

**IMPACT & IMPLEMENTATION REPORT – SUMMARY SECTION**  
*(For AEMO to complete and administer)*

<b>Issue Number</b>			
Impacted Jurisdiction (s)	Victoria		
Proponent	Hugh Ridgway	Company	AEMO
Affected Gas Markets(s)	Declared Wholesale Gas Market	Consultation process (Ordinary or Expedited)	Ordinary
Industry Consultative forum(s) used	GWCF	Date Industry Consultative forum(s)consultation concluded	10 February 2015
Short Description of change(s)	<p>The amendments to the Wholesale Market Gas Scheduling Procedures include:</p> <ul style="list-style-type: none"> <li>• Updated Chapter 3.8 Supply Demand Point Constraints (SDPC) to provide clarity when constraints may be used for both pricing and operating schedules, or operating schedule only.</li> <li>• Added Chapter 3.9 Net Flow Transportation Constraints (NFTC).</li> <li>• Added Chapter 3.8 B.1 Financial Flows during Plant Outages</li> <li>• Added to the list of circumstances that may be notified to MPs via SWN in Chapter 5.3.6 and Chapter 7.</li> <li>• Added new abnormal scheduling conditions in section 5.4 to more completely capture the scope of scheduling by AEMO.</li> <li>• General updates to improve the overall clarity and accuracy of the Procedures.</li> </ul>		
Procedure(s) or Documentation impacted	Wholesale Market Gas Scheduling Procedures (Victoria) version 2.0		

Summary of the change(s)	The changes to the Procedures are primarily updates to more accurately reflect AEMO's operating practices and to provide greater transparency for market participants (MPs).		
I&IR Prepared By	Hugh Ridgway	Approved By	Joe Spurio
Date I&IR published	10 February 2015	Date Consultation under 135EE	10 February 2015
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## IMPACT & IMPLEMENTATION REPORT – DETAILED REPORT SECTION

### CRITICAL EXAMINATION OF PROPOSAL

<p>1. Description of change(s) and reasons for change(s)</p>	<p>This IIR proposes changes to the Wholesale Market Gas Scheduling Procedures (Victoria). The proposed changes are summarized below:</p> <ul style="list-style-type: none"> <li>• Updated the Supply Demand Point Constraints (SDPC) chapter providing clarity around the application of constraints to operating and pricing schedules. SDPCs may be applied to both pricing and operating schedules to reflect operating constraints at system supply points and system withdrawal points, but will be applied to the operating schedule only where a constraint arises from within the declared transmission system. This is a requirement of the National Gas Rules (NGR).</li> <li>• Added clarification that AEMO will not schedule injections and withdrawals at a connection points where there is a complete outage of the facility.</li> <li>• Added a new type of constraint called a Net Flow Transportation Constraint (NFTC) which allows multiple injection and withdrawal meters at a common location to be combined so that the net aggregate flow is constrained to reflect the physical declared transmission system (DTS) capacity (e.g. pipeline capacity). NFTCs are currently applied by AEMO; however these changes also clarify that NFTCs will be applied to the operating schedule only, which is a change to current operating practice.</li> <li>• Added requirement to declare a threat to system security prior to publishing an ad hoc schedule as required by the NGR.</li> <li>• Added notification process for scheduling peak shaving LNG during a standard schedule time as an operational response to ensure situational awareness among MPs. Also in this case added the requirement to declare a threat to system security as required by the NGR.</li> <li>• Added new abnormal scheduling conditions to more completely capture the scope of scheduling by AEMO.</li> <li>• General updates to improve the overall clarity of the procedures.</li> </ul>
<p>2. Reference documentation</p> <ul style="list-style-type: none"> <li>▪ Procedure Reference</li> <li>▪ GIP/Specification Pack Reference</li> <li>▪ Other Reference</li> </ul>	<ul style="list-style-type: none"> <li>• Wholesale Market Gas Scheduling Procedures (Victoria) version 1.3</li> <li>• National Gas Law</li> <li>• National Gas Rules Part 19: Declared Wholesale Gas Market Rules.</li> </ul>

