

Rule Change Notice: GBB Zones (GRC_2018_01)

This notice is given under rule 132 of the Gas Services Information (**GSI**) Rules.

Submitter: Martin Maticka, AEMO

Date submitted: 6 July 2018

The Rule Change Proposal

The GSI Rules require AEMO to publish certain information on the Gas Bulletin Board (**GBB**) by Zone. The Zones include specified GBB Pipelines (or parts of GBB Pipelines) and all Receipt Points and Delivery Points connected to those pipelines (or parts of pipelines).

The Zones are currently specified in Schedule 2 of the GSI Rules, which means that a rule change is required to allocate a new GBB Pipeline to a Zone, or to reallocate existing GBB Pipelines to different Zones.

AEMO proposes to:

- remove the Zones from the GSI Rules and instead specify the Zones in the GSI Procedure: GBB Registration, Deregistration, Exemptions and Transfer (**Registration Procedure**); and
- develop guidelines for the allocation of a GBB Pipeline to a Zone and the revision of Zones to accommodate future gas market developments, and include those guidelines in the Registration Procedure.

AEMO has provided draft amendments to the Registration Procedure, which are available on the Rule Change Panel's website for information.

The Rule Change Proposal, which is attached to this notice, gives complete information about:

- the proposed amendments to the GSI Rules;
- relevant references to the GSI Rules and any proposed specific amendments to those rules; and
- the submitter's description of how the proposed amendments would allow the GSI Rules to better address the GSI Objectives.

Decision to Progress the Rule Change Proposal

The Rule Change Panel has decided to progress this Rule Change Proposal on the basis that its preliminary assessment indicates that the proposal is consistent with the GSI Objectives.

Timeline

This Rule Change Proposal will be progressed using the Standard Rule Change Process described in Division 4, Part 8 of the GSI Rules.

The projected timeline for progressing this proposal is:



Call for Submissions

The Rule Change Panel invites written submissions on the Rule Change Proposal. The submission period is 30 Business Days from the Rule Change Notice publication date. Submissions must be delivered to the RCP Secretariat by **5:00 PM on Monday 27 August 2018**.

The Rule Change Panel prefers to receive submissions by email, using the submission form available at: <https://www.erawa.com.au/rule-change-panel/make-a-rule-change-submission> sent to rcp.secretariat@rcpwa.com.au.

Submissions may also be sent to the Rule Change Panel by post, addressed to:

Rule Change Panel
Attn: Executive Officer
C/o Economic Regulation Authority
PO Box 8469
PERTH BC WA 6849

Gas Services Information Rule Change Proposal

Rule Change Proposal ID: GRC_2018_01
Date received: 6 July 2018

Change requested by:

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Organisation:	Australian Energy Market Operator
Address:	GPO Box 2008 Melbourne VIC 3001
Date submitted:	6 July 2018
Urgency:	3-Medium
Rule Change Proposal title:	GBB Zones
GSI Rule(s) affected:	82, Schedule 1 – Glossary and Schedule 2 – Zones

Introduction

Rule 129 of the Gas Services Information (**GSI**) Rules provides that any person may make a Rule Change Proposal by completing a Rule Change Proposal Form that must be submitted to the Rule Change Panel.

This Rule Change Proposal can be sent by:

Email to: rcp.secretariat@rcpwa.com.au

Post to: Rule Change Panel
Attn: Executive Officer
C/o Economic Regulation Authority
PO Box 8469
PERTH BC WA 6849

The Rule Change Panel will assess the proposal and, within 5 Business Days of receiving this Rule Change Proposal Form, will notify you whether the Rule Change Proposal will be further progressed.

In order for the proposal to be progressed, all fields below must be completed and the change proposal must explain how it will enable the GSI Rules to better contribute to the achievement of the GSI Objectives.

The objectives are to promote the long term interests of consumers of natural gas in relation to:

- (a) the security, reliability and availability of the supply of natural gas in the State;
- (b) the efficient operation and use of natural gas services in the State;
- (c) the efficient investment in natural gas services in the State; and
- (d) the facilitation of competition in the use of natural gas services in the State.

Details of the Proposed Rule Change

1. Describe the concern with the existing GSI Rules that is to be addressed by the proposed rule change:

Background

Schedule 2 of the GSI Rules specifies the Zones for which information is published on the Gas Bulletin Board (**GBB**). The Zones include specified GBB Pipelines (or parts of GBB Pipelines) and all Receipt Points and Delivery Points connected to those pipelines (or parts of pipelines). The GBB Pipelines specified in Schedule 2 are:

- those that were operational at the commencement of the GSI Rules;
- the Fortescue River Gas Pipeline, which was introduced as a result of the Amending Rules resulting from Rule Change Proposal GRC_2015_01¹; and
- The Wheatstone Ashburton West Pipeline, which was introduced as a result of the Amending Rules resulting from Rule Change Proposal GRC_2017_01².

