(3)).</p>	<p>Noted. AEMO has amended the document to account for items (1) to (6) and (9).</p> <p>In response to each items:</p> <p>(7) AEMO considers this is covered by the Rule 135JH(1)(a) and 135JH(3), and is therefore not required in the Guidance.</p> <p>(8) AEMO considers the independent experts process and timetable to meet its obligation under Rule 135JH(5). AEMO also notes:</p> <p>(a) The draft report is the only document published by AEMO prior to the Final Determination. AEMO would expect the draft report to be assessed for confidentiality by the Independent Expert’s process.</p> <p>(b) The Independent Expert’s process should leverage the review of the Draft Determination to identify all confidential information in each chapter and appendix to inform the content of the public Final Determination.</p> <p>(c) Rule 135JG(2) is clear the independent expert has discretion to determine the process and timetable to be undertaken to assess the claim.</p> <p>(10) AEMO considers that the independent expert may set out its requirements for late submissions in the process and timelines. In addition, AEMO notes specific timelines for submissions are identified in Rules 135JG(3)(b) and 135JG(7).</p>

Reference	Submitter	Submission details	AEMO response
		<p>(10) It may be useful for AEMO to specify how late submissions will be treated.</p> <p>Please refer to Appendix A [of APLNG’s PPC submission] for proposed revisions to the process map for the independent expert’s determination of compensation claim.</p>	
C.8.8	AEMO	<p>AEMO has clarified the drafting around the notice of compensation claim’s supporting information, in clause 2.2(b)(vii), to have the claimant indicate the information that is confidential, rather than treating all supporting information as confidential.</p>	Noted. See clause 2.2(b)(vii).