

MINUTES – GWCF

MEETING: Gas Wholesale Consultative Forum
 DATE: 19 September 2019
 TIME: 9.30 am – 12.30 pm AEST
 LOCATION: AEMO Offices and Teleconference
 MEETING #: 24
 CONTACT gwcf_correspondence@aemo.com.au

ATTENDEES:

Name	Company	Location
Roger Shaw (Chair)	AEMO	Melbourne
Paul Austin	AEMO	Melbourne
Nicole Nsair	AEMO	Melbourne
Arjun Pathy	AEMO	Melbourne
Kieran O’Leary	AGL	Melbourne
Paul Bresloff-Barry	Agora Retail	Melbourne
Allan McDougall	Agora Retail	Melbourne
Alex Curran	APA Group	Melbourne
John Jamieson	APA Group	Melbourne
Duncan MacKinnon	Australian Energy Council	Melbourne
Ishara De Silva	EnergyAustralia	Melbourne
Jordan Mill	EnergyAustralia	Melbourne
Sarah Kok	ERM Power	Melbourne
Nakita Gladman	ExxonMobil	Melbourne
Parameshwar Venkitachalam	Jemena	Melbourne
Andrew Zancanaro	Jemena	Melbourne
Chotima Micallef	Lochard Energy	Melbourne
James Shead	Powershop	Melbourne
Rick Abbott	APA Group	Adelaide
Jeff Olling	EPIC Energy	Adelaide
Jamie Coombs	SEA Gas	Adelaide
Trent Morrow	AEMO	Brisbane
Jeremy Llewelyn	AER	Brisbane
Shane Murray	Arrow Energy	Brisbane
Anna Houghton	SGM Trading	Brisbane
Mandy Jereceovich	Shell	Brisbane
Alice Paradisi	Shell	Brisbane
Meredith Mayes	AEMC	Sydney
Daniela Moraes	AEMC	Sydney
Owen Pascoe	AEMC	Sydney
Nives Matosin	APA Group	Sydney
Scott Young	APA Group	Sydney
Corey Hennessey	Jemena	Sydney
Jordan Daly	AEMO	Teleconference
Saul Milner	AEMO	Teleconference
Michelle Norris	AEMO	Teleconference

Hugh Ridgway	AEMO	Teleconference
Luke Stevens	AEMO	Teleconference
David Younger	AEMO	Teleconference
Jenessa Rabone	AGL	Teleconference
Anders Sangkuhl	Alinta Energy	Teleconference
Daniel Tucci	APA Group	Teleconference
Nicholas Eades	CQ Partners	Teleconference
Andrew Godfrey	EnergyAustralia	Teleconference
Ee Siew Ong	Lochard Energy	Teleconference
David Headberry	Major Energy Users	Teleconference
Michael Handley	Origin Energy	Teleconference
Jennifer Brownie	QUEN	Teleconference
Matthew Arnold	Senex Energy	Teleconference

1. Welcome and attendance / apologies – Roger Shaw, AEMO

Roger Shaw (AEMO) welcomed all to meeting.

2. Previous meeting minutes and actions – Roger Shaw, AEMO

Action items have been updated in the table attached.

Action item 23.4.1 – Nicole Nsair, AEMO

Nicole Nsair (AEMO) noted that AEMO has identified an issue with the native API in the EMMS Identity Service (EMMS being what runs the Markets Portal). AEMO expects to release a pre-production update to the API by the end of October, to be followed by a production update. John Jamieson (APA Group) expressed surprise that participants would no longer be required to change their password at regular intervals. Nicole noted that she would follow up with Saul Milner (AEMO) and Robbie Flood (AEMO) to check whether participants would be required to regularly change their password going forward.

Secretariat note: Nicole Nsair (AEMO) has subsequently provided advice that participants will be required to update their passwords on regular intervals and the changes being implemented will allow passwords to be updated using API.

