



21 September 2022

Submission: AEMO Gas Transparency Measures Impact & Implementation Report consultation

The Australian Pipelines and Gas Association (APGA) represents the owners, operators, designers, constructors, and service providers of Australia's pipeline infrastructure, connecting natural and renewable gas production to demand centres in cities and other locations across Australia. Offering a wide range of services to gas users, retailers and producers, APGA members ensure the safe and reliable delivery of 28 per cent of the end-use energy consumed in Australia and are at the forefront of Australia's renewable gas industry, helping achieve net-zero as quickly and affordably as possible.

APGA welcomes the opportunity to contribute to the Australian Energy Market Operator (AEMO) consultation on Gas Transparency Measures Impact & Implementation Report (the **Consultation**). APGA appreciates the manner in which AEMO has responded to APGA's submission¹ to its Draft Impact & Implementation Report. APGA refers to the basis included within its submission to the Gas Transparency Measures Draft Impact & Implementation Report consultation and proposes further refinements to the BB Procedures in order to better achieve the intent of the Gas Bulletin Board.

Changes to criteria for Classification

(BB Procedures 3.7.1)

APGA appreciates changes made to ensure that the proposed Part (b) of BB Procedures section 3.7.1 only considers projects which have achieved Final Investment Decision (FID). However, the current drafting of Part (a) risks overreporting of low probability projects.

Low bar of commercial justification

One way in which Part (a) risks overreporting of low probability projects is by only requiring justification, rather than an intention to proceed. BB Participants are comprised predominantly of private enterprise with no obligation to proceed with any project, even if commercially justified. Further, commercial justification could be interpreted by some market participants to represent a relatively low bar for reporting, risking large numbers of

¹ Submission: AEMO Gas Transparency Measures Impact & Implementation Report consultation, Australian Pipelines and Gas Association 2022
https://www.apga.org.au/sites/default/files/uploaded-content/field_f_content_file/220812_apga_submission_-_aemos_gas_transparency_measures_draft_impact_implementation_report_consultation.pdf

early concepts for projects to be captured under Part (a). Reporting of every thought bubble project that may be commercially justifiable, without intent to act upon the project, would mislead other market participants.

Unintended consequence of 'or' combinations of criteria

A further way in which Part (a) risks overreporting of low probability projects is in its need to only satisfy one of the identified conditions. In particular, the proposed drafting could require BB Participants to report a project that requires new infrastructure that currently does not have approved planning permits or environmental approvals—even if that project is not considered to be commercially justified on the basis of a reasonable forecast of commercial conditions at the time of reporting. This is clearly an undesirable situation which risks misleading BB Participants.

Interaction with ASX reporting requirements

ASX Listing Rule 3.1 and section 674 of the Corporations Act 2001, requires any gas market participant which is ASX listed to immediately notify the market via an announcement to ASX of any information concerning the participant that a reasonable person would expect to have a material effect on the price or value of its securities. That is, information that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the participants securities. Such information is referred to as price sensitive information.

The scope for projects to be disclosed under Part (a) of BB Procedures 3.7.1, in part due to the concerns raised above, would overlap with the ASX definition of price sensitive information. Requiring BB participants which are ASX participants to disclose projects in line with Part A of BB Procedures 3.7.1 may result in disclosure of projects that appear to have a material effect on the price or value of the participants securities while being altogether unrealistic. This risks misleading persons who commonly invest in securities within the ASX.

APGA recommends AEMO reconsider the way in which it has drafted the BB Procedures in response to the change in National Gas Law (NGL) relative to ASX Rule 3.1 and section 674 of the Corporations Act 2001. Recognising that the change in NGL was revised with consideration for these rules and laws, APGA highlights the risk that AEMO drafting of BB Procedures could still conflict with these rules and laws despite there being no conflict with NGL drafting.

Proposed solution

APGA recommends the following drafting of Clause 3.7.1(a) in order to address the above three concerns:

- (a) A project is a proposed project if the participant:*
 - (i) anticipates that the project will proceed, including, but not limited to, on the basis of a reasonable forecast of commercial conditions at the time of reporting;*

- (ii) *has reasonable expectations that all necessary approvals (for example planning permits, environmental permits, native title and cultural heritage) will be obtained on terms and conditions acceptable to the participant; and*
- (iii) *if new or different land tenure is required, the participant has entered into binding arrangements in relation to the relevant land.*

(b) A project is a committed project if the project has successfully reached a final investment decision (FID) and is progressing through the engineering, procurement and construction phase (EPC), but is not currently operational.

APGA has provided this wording to AEMO prior to the submission due date and is happy to continue discussions around proposed wording as desired by AEMO.

Forecasting requirements under procedures to implement Rule 183 (BB Procedures 6.4.2)

APGA appreciates changes made to ensure that the proposed BB Procedures section 6.4.2 is consistent with the commercial operation of contract carriage gas pipeline infrastructure to forecast firm capacity beyond the provision of advance nominations by customers.

Beyond Firm Haulage Forecasting

APGA notes the inclusion of BB Procedures section 6.4.2(e) which seeks to address the inability to forecast non-firm haulage, in particular haulage under auction services. This clause has the opportunity to address other forms of non-firm haulage, such as interruptible services.

Services which are unable to be scheduled until after auction services are scheduled experience the same forecasting challenges as auction services. Due to this, APGA recommends an extension of BB Procedures section 6.4.2(e) along the lines of the following:

(e) For a BB auction facility, the BB reporting entity is not required to include in its 7 day Forecasts any quantities of gas which may be injected into or withdrawn from the pipeline in respect of an auction service or a lower tier service.

Note that a lower tier service is defined under Rule 647 of the National Gas Rules.

Inclusion of lower tier services in this clause would not prevent service providers from providing forecasts of these services, however, would remove an obligation to report forecast information which is potentially misleading to market participants.

APGA is happy to continue discussions around proposed wording as desired by AEMO.

Changes to Linepack / Capacity Adequacy (LCA) Flags

(BB Procedures 6.3.2)

APGA appreciates that AEMO has recognised the complexities of linepack and capacity calculations by not creating additional LCA flags under BB Procedures section 6.3.2 and only making minor changes to the 'green' and 'red' flag.

Concerns do remain around changes proposed to the 'amber' flag. Moving to an incomplete set over specific circumstances risks misleading market participants. APGA proposes that the current wording remains

To discuss any of the above feedback further, please contact me on +61 422 057 856 or jmccollum@apga.org.au.

Yours Sincerely,



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