The allocation of a GBB Pipeline to a Zone does not affect any registration or reporting obligations that are imposed on the Registered Pipeline Operator³ (and on any other Registered Facility Operator that has a Registered Facility connected to that pipeline) under the GSI Rules. The allocation affects AEMO, which is required to publish information on the GBB for each Zone, including:

- network representation information under rule 83 of the GSI Rules;
- Nominated and Forecast Flow Data under rule 86 of the GSI Rules;
- Daily Actual Flow Data under rule 87 of the GSI Rules;
- GBB Large User Facility consumption information and other end user consumption information under rules 88 and 89 of the GSI Rules; and

¹ https://www.erawa.com.au/rule-change-panel/gsi-rule-changes/rule-change-grc_2015_01

² https://www.erawa.com.au/rule-change-panel/gsi-rule-changes/rule-change-grc_2017_01

³ At the minor exception of Rule 58(3) which states that, where a Registered Pipeline Operator operates a GBB Pipeline that is located in more than one Zone, the operator must provide a separate LCA Flag for each part of the pipeline located in each relevant Zone.

- the GBB map under rule 91 of the GSI Rules.

Under the GSI Rules, if AEMO accepts an application to register a Transmission Pipeline, then AEMO must “amend the GSI Register to record the registration”, and must also “publish a notice of the change to the GSI Register on the GSI Website” [rules 28(1)(c) and 28(1)(d)]. The amendment of the GSI Register and the publication of a change notice are administrative processes.

By contrast, the allocation of a new GBB Pipeline to a Zone is not an administrative process. The Zones are not published on the GSI Website, but are instead specified in Schedule 2 of the GSI Rules, so the allocation (or the reallocation) of a GBB Pipeline requires an amendment to Schedule 2 of the GSI Rules. Until Schedule 2 of the GSI Rules is amended, AEMO cannot publish data for a new GBB Pipeline on the GBB. Consequently, the timing of the registration process and the Schedule 2 amendment process (which takes longer than the registration process) needs to be aligned.

Similar considerations apply with respect to the reallocation of an existing GBB Pipeline to a different Zone. AEMO cannot publish information for the GBB Pipeline based on the new Zone until Schedule 2 of the GSI Rules is amended.

For these reasons, AEMO considers that the current process is inconsistent with the intended operation of the GBB.

GBB Zones Review

In 2015, the Independent Market Operator (**IMO**) reviewed the Zones under rule 82(2) of the GSI Rules. The purpose of the IMO’s review was to consider the appropriateness of the Zones in achieving the GSI Objectives by providing an appropriate breakdown of gas supply and use within Western Australia.

The IMO engaged Marsden Jacob Associates to produce a report⁴ in consultation with Gas Market Participants. Marsden Jacobs’ report made 2 relevant recommendations for present purposes:

- **Recommendation 1:** Remove the Zones from the GSI Rules (to allow greater flexibility in amending them to suit market needs) and specify the Zones in a GSI Procedure (to provide continued and appropriate regulatory oversight – including consultation requirements regarding changes).
- **Recommendation 4:** Develop guidelines for the allocation of a GBB Pipeline to a Zone and the revision of Zones to accommodate future gas market developments, and include those guidelines in a GSI Procedure.

This Rule Change Proposal

This Rule Change Proposal aims to deliver these recommendations through the proposed amendments to the GSI Rules set out in section 3 below.

Procedure Change Proposal

To support the proposed amendments to the GSI Rules, AEMO intends to propose consequential amendments to the existing *GSI Procedure – Registration, Deregistration, Exemptions and Transfer*. The proposed amendments, which will be specified in a Procedure

⁴ <https://www.erawa.com.au/cproot/14865/2/GAB%20Meeting%20No.%2022%20Papers.pdf> (Page 24 – 56)

Change Proposal, will specify the Zones (recommendation 1 above) and the guidelines (recommendation 4 above)

2. Explain the reason for the degree of urgency:

AEMO considers that this rule change should be progressed under the Standard Rule Change Process to ensure sufficient time is set aside for consultation with Gas Market Participants.