Action item 23.4.2 – Roger Shaw, AEMO

Jeremy Llewelyn (AER) noted that two capacity trades have been reported to the AER, though of the participants to which the AER had sent emails regarding the occurrence of capacity trades, roughly 25% had sent no response. Jeremy requested that all participants who have not already responded to the AER check to ensure that they had not received an email from AER's compliance branch.

Action item 23.5.1 – Nicole Nsair, AEMO

Nicole Nsair (AEMO) noted that AEMO had identified several upgrades that it wished to make to the Bulletin Board and that these would be released in stages. The first improvement to be released regards performance issues in the Actual Flow and Pipeline Connection Flow reports. Nicole asked that all participants make themselves aware of changes stemming from the COAG Energy Council's [Measures to Improve Transparency in the Gas Market](#) initiative, for which regulatory impact statements are due COB 27 September. Changes from this initiative will be executed as one large package. Sarah Kok (ERM Power) asked AEMO to consider making changes that would render the Bulletin Board useable on mobile devices.

Secretariat note: Nicole Nsair (AEMO) has subsequently provided advice that AEMO has a current IT change request with several changes and usability for mobile phones is part of these changes.

Action item 23.6.1 – Roger Shaw, AEMO

Roger Shaw (AEMO) noted that AEMO had published a list of facilities alongside their transition plans on the [GDH web page](#) under “Links to published GDH transition plans”.

Action item 23.7.1 – Roger Shaw, AEMO

Roger Shaw (AEMO) noted that, as per the below table, almost all ancillary payments for 27 May 2019 resulted from surprise uplift. This occurred due to the fact that the constraint was only applied after 5.00pm, which resulted in deviations to market participants’ scheduled quantities and corresponding surprise uplifts when the ancillary payments were called. Roger further noted that surprise uplift would generally be the most common uplift type if ancillary payments were not called at 6am.

Datetime	congestion_amt	surprise_amt	common_amt	congest%	surprise%	common%
27/05/2019 18:00	\$2,761.12	\$43,128.17	\$0.00	6.0%	94.0%	0.0%
29/05/2019 18:00	\$6,472.81	\$18,385.69	\$8,408.97	19.5%	55.3%	25.3%
19/06/2019 18:00	\$5,614.58	\$19,795.10	\$10,723.51	15.5%	54.8%	29.7%

Action item 23.10.2 – Roger Shaw (AEMO)

Roger Shaw (AEMO) noted AEMO had begun providing WebEx details on meeting invitations as per the GWCF’s request. Roger reiterated that if participants were, due to unforeseen circumstances, unable to teleconference in from a computer, they would be able to call any of AEMO’s east coast offices to receive call-in information; however, if participants were to do so, they would be unable to view meeting slides. David Headberry (Major Energy Users) noted his view that AEMO should provide phone information in the meeting invite and simply encourage participants to use WebEx instead of a phone.

3. AEMC standing agenda item – Meredith Mayes, AEMC

Meredith Mayes (AEMC) noted that the AEMC would be releasing a minor rule change regarding the STTM interface protocol on 26 September.

DWGM simpler wholesale price – Owen Pascoe, AEMC

Owen Pascoe (AEMC) noted that the AEMC had released its draft determinations on both the [DWGM improvement to AMDQ regime](#) and [DWGM simpler wholesale price](#) rule changes. Owen noted that the draft rule in the simpler wholesale price rule change would:

- require AEMO to take into account in their pricing schedules transmission constraints that limit withdrawals, to come into effect by 31 March 2020 in advance of winter.
- remove the injection test to hedge against congestion uplift, to come into effect by 1 January 2023.

Owen further noted that the original proposal had suggested socialisation of congestion uplift, whose adoption the AEMC had decided against in the draft determination. Owen invited participants to make submissions to make submissions by 24 October 2019.

