

Notice to Participants of AEMO's decision on making the BB Procedures version 4.0

This Notice advises all Registered Participants (Participants) and other interested stakeholders that consultation for changes to the Natural Gas Services Bulletin Board (BB) Procedures under the ordinary procedure change consultative process, prescribed in rule 135EE of the National Gas Rules (NGR), concluded on 25 May 2015.

Taking into account the assessment provided in the Impact and Implementation Report (IIR), AEMO hereby gives notice that it has decided to amend the BB Procedures, effective from 14 July 2015.

The BB Procedures changes to version 4.0 are as follows (shown at Attachment A):

- The addition of a new Demand zone to capture gas delivered to Curtis Island LNG facilities. This new zone will result in the addition of new gas transmission pipelines being defined as GBB Pipelines and reporting to the GBB.

AEMO received feedback from seven participants in the response to the IIR. A summary is shown at Attachment B.

In response to the feedback received, AEMO has elected to make the following changes to the BB Procedure change that was proposed in the Impact and Implementation Report (IIR):

- In response to the COAG Energy Council suggestion, AEMO will remove the words 'for export' from the Demand Zone definition, to ensure that all gas delivered to the LNG facilities is reported.
- In response to the feedback received from the COAG Energy Council, ERM Power and Westpac, AEMO has decided to make version 4.0 of the BB Procedures effective from 14 July 2015 and will make the Curtis Island LNG Demand Zone effective by a notice published by AEMO at least 5 business days prior to the effective date. AEMO will publish this notice once it has been confirmed that first cargo has been loaded for the second LNG project. This will ensure that relevant data is captured as soon as possible after a second LNG project comes into operation, but avoids the risk of having a single LNG project reporting to the GBB.
- Add LNG as zone code in procedures.

AEMO considers that the proposed procedure is likely to contribute to the NGO because it promotes transparency of the gas market in the east coast, and assists gas market participants in making decisions and managing risk.

As required by Rule 135EE (5), AEMO also publishes this notice to inform Participants that version 4.0 of the BB Procedures will be effective from 14 July 2015.

Notice Date: 23 June 2015

Attachment A: Marked up changes (exclude formatting changes) to BB Procedures

SCHEDULE 2 DEMAND ZONES AND PRODUCTION ZONES

a. Demand Zones

The demand zones either correspond to the overall load serviced by an individual BB pipeline (including its laterals, connecting networks and minor pipelines) or to 'hub' load centres that are serviced by two or more BB pipelines such as the SYD, ACT and ADL and VIC demand zones.

Those BB pipelines that must provide nominations, forecast deliveries for that zone, or scheduled injections for the VIC zone are indicated in the RH column.

[From the date identified in a notice published by AEMO, the Curtis Island LNG Demand Zone will be effective on the GBB.](#)

Demand Zone	Description	<i>BB Pipeline nominations, flows required</i>
...
<u>Curtis Island LNG (LNG)</u>	<u>Deliveries to the LNG facilities for export on Curtis Island near Gladstone from LNG pipelines including Queensland Curtis LNG Pipeline, Australia Pacific LNG Pipeline, and Gladstone LNG Pipeline.</u>	<u>QCLNG Pipeline, APLNG Pipeline, GLNG Pipeline</u>

Attachment B: Summary of stakeholder comments on the IIR consultation for BB Procedures

Stakeholder	Stakeholder Comment	AEMO Response
APPEA QGC Santos GLNG APLNG	<p>Santos GLNG, APPEA and QGC voiced concern over the proposal to establish a Demand Zone for Curtis Island, which will result in the registration and publishing of forecast and actual capacity and delivery data for each pipeline delivering gas to the Curtis Island LNG Production Facilities. They each raised the following points:</p> <ul style="list-style-type: none"> - Pipelines delivering gas to the LNG production projects are single shipper pipelines; - Commercial positions for each LNG proponent can be determined based on pipeline flow information; - Level of single shipper information sought is not consistent with that is required of other BB participants; - The aggregation of the pipelines flows achieves the AEMO objective without disadvantaging the LNG proponents; 	<p>The National Gas Rules (NGR) and the National Gas Law (NGL) do not provide any exceptions or special measures for single shipper facilities in relation to obligations to provide data to be published on the GBB, with the specific exception of medium term capacity outlooks. Some currently registered BB Pipelines have majority shippers, whose data would be relatively transparent on the GBB, and there are a number of BB production facilities that are dedicated to single shippers. If current BB Pipelines with multiple shippers have some of their shippers drop off, to the point where they are single shipper pipelines, they would retain the same data submission obligations.</p> <p>The level of information reporting sought is inconsistent with that required of other BB participants. It is consistent with the reporting regime for all BB Facilities under the NGR or the BB Procedures. No aggregation of information across different pipelines or facilities is applied by AEMO in any other zone.</p>
APPEA QGC Santos GLNG	<p>Santos GLNG, APPEA and QGC state that they do not believe that there was sufficient evidence of value to the market in publishing pipeline delivery and capacity data without aggregating.</p>	<p>The issue of aggregation was discussed in prior consultation. GBB information is used by many participants to manage their market risk, by facilitating an assessment of the likely market impacts of pipeline and production facility outages or restrictions. An outage or reduced capacity on each of the LNG pipelines could affect the domestic gas market quite differently. Publishing data at the individual facility level is in line with the current reporting structure applied across the GBB.</p>