3. Provide any proposed specific changes to particular GSI Rules: (for clarity, please use the current wording of the Rules and place a ~~strike through~~ where words are deleted and underline words added)

82 Zones

- (1) ~~Schedule 2 lists the Zones used for the GBB information display.~~ AEMO must develop and maintain a Procedure that specifies:
- (a) the Zones, including the specified GBB Pipelines (or parts of pipelines) and all Receipt Points and Delivery Points connected to those pipelines (or parts of pipelines), for which information is published on the GBB;
 - (b) guidelines for the allocation of new pipelines to the Zones; and
 - (c) guidelines for the revision of the Zones.
- (2) AEMO may review the Zones, and must do so at least once in each five year period.
- (3) A review of the Zones must be carried out in consultation with Gas Market Participants and gas industry groups.

Schedule 1 - Glossary

Zone means a zone ~~set out in Schedule 2 to these Rules~~ specified in the Procedure referred to in subrule 82(1).

~~Schedule 2 - Zones~~

(Subrule 82(1))

- (1) ~~Schedule 2 specifies the Zones for which information is published on the GBB.~~
- (2) ~~The Zones listed in the table below include the specified Transmission Pipeline (or part thereof) and all Receipt Points and Delivery Points connected to those pipelines (or parts of pipelines).~~

Zone Name	Description
Dampier	The Dampier to Bunbury Natural Gas Pipeline (DBNGP) upstream of Compressor Station 7 (CS7), the Burrup Extension Pipeline and the Wheatstone Ashburton West Pipeline (WAWP).
Metro	The DBNGP from CS7 to CS10.
Parmelia	The Parmelia Gas Pipeline.
South West	The DBNGP downstream of CS10.
Karratha	The Pilbara Energy Pipeline.
Telfer	The Telfer Pipeline and Nifty Lateral Pipeline.
Pilbara	The Goldfields Gas Pipeline (GGP) upstream of and including the Delivery Point connecting the GGP to the Newman Lateral and the Fortescue River Gas Pipeline.
Goldfields	The GGP downstream of the Newman Lateral to, and including, the Leonora Delivery Point.
Mid West	The Midwest Pipeline.
Kalgoorlie	The GGP downstream of the Leonora Delivery Point and the Kalgoorlie to Kambalda Interconnect Pipeline.

4. Describe how the proposed GSI Rule change would allow the Rules to better address the GSI Objectives:

Rule 127 of the GSI Rules states that “[t]he Rule Change Panel must not make Amending Rules unless it is satisfied that the Rules, as proposed to be amended or replaced, are consistent with the GSI Objectives”.

AEMO considers that this Rule Change Proposal will better achieve GSI Objectives (a) and (d), in particular, and is consistent with the remaining GSI Objectives.

The GSI Objectives, as specified in rule 2 of the GSI Rules in relation to the GBB, are to promote the long term interests of consumers of natural gas in relation to:

- (a) the security, reliability and availability of the supply of natural gas in the State
- (d) the facilitation of competition in the use of natural gas services in the State

AEMO considers this Rule Change Proposal supports GSI Objective (a) by ensuring that the information published on the GBB is based on Zones that provide an appropriate breakdown of gas supply and use within Western Australia. An efficient process to revise the Zones in response to future gas market developments (with appropriate regulatory oversight – including consultation requirements regarding changes) is essential to ensure that the GBB accurately shows the current and expected near-term supply situation within a Zone. This, in turn, may

help identify a gas supply issue, thereby helping to maintain the security, reliability and availability of supply within the Zone and the State more broadly.

The accurate publication of information within a Zone also supports GSI Objective (d) by providing existing and prospective Gas Market Participants with a clear indication of where natural gas is being transported and used within the State, ensuring the information is available to all participants, supporting competition between participants and potentially helping to identify opportunities for new participants.

5. Provide any identifiable costs and benefits of the change:

The benefit of the proposed change is that, by providing a more efficient mechanism to ensure all Facilities are included in Zones prior to the commencement of relevant obligations under the GSI Rules, the GBB will continue to operate as intended – publishing all relevant information, by GBB Zone where applicable, and supporting the GSI Objectives outlined above.

No system changes will be required to the GBB system. AEMO will need to progress a Procedure Change Proposal in relation to the *GSI Procedure – Registration, Deregistration, Exemptions and Transfer* to capture the Zone definitions and the guidelines regarding Zone management.

AEMO is not aware of any impacts on Gas Market Participants as a direct result of the moving the GBB Zones from the GSI Rules to a GSI Procedure.