DWGM improvement to AMDQ regime – Daniela Moraes, AEMC

Daniela Moraes (AEMC) noted that AEMC's proposed changes to the AMDQ regime were designed to decrease complexity and improve tradability. The three key features of the draft rule change were to retire authorised MDQ and AMDQ credit certificates, to be replaced with:

- entry capacity certificates that provide injection tie-breaking benefits.
- exit capacity certificates that provide withdrawal tie-breaking benefits and congestion uplift protection.
- uncontrollable exit capacity certificates that provide congestion uplift protection and limited curtailment protection.

Daniela further noted that AEMO would manage the auction for these capacity certificates and that only market participants could own the capacity certificates (as opposed to being associated with Tariff D and Tariff V sites, as is the case under current authorised MDQ).

Ishara De Silva (EnergyAustralia) noted that separated entry and exit rights would work when participants adhere to AEMO's schedules but would falter whenever participants do not, and the changes would as such be of limited value. Ishara further noted that uncontrollable withdrawal certificates would be extremely difficult to manage given the short-term imprecision of gas metering and the lack of a centralised data system akin to MSATS; further, as opposed to the current costless acquisition of authorised MDQ rights upon acquisition of a retail customer, the AEMC's proposed auction mechanisms would create costs for retailers that would most likely have to be passed on to customers, exacerbating existing issues with high retail gas prices. As such, Ishara suggests that the addition of another secondary gas market would not pass a cost-benefit analysis, especially by contrast to a system in which participants list their current capacity certificates such that other participants can contact them to negotiate acquisition of those certificates.

David Headberry (Major Energy Users) expressed that he could not understand the logic of the AEMC's proposed changes.

Chris Pratt (Alinta Energy) expressed Alinta Energy's belief that the creation of a capacity certificate market would likely have costs exceeding its benefits.

Scott Young (APA Group) asked whether the AEMC had done a full cost-benefit analysis of the proposed changes. Owen Pascoe (AEMC) noted that the AEMC had solicited information from AEMO regarding the likely implementation costs of a capacity certificate market and had considered likely costs and benefits in an overall sense; Owen further noted that it is extremely difficult to get exact and certain quantification of costs and benefits with which to analyse a prospective change.

Roger Shaw (AEMO) asked that all comments on the two rule changes be submitted to the AEMC by care of Owen Pascoe (AEMC) or Daniela Moraes (AEMC).

Secretariat note: Contact details for Owen Pascoe (AEMC) and Daniela Moraes (AEMC) are provided below.

*Owen Pascoe
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(02) 8296 7856*

*Daniela Moraes
daniela.moraes@aemc.gov.au
(02) 8296 0607*

4. AER standing agenda item – Jeremy Llewelyn, AER

Jeremy Llewelyn (AER) noted that the AER had received auction quantity limits from all facility operators have successfully been submitted to the AER and are now published on the AER's website [along with several other metrics](#) to measure the success of the day ahead auction. The AER has contacted a number of gas shippers who submitted material renominations

(which are defined as renominations exceeding 10% change from the original nomination). The AER will now be ensuring that shippers keep records of their material renomination reasons. Alice Paradisi (Shell) asked whether the AER would be conducting spot checks on shippers' renomination logbooks. Jeremy noted that it would initially just be spot checks to ensure that people are keeping records rather than targeted at any specific event.

5. AEMO Gas Market Monitoring standing agenda item – Paul Austin, AEMO

Paul Austin (AEMO) spoke to the winter review slides. *Secretariat note: these have been included in the meeting pack.*

6. Gas Day Harmonisation update – Roger Shaw, AEMO

Roger Shaw (AEMO) reminded the GWCF that the standardised gas day is to come into effect on 1 October 2019. *Secretariat note: the meeting slides for Roger's presentation have been included in the meeting pack.*

Roger noted that market offset timings will relate to the gas day in force when the offset applies—i.e. until 6am 1 October 2019, the offset from the existing gas day should be used, and on or after 6am 1 October 2019, the offset from the standardised gas day should be used.

The final RMP from these consultations will be published in mid-September.