<p>3. The high level details of the change(s) to the existing Procedures</p> <p>This includes:</p> <ul style="list-style-type: none"> <li>▪ A comparison of the existing operation of the Procedures to the proposed change to the operation of the Procedures</li> <li>▪ A marked up version of the Procedure change (see Attachment A)</li> </ul>	<p>Changes to the Procedures are grouped under the following three categories:</p> <p><b>A. Changes to the operation of the Procedures</b></p> <p>AEMO proposes to change the Wholesale Market Gas Scheduling Procedures (Victoria) with respect to the following chapters:</p> <p>(a) Chapter 3.8 (Supply Demand Point Constraint)</p> <ul style="list-style-type: none"> <li>• Updated to provide greater clarity around when and how AEMO will apply constraints to pricing and operating schedules.</li> <li>• Added a section stating that AEMO will not schedule financial flows during complete facility outages</li> <li>• Moved the constraint application process for a gas supply outage at a system injection point for which the Facility Operator has registered multiple supply sources from Chapter 3.8A to a new Chapter 3.10A.</li> <li>• Moved the constraint application process for a supply source outage at a system injection point from Chapter 3.8 to Chapter 3.8A</li> </ul> <p>(b) Chapter 3.9 (Directional Flow Point Constraints)</p> <ul style="list-style-type: none"> <li>• Moved Chapter 3.9 to 3.8B</li> <li>• Added clarification in Chapter 3.8B.1 that AEMO will not schedule injections and withdrawals at a connection points where there is a complete outage for the facility.</li> </ul> <p>(c) New Chapter 3.9 (Net Flow Transmission Constraints)</p> <ul style="list-style-type: none"> <li>• New section added under Chapter 3.9 to explain how AEMO applies constraints to multiple injection and withdrawal meters where such constraints arise due to congestion in the DTS.</li> </ul> <p>(d) Chapter 5.2 (Ad hoc operating schedules)</p> <ul style="list-style-type: none"> <li>• Added clarification that AEMO must now declare a Threat to System Security (Ad Hoc Schedule) prior to publishing an ad hoc schedule.</li> </ul> <p>(e) Chapter 5.3.6 (Directions)</p> <ul style="list-style-type: none"> <li>• Moved Chapter 5.3.6 to 5.3.7</li> </ul> <p>(f) New Chapter (LNG scheduled out of merit order for system security purpose during standard schedule time)</p> <ul style="list-style-type: none"> <li>• Added new Chapter 5.3.6 to describe the notification process for scheduling peak shaving LNG during a standard schedule time as an operational response for system security purposes.</li> </ul> <p><b>B. Changes to improve clarity of the Procedures</b></p> <p>(a) GLOSSARY (Operating data)</p> <ul style="list-style-type: none"> <li>• Separated acronyms from Table 1: Terms Definitions into a new table, Table 2: Acronyms Definitions.</li> <li>• Added new terms and acronyms</li> </ul>
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	<p>(b) Chapter 2.1 (Document and process overview)</p> <ul style="list-style-type: none"> <li>• Updated Figure 1 to include the NFTC</li> </ul> <p>(c) Chapter 3.4 (Operating data)</p> <ul style="list-style-type: none"> <li>• Amended section to clarify operating data for initial and intraday schedules.</li> </ul> <p>(d) Chapter 3.6.1 (Market Participant bids)</p> <ul style="list-style-type: none"> <li>• Section amended to clarify MPs ability to revise bids.</li> </ul> <p>(e) Chapter 3.6.2 (Market Participant bids)</p> <ul style="list-style-type: none"> <li>• Section amended to remove the part that is not irrelevant to this section.</li> </ul> <p>(f) Chapter 3.11 (Intra-day adjustments for injections or withdrawals of controllable quantities (Qdiff))</p> <ul style="list-style-type: none"> <li>• Amended section to clarify the process and application of Qdiff.</li> </ul> <p>(g) Chapter 4.1 (Operating schedules)</p> <ul style="list-style-type: none"> <li>• Amended section to clarify a feasible operating schedule.</li> <li>• Added the clarifications of SDPC and NFTC that may be used for operating schedule only to reflect physical system capacity.</li> <li>• Included profiling of injections over the gas day to inputs section.</li> </ul> <p>(h) Chapter 4.2 (Pricing schedules)</p> <ul style="list-style-type: none"> <li>• Amended section to clarify a valid pricing schedule.</li> <li>• Included profiling of injections over the gas day to inputs section.</li> </ul> <p>(i) Chapter 5.5 (Scheduling in Abnormal Conditions)</p> <ul style="list-style-type: none"> <li>• Added further abnormal scheduling conditions to more completely capture the scope of scheduling by AEMO</li> <li>• Amended other abnormal scheduling conditions to further clarify AEMOs scheduling processes.</li> </ul> <p>(j) Chapter 7 (Market Notifications and Communications)</p> <ul style="list-style-type: none"> <li>• Amended to clarify the notification processes.</li> <li>• Redundant provision relating to System Force Majeure removed.</li> </ul> <p><b>C. Minor editorial changes</b>  Minor editorial changes have occurred in various chapters</p>
<p>4. Explanation regarding the order of magnitude of the change  (eg: material, non-material or non-substantial)</p>	<p>The proposed changes to the constraint types and their applications in Chapter 3.8 and 3.9 are material as they affect AEMO's existing scheduling practice, and hence the scheduling outcomes.</p> <p>The changes to the notification process and the editorial updates are non-material as they provide clarity on existing practises.</p>

