



10 March 2015

Mr Hugh Ridgway
Gas Wholesale Market Development
Australian Energy Market Operator
GPO Box 2008
Melbourne VIC 3001

Dear Mr Ridgway

APA Group (APA) is pleased to provide its comments on the proposed amendment of the Declared Wholesale Gas Market (DWGM) *Wholesale Market Gas Scheduling Procedures (Victoria)* and *Wholesale Market Administered Pricing Procedures (Victoria)*.

Wholesale Market Gas Scheduling Procedures (Victoria)

APA agrees with the intent of the amendments and accepts that they are largely suitably incorporated through the proposed changes. APA suggests the following changes to the proposed amendments to clarify the intent.

3.8 Supply and Demand Point Constraints

AEMO may also apply SDPCs to restrict injections or withdrawals which would exceed the physical capacity of the DTS ~~including whether at full pipeline capacity, or reduced capacity due to~~ pipeline facility commissioning, ~~and or~~ maintenance (e.g. maintenance of compressors) or to avert threats to *system security*. An SDPC that is used due to a limitation within the DTS is applied to *operating schedules* only and not to *pricing schedules*.

This change is proposed to allow for easier understanding of the *Procedure*.

3.8A Supply Source Outage at a System Injection Point

In the event of an outage of a supply source at a *system injection point* for which the Facility Operator has registered multiple supply sources in accordance with clause 3.9A10A, the Facility Operator may advise AEMO that they will cease to inject gas from that supply source into the DTS.

The draft has not captured later changes to document.



3.12 Initial Conditions

- (i) **reschedule** initial injection and withdrawal rates **for all other schedules within a day, whether standard or ad hoc**, are to be based on the conditions at the end of the preceding hour in the last approved *operating schedule*.

Use of “reschedule” alone does not clearly identify that this applies to all schedules within a day.

5.1 Plant or Facility Outages

AEMO will assess the *system security* impact of any plant outage and may amend relevant SDPCs and DFPCs to reflect the outage in subsequent operating schedules.

If, in AEMO's reasonable consideration:

- (a) a delay in rescheduling until the next standard schedule time may threaten system security, AEMO **may shall** *publish* an *ad hoc operating schedule* applying appropriate SDPCs and DFPCs to reflect the outage; or
- (b) a delay in rescheduling until the next *standard schedule time* is not likely to threaten *system security*, AEMO **may shall** amend relevant SDPCs and DFPCs to reflect the outage and apply these in the schedules published at the next *standard schedule time*.

It is suggested that AEMO, under these circumstances, be required to produce an ad hoc operating schedule or amend the SDPCs and DFPCs respectively.

5.2 Ad hoc Operating Schedules

AEMO will notify *Market Participants* of the *publication* of any *ad hoc operating schedules* by an SWN in accordance with Chapter 7.

AEMO will not revise or update the applicable *pricing schedule* or *market price* when it publishes an *ad hoc operating schedule*. The *pricing schedule published* at the last *standard schedule time* is not updated until the next *standard schedule time* regardless of any *ad hoc operating schedules published* during the *scheduling interval*. *Market price* only changes at the fixed times (*standard schedule times*). **and Any ancillary payments** generated will, as far as practicable, apply **to address the pricing effects as-a-result** of any *ad hoc operating schedule* or other forms of *intervention*.

APA considers that the attempt to simplify this sentence has obscured the meaning. The suggested rewording tries to make it clear.



5.3.4 Alleviation of a Threat through Market Response

It may be possible for *Market Participants* to assist in alleviating a threat to *system security* through changes to their *bids*.

If AEMO reasonably considers that a threat to *system security* will subside without *intervention*, AEMO will:

- advise those *Market Participants* that AEMO considers would be required to take action if the threat to *system security* is not resolved without *intervention*, including *Market Participants* whose *bids* are likely to be *scheduled* in accordance with an *operating schedule*, of the following information:
 - the existence of the threat to *system security*; and
 - the likely nature of any requirement if AEMO determines that it should intervene; and
- keep all *Market Participants* informed with up-to-date information about the threat to *system security* and measures taken to avert the threat.

APA considers that the two middle points are details related to the first point, and therefore should be further indented.

5.3.5 Alleviation of the Threat through AEMO Intervention

If AEMO reasonably considers that a threat to *system security* is unlikely to subside without *intervention*, AEMO will intervene in the *Market* by taking measures it believes are reasonable and necessary to overcome the threat to *system security*.

AEMO may, if it reasonably considers that the actions available to it under the *National Gas Law* and the *Rules* might not be adequate to alleviate the threat, seek intervention by the Victorian government under the Gas Industry Act 2001.

Without in any way limiting the actions available to AEMO, reasonable and necessary actions that AEMO may take include:

- (a) *curtailment* in accordance with the Gas Load Curtailment and Gas Rationing and Recovery Guidelines, subject to paragraph (b);
- (b) increasing withdrawals **where feasible**;
- (c) requiring *Market Participants* to use reasonable endeavours to inject available gas to which the *Market Participant* is entitled, but which has not been *bid* on the relevant *gas day* or which is non-firm *gas*, recognising in the case of non-firm *gas* the uncertainties associated with the supply and injection of that *gas*;
- (d) requiring any *Market Participant* **with access to inject** off-specification *gas* **to inject it** into the DTS; and
- (e) requiring *Market Participants* to do any reasonable act or thing that AEMO believes necessary in the circumstances.



AEMO actions, especially (b) & (d) above, are not completely unfettered as is recognised by the provisos in (c). These actions are limited by the status of Market Participants as revealed by their replies to AEMO's request for advice in 5.3.2 (a) – (e). These limitations should be reflected where possible in 5.3.5.

Wholesale Market Administered Pricing Procedures (Victoria)

APA accepts the proposed amendments to these procedures. APA suggests one minor change to the last clause.

6.7 Consultation on amending the administered price cap and cumulative price threshold

AEMO must consult with industry on ~~the~~ **any** proposed approach for amending the APC or CPT and the timing for implementation.

AEMO will be required to follow the procedure change process as required under Part 15 of the Rules for amending the administered pricing *procedures*.

This clause should apply to any proposed changes to these Procedures. As written it could be construed to apply only to the current proposal.

If you would like any further information, please call me on 02 9275 0020.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Alexandra Curran', written in a cursive style.

Alexandra Curran
Regulatory Manager