Roger Shaw (AEMO) reminded participants of where they could find further information regarding the GDH transition:

- STTM timings during the GDH transition
 - <https://www.aemo.com.au/Gas/Gas-Day-Harmonisation/STTM-Timings-During-Transition>
- Gas Day harmonisation web page
 - <https://www.aemo.com.au/Gas/Gas-Day-Harmonisation>
- AEMO gas markets transition plan
 - <https://www.aemo.com.au/Stakeholder-Consultation/Consultations/Gas-Day-Harmonisation---Transition-Plan>
- Links to national gas facility transition plans on GDH website
 - <https://www.aemo.com.au/-/media/Files/Gas/Gas-Day-Harmonisation/2019/Natural-Gas-Facilities-with-links-to-GDH-Transition-plans.pdf>
- AEMO systems release schedule
 - https://www.aemo.com.au/-/media/Files/Gas/IT_Systems/2019/Gas-Day-Harmonisation-Release-Schedule-and-Technical-Specification---October-2019.pdf

Alice Paradisi (Shell) asked whether there would be changes to Bulletin Board submission times. Nicole Nsair (AEMO) noted that all Bulletin Board natural gas facilities will by default be moved to 6am in the bulletin board. Roger Shaw (AEMO) further noted that, while Victorian facilities will not need to change on 1 October 2019, they will no longer move to daylight saving time (as their times will be locked to AEST).

7. DTS Access Arrangements – Scott Young, APA Group

Scott Young (APA Group) expressed APA Group's eagerness to hear what participants want the DTS to deliver in the medium to long term. He asked that participants call APA Group if they have any suggestions. Scott further noted that APA Group has hired Nives Matosin, who will be leading APA Group's stakeholder and community engagement going forward.

8. Culcairn allocations – Alex Curran, APA Group

Alex Curran (APA Group) thanks the GWCF for its time. Alex noted that APA Group has recently identified an interface issue between its contract carriage obligations (with respect to the MSP) and market carriage obligations (with respect to the DWGM) at Culcairn. Alex further noted that, with the increase of exchange traded capacity and of auctioned products, there is more variation than formerly in pipeline capacity rights. This, combined with the increased southbound carriage through Culcairn, increases the likelihood of constraints' being applied.

APA Group currently schedules the pipeline such that total pipeline gas flows are equal to gas flows from Culcairn in the AEMO operating schedule. Individual shipper allocations are then determined on an hourly basis in line with the DWGM operating schedule. APA Group's proposed changes would mean that APA Group instead schedules the pipeline in line with shipper nominations and APA standard gas transportation agreement (GTA) priorities—meaning AEMO's operating schedule would no longer be used to determine pipeline flows. Shipping renominations would still align with DWGM scheduling windows.

Alex Curran (APA Group) noted that these changes would ensure those who bid into the DWGM have capacity available at Culcairn. The pipeline schedule would be finalised in advance of DWGM bids for that gas day. Alex noted, however, that as a result of this sequencing some shippers may not be able to bid into the DWGM due to a constrained 3pm pipeline schedule that later clears.

Alex Curran (APA Group) noted that initial consultation with shippers was underway, with the aim of a new agreement finalised by 31 October 2019 and with new arrangements to take effect by 1 April 2020.

Sarah Kok (ERM Power) noted that ERM Power does not support APA Group's proposed approach. ERM Power's view is that the proposed approach will impose costs and risks on shippers and hinder competition in gas supply to the DWGM and in the east coast wholesale gas market more generally. Sarah noted that the current arrangement minimises deviations in the DWGM since APA Group will schedule according to AEMO; by contrast, under APA Group's proposal, APA Group would schedule in accordance with shipper nominations. As shipper nominations could be subject to human error, it is possible that this approach could lead to APA Group's flowing a quantity of gas that is significantly less (or greater) than the AEMO schedule, which could potentially jeopardise system security. On competition, Sarah noted that (in the event that the sum of nominations under firm services exceeded expected capacity for the following gas day) APA Group would expect shippers who are using non-firm transportation services to not bid into the DWGM on the following gas day. This would include shippers who have bought gas at the Culcairn trade point or who have gas parked at the Culcairn trade point, not merely those who are shipping gas along the pipeline under non-firm services on the day. Sarah commented that it would be uneconomic to purchase firm transportation rights on the MSP where the shipper has already paid for transportation to Culcairn via locational swap arrangements or secondary capacity trades, or indirectly through the price for gas bought at the Culcairn trade point. This would mean that the liquidity of this parked gas would be taken out of the bid stack which may mean competitively priced gas is not bid into the DWGM. Sarah expressed ERM Power's view that preventing such participants from bidding into the market would reduce volume and depth in the bid stack, which would