## ASSESSMENT OF LIKELY EFFECT OF PROPOSAL

<p>5. Overall Industry Cost / benefit (tangible / intangible / risk) analysis and/or cost estimates</p>	<p><u>Costs:</u></p> <ul style="list-style-type: none"> <li>• AEMO will incur some costs to modify TMM to ensure the NGR or Rules compliance as a result of the proposed procedure changes.</li> <li>• Some stakeholder costs may be incurred due to additional column within MIBB report int111_v4_sdpc.</li> </ul> <p><u>Benefits:</u></p> <p>The proposed changes would benefit the Industry for the following reasons:</p> <ul style="list-style-type: none"> <li>• Comply with the NGR or Rules that the physical capacity constraints of the DTS can be only applied to operating schedules, not pricing schedule.</li> </ul> <p><u>AEMO's Assessment</u></p> <p>The proposed changes to the Gas Scheduling Procedures require that constraints which are reflective of congestion in the DTS be applied to the operating schedule only, in accordance with the NGR.</p> <p>The changes to gas scheduling systems are also required to allow separate constraints to be applied to the pricing and operating schedules. The cost of these changes are marginal.</p>
<p>6. The likely implementation effect of the change(s) on stakeholders (e.g. Industry or end-users)</p>	<p>The implementation of the proposed changes will achieve the benefits as outlined in Section 5 of this IIR.</p>
<p>7. Testing requirements</p>	<p>The changes to MIBB report int111_v4_sdpc may affect market participant's systems, hence some level of system testing by market participants may be required.</p>
<p>8. AEMO's preliminary assessment of the proposal's compliance with section 135EB:</p> <ul style="list-style-type: none"> <li>- consistency with NGL and NGR,</li> <li>- regard to national gas objective</li> <li>- regard to any applicable access arrangements</li> </ul>	<p><u>Consistency with NGL and NGR</u></p> <p>AEMO's view is that the proposed changes described in this document are consistent with the National Gas Law (NGL) and the National Gas Rules (NGR).</p> <p>The proposed Procedure change promotes efficient operation and use of natural gas services for the long term interest of consumers of natural gas with respect to quality, safety, reliability and security of supply by improving the maintenance planning process by communicating the requirements more effectively.</p>
<p>9. Consultation Forum Outcomes (e.g. the conclusions)</p>	<p>The Gas Wholesale Consultative Forum (GWCF) is a standing forum for providing effective and efficient consultation with stakeholders on development of the Victorian Gas Wholesale Market. The GWCF is an open forum and all interested parties</p>

<p>made on the change(s) whether there was unanimous approval, any dissenting views)</p>	<p>may attend the GWCF and participate in the meetings. AEMO discussed this procedure change with the GWCF at its meeting on 10 February 2015 and it has been discussed with participants at previous GWCF meetings (August and November 2014) and the September Pricing Schedule constraints workshop - <a href="http://www.aemo.com.au/About-the-Industry/Working-Groups/Wholesale-Meetings/Gas-Wholesale-Consultative-Forum">http://www.aemo.com.au/About-the-Industry/Working-Groups/Wholesale-Meetings/Gas-Wholesale-Consultative-Forum</a></p>
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<p style="text-align: center;"><b>RECOMMENDATION(S)</b></p>	
<p>10. Should the proposed Procedures be made, (with or without amendments)?</p>	<p>Taking into account the consultation that has occurred, AEMO recommends the proposed Procedures change should be made as described in Attachment A.</p>
<p>11. If applicable, a proposed effective date for the proposed change(s) to take effect and justification for that timeline.</p>	<p>A compliance issue with AEMO's scheduling practices for the DWGM has been identified. The NGR requires that constraints that are reflective of congestion within the DTS be applied to the operating schedule only; however, current practice is that DTS constraints are applied to both the operating and the pricing schedule. The proposed changes include clarification to ensure that the constraints are used in accordance with the NGR.</p> <p>AEMO has already engaged industry and the AER on this issue, and held a number of separate workshops to explain the problem and solutions in detail. The changes to the procedures address this compliance issue.</p> <p>As per the ordinary consultative procedure, interested parties have 20 business days from the date of this notice to provide written submissions on this decision (10 February 2015).</p> <p>AEMO proposes an effective date of <u>Monday, 4 May 2015</u> subject to further feedback from stakeholders.</p>

**ATTACHMENT A – WHOLESALE MARKET GAS SCHEDULING PROCEDURES  
(VICTORIA) VERSION 2.0**