Stakeholder	Stakeholder Comment	AEMO Response
QGC Santos GLNG	QCG and Santos GLNG provided examples of how they may be commercially disadvantaged if their data is published in a disaggregated manner on the GBB, and referred to the risk of being treated as a distressed buyer in the international and domestic gas markets.	Noted. As in above response, there are other BB Facilities for which majority or single shippers may be in a similar position. In NGR 179A, there is specific provision for the Medium Term Capacity Outlook information, which allows BB Facility Operators to omit information confidential to a single shipper. This provision has only been applied to Medium Term Capacity information, and not the other short term capacity and forecast delivery information.
APPEA Santos GLNG	<p>Santos GLNG and APPEA both referred to the WA rules framework for the WAGBB, in particular:</p> <ul style="list-style-type: none"> - Sub-rule 78 (2) allows the IMO to grant an exemption to a Registered Large User from the requirement to provide the IMO with Daily Actual Consumption Data for its WAGBB Large User Facility where the IMO is satisfied, based on evidence provided by the relevant operator, that for each Delivery Point at which the facility is connected to a WAGBB Pipeline, the facility is the only recipient of gas withdrawn at that Delivery Point. - Sub-rule 86 (1) requires the IMO to publish on the WAGBB pipeline Nominated and Forecast Flow Data for Receipt and Delivery Points aggregated by Zone and Gas Day. - Sub-rule 87 (1) requires the IMO to publish on pipeline Daily Actual Flow Data for Receipt and Delivery Points aggregated by Zone and Gas Day. - Sub-rule 89 (1) requires the IMO to publish on the WAGBB aggregate Daily Actual Consumption Data by WAGBB Large User Facilities. 	<p>AEMO operates the GBB within the parameters of the NGR and, as noted, the default position is that reporting occurs at the facility level. While the WA GBB rules are not relevant to this consultation, AEMO makes the following observations about this interpretation of the WA rules:</p> <ul style="list-style-type: none"> - Sub-rule 78 (2): This rule allows an exemption for a Registered Large User to provide daily gas delivery data. The connection point delivery data is still provided by a Registered Pipeline and published on the WAGBB as that Large User’s gas usage. - Sub-rule 86 (1): The IMO collects GBB Pipeline delivery and receipt data on a connection point basis. The IMO aggregates this data by zone and gas day before publishing. The IMO does not aggregate pipelines within a zone. Given that BB Pipelines submit data to AEMO already aggregated by zone, this is no different to the WAGBB reporting methodology. - Sub-rule 87 (1): As above. - Sub-rule 89 (1): This provision allows the IMO to publish aggregate daily consumption data by Large User Facilities. This is not done until 7 days after

Stakeholder	Stakeholder Comment	AEMO Response
		the gas day, and then each Large User's gas usage is also published individually.
APPEA	APPEA referred to the COAG Energy Councils Rule Change Proposal ' <i>Gas Transmission Pipeline Capacity Trading: Enhanced Information</i> ' which is seeking detailed pipeline receipt and delivery data to be provided to AEMO on a confidential basis as an example of the protection of commercially sensitive information.	Noted. Any participant may propose a rule change which is assessed by the AEMC before being accepted or rejected. The COAG Energy Council's Rule Change Proposal is currently under consideration by the AEMC. This GBB Procedure change consultation can only have regard to the current National Gas Rules.
COAG Energy Council	COAG Energy Council expressed the view that joint venture partners of the three LNG projects have access to gas market and LNG-related information that may materially affect market outcomes and provide them with a competitive advantage. Other domestic market participants are unlikely to have access to the same level of information and may have limited ability to respond to changing market dynamics, potentially exposing them to a greater level of risk.	Noted. Flows and issues on each of the 3 pipelines could impact the domestic market in different ways.
COAG Energy Council	COAG Energy Council recommended removing the words 'for export' from the proposed zone description to ensure that all gas delivered to the LNG facilities is reported, including gas domestically used during the transformation process.	Noted. AEMO agrees with this change. The zone should encompass all gas delivered to Curtis Island by QCLNG, GLNG and APLNG, reporting the aggregate of gas delivered domestic and export.
COAG Energy Council ERM Power	In relation to the effective date of the BB Procedures, the COAG Energy Council, and ERM Power expressed a preference for AEMO to work out an effective date that would align with the date of first cargo of the second LNG project.	Noted. In order to avoid a significant delay in the provision of data, and to avoid a single LNG pipeline being obliged to provide data, AEMO proposes to make the BB Procedures effective immediately, with a provision added that the Curtis Island LNG Zone will be effective on a date specified by AEMO in a notice to the market, at least 5 business days before that date, upon confirmation of first cargo being loaded for a second LNG project.

Stakeholder	Stakeholder Comment	AEMO Response
Westpac	Westpac would prefer to use the date of actual LNG production in the tank, rather than first cargo.	AEMO is of the view that the time of first cargo is the best, and most transparent, indicator that the LNG plant is operational.
COAG Energy Council	COAG Energy Council requested that historical delivery data for the Curtis Island LNG Zone would be provided to AEMO by the LNG Proponents voluntarily to be published on the GBB.	Noted. This is not required by the NGR and would need to be provided on a voluntary basis by the LNG proponents.