prevent competitively priced gas from being made available in the DWGM. This would lead to higher gas prices. Sarah continued that the changes were likely to reduce liquidity in the financial derivatives market (e.g. ASX Victorian gas futures) given that affected shippers will not be able to hedge any derivative position if they cannot bid into the 6am schedule. Sarah expressed ERM Power's view that APA Group's reforms would therefore be acting against the COAG Energy Council's vision for the gas market and the spirit of recent gas market reforms to better utilise spare capacity to drive down east coast gas prices. Sarah further noted that, if APA Group was pursuing its reforms due to NGR requirements that are not appropriate to the specific interface of the DWGM with contract carriage pipelines, it would be optimal to solve the issue via a Rule change rather than through changes to Culcairn's allocation arrangements.

Ishara De Silva (EnergyAustralia) noted that EnergyAustralia echoed ERM Power's concerns regarding the effect of APA Group's reforms on DWGM system security and added that the prioritisation of pipeline scheduling requirements over the DWGM schedule would substantially inhibit AEMO's role and capacity as a market operator. Roger Shaw (AEMO) noted that AEMO does confirm total nominations with facility operators as part of the scheduling process. John Jamieson (APA Group) noted that APA Group's proposed mechanisms for Culcairn are used in the STTM hubs without issue. Ishara further noted that firmness exists to ensure gas can be transported to the market, whereas AMDQ exists to allow injection of gas into the market, and participants have an incentive to match AMDQ and firmness to prevent imbalances or deviations, which would cease to be true under APA Group's proposals. Ishara asked therefore why APA Group does not simply schedule according to AEMO's schedule and allocate according to pipeline nominations and GTA priorities. Ishara further noted that, if NGR requirements were causing the need for these reforms, EnergyAustralia would be supportive of looking into a Rule change regarding those requirements.

Alex Curran (APA Group) agreed to hold a workshop to address these concerns and work through solutions with participants, AEMO, the AER, and the AEMC (**Action item 24.8.1**). Anna Houghton (SGM Trading) requested that Alex provide a worked example of where the AEMO schedule is causing APA Group to be concerned about meeting its contract carriage obligations.

Alex Curran (APA Group) invited GWCF participants to contact her if they had additional questions or concerns.

Secretariat note: Contact details for Alex Curran (APA Group) have been provided below.

*Alex Curran
02 9275 0020
alexandra.curran@apa.com.au*

9. Upcoming Procedure consultations – Jordan Daly and Arjun Pathy, AEMO

Arjun Pathy (AEMO) noted that AEMO had conducted a review of STTM and DWGM market parameters in 2018, the outcome of which had been a recommendation to lower the DWGM cumulative price threshold to \$1,400. AEMO will consult on this change to the Wholesale Administered Pricing Procedures (Victoria) the coming weeks.

Jordan Daly (AEMO) noted that AEMO is updating the Wholesale Market Electronic Communication Procedures (Victoria), along with associated technical documents, owing to the fact that it had not been updated in over a decade. This consultation will be run in parallel to the consultation on the Wholesale Administered Pricing Procedures (Victoria).

10. OTS Code Panel – Jordan Daly, AEMO

Jordan Daly (AEMO) noted that submissions on the Operational Transport Service Code Panel Election Procedures and Operating Manual close at 5pm 19 September 2019, to be followed by a final determination in the following weeks. Jordan invited GWCF participants to consider whether they would like to nominate for election to the panel.

11. Other business – Roger Shaw, AEMO

Jamie Coombs (SEAGas) asked that AEMO provide information on why it was requesting data for the GSOO when those data had already been provided for the bulletin board (**Action item 24.11.1**).

Trent Morrow (AEMO) noted that AEMO would be issuing a release of capacity trading reports in 2020 and was therefore canvassing industry for suggested changes to capacity trading reports. Trent asked that these be sent to gwcf_correspondence@aemo.com.au (**Action item 24.11.2**). Anna Houghton (SGM Trading) asked whether the scope of the changes would be limited exclusively to capacity trading reports. Trent responded that items like the pipeline operating interface or the auction quantity reports would be within scope.

Nicole Nsair (AEMO) noted that the market trial for GDH would finish on 20 September 2019.

12. Meeting close – Roger Shaw, AEMO

Roger Shaw (AEMO) closed the meeting at 11.48am.

Secretariat note: the next GWCF meeting is on 12 December 2019.

ACTION ITEMS RAISED AT MEETING

Item	Topic	Action required	Responsible	By
24.8.1	Culcairn allocations workshop	Alex Curran (APA Group) to hold a workshop to address APA Group's Culcairn allocation methodology, with attendance by participants, AEMO, the AER, and the AEMC.	Alex Curran (APA Group)	31 October
24.11.1	GSOO data	AEMO to provide information on why it has requested data for the GSOO when those data have already been provided for the bulletin board.	Arjun Pathy (AEMO)	December meeting
24.11.2	Capacity trading report suggestions	GWCF participants to send suggestions for improvements to capacity trading reports to gwcf_correspondence@aemo.com.au .	GWCF	December meeting

ACTION ITEMS RAISED BEFORE MEETING

Item	Topic	Action required	Responsible	By
23.4.1	API password reset	AEMO is to investigate introducing the password reset prompt to APIs and report back to the GWCF.	Robbie Flood (AEMO)	Completed
23.4.2	Secondary capacity trade reporting	All GWCF attendees are to ensure that any secondary capacity trades that have occurred since 1 March 2019 have been reported to AEMO.	All	Completed
23.5.1	Bulletin Board change timelines	AEMO to provide timelines for Bulletin Board changes and any consultations on the Bulletin Board Submission Procedure and Guide.	Robbie Flood (AEMO)	Completed
23.6.1	Transition plan document	AEMO to publish a list of all facilities alongside their transition plans after the June deadline.	Roger Shaw (AEMO)	Completed
23.7.1	Ancillary payment distribution investigation	AEMO to look into why the 27 and 29 May 2019 ancillary payments were distributed the way that they were across the different uplift categories.	Robbie Flood (AEMO)	Completed
23.7.2	Cost-to-cause for plant failure in DWGM	AEMC to consider comments in the GWCF from Scott Young (APA Group) regarding the cost-to-cause of plant failure and ancillary payments as a submission to the DWGM rule changes.	Owen Pascoe (AEMC)	Completed
23.10.1	DTS access arrangements agenda item	AEMO to include an agenda item for the September meeting in which APA Group can consult on the DTS access arrangements.	Arjun Pathy (AEMO)	Completed
23.10.2	Teleconference information	AEMO to include teleconference information on invites going forward.	Arjun Pathy (AEMO)	Completed

23.10.3	GWCF ToRs	AEMO to adjust GWCF Terms of Reference to reflect new teleconference arrangement and distribute along with the papers for September meeting.	Arjun Pathy (AEMO)	Completed
23.10.4	Hydrogen Working Group contact details	Jennifer Brownie (Queensland Electricity Users Network) is to provide the AEMO Secretariat with contact details for the Hydrogen Working Group in case other GWCF members wish to become involved.	Jennifer Brownie (Queensland Electricity Users Network)	Closed
23.10.5	Hydrogen Working Group general details	The AEMO Secretariat is to distribute Hydrogen Working Group details to the GWCF.	Arjun Pathy (AEMO)	Completed