

Notice to Participants of AEMO's decision on making the STTM Procedures version 8.0

This Notice advises all Registered Participants (Participants) and other interested stakeholders that consultation for changes to the Short Term Trading Market (STTM) Procedures under the ordinary procedure change consultative process, prescribed in rule 135EE of the National Gas Rules (NGR), concluded on 17 February 2014.

Taking into account the assessment provided in the Impact and Implementation Report (IIR), AEMO hereby gives notice that it has decided to amend the STTM Procedures, effective from 1 April 2014.

The STTM Procedures changes to version 8.0 are as follows (shown at Attachment B):

- the inclusion of the MOS period in the NGR instead of in the STTM Procedures;
- the inclusion of timings associated with the MOS offer process in the STTM Procedures instead of the NGR, and changes to these timeframes to reflect automation of the MOS offer process;
- references to 'eligible contract holders' changed to 'STTM Shippers' so as not to exclude trading right holders from offering MOS;
- the deletion of the clause referencing the Dobby distribution meter station in the Brisbane hub definition, as it has been decommissioned.

AEMO received one submission in the response to the Proposed Procedure Change (PPC) and no submissions from stakeholders in response to the IIR. A summary is shown at Attachment A.

AEMO considers that this Procedure change meets the requirements of the National Gas Objective for efficient operation and use of, natural gas services for the long term benefit of consumers of natural gas by by improving the efficiency of MOS pricing, increasing competition in the provision of MOS and increasing the efficiency of pipeline investment.

As required by Rule 135EE(5), AEMO also publishes this notice to inform Participants that version 8.0 of the STTM Procedures will be effective from 1 April 2014.

Notice Date: 7 March 2014

Attachment A: Summary of stakeholder comments on the PPC and IIR consultation for STTM Procedures

Organisation	Summary of comment	AEMO's Response
AGL	AGL was comfortable with the proposed drafting of version 8.0 of the STTM Procedures.	Noted.

Attachment B: Marked up changes (exclude formatting changes) to STTM Procedures

Minor amendments:

CHAPTER 2 – HUBS

2.3 Brisbane Hub

- (i) ~~[Deleted] custody transfer point 9: the outlet of the STTM pipeline identified on the Natural Gas Services Bulletin Board as the Roma – Brisbane Pipeline with the PlantID of 540057 at the connection point to the Doboy distribution meter station;~~

MOS amendments:

CHAPTER 4 – REGISTRATION OF SERVICES AND TRADING RIGHTS

4.2 Additional trading rights

~~No other details are specified for the purposes of rule 385(2)(f).~~

- (a) For the purposes of rule 385(2)(f), the contract holder must specify whether an additional trading right includes the right to make an associated MOS increase offer or MOS decrease offer.

CHAPTER 5 - MARKET OPERATOR SERVICE

5.1 ~~[Deleted] MOS Periods~~

- ~~(a) For the purposes of rule 396 a MOS period determined by AEMO must comply with the following requirements:
 - ~~(i) a MOS period must be a period of at least 3 months;~~
 - ~~(ii) a MOS period must commence at the beginning of the first gas day of a month; and~~
 - ~~(iii) a MOS period must end at the end of the last gas day commencing in a month.~~~~
- ~~(b) No later than 3 months prior to the commencement of a calendar year, AEMO must publish the MOS periods commencing in that calendar year.~~

5.2 MOS Estimates

- (aa) For the purposes of rule 397(1), AEMO must *publish* its MOS estimates for each MOS period no later than 40 business days before the start of that MOS period.
- (ab) For the purposes of rule 397(2), AEMO may *publish* updated MOS estimates at any time up to 20 business days before the start of the MOS period.
- (a) For the purposes of rule 397(3), AEMO must determine a MOS estimate, or updated MOS estimate, in accordance with this clause 0.
- (b) AEMO must determine the MOS estimate for each STTM pipeline based on the range and frequency of pipeline deviations which reflect increased flows to the hub and pipeline deviations which reflect decreased flows to the hub on that STTM pipeline, to be determined by AEMO using:

[...]

5.3 Request for MOS increase offers and MOS decrease offers

- (a) For the purposes of rule 398(1), AEMO must publish a notice requesting MOS increase offers and MOS decrease offers from STTM Shippers for each STTM pipeline, no later than 20 business days before the start of a MOS period.
- (b) For the purposes of rule 398(2)(b), final MOS increase offers and MOS decrease offers must be submitted to AEMO by 5:00pm on the 11th gas day before the start of a MOS period.
- (c) For the purposes of rule 398(2)(d), no other matter is specified.

5.4 MOS increase offers and MOS decrease offers

- (a) For the purposes of rule 400(4), a MOS increase offer or MOS decrease offer must comply with the requirements of this clause 5.4.
- (b) A MOS increase offer must specify at least one and up to ten price steps where each price step must specify:
 - (i) a single price, expressed in \$/GJ to four decimal places, greater than or equal to zero and less than or equal to the MOS cost cap; and
 - (ii) the maximum quantity of gas (excluding that offered in other price steps) that the Trading Participant is willing to have allocated to it in respect of increased flow to the hub at the price specified under paragraph (i), expressed in whole GJ, and being greater than zero.
- (iii) a reference for the trading right to which the offer relates, in accordance with the STTM interface protocol.

Note: Price steps for MOS offers do not represent a cumulative quantity of gas.

- (c) A *MOS decrease offer* must specify at least one and up to ten *price steps* where each *price step* must specify:
- (i) a single price, expressed in \$/GJ to four decimal places, greater than or equal to zero and less than or equal to the *MOS cost cap*; and
 - (ii) the maximum quantity of *gas* (excluding that provided from other *price steps*) that the *Trading Participant* is willing to have allocated to it in respect of decreased flow to the *hub* at the price specified under paragraph 0, expressed in whole GJ, and being greater than zero.

(iii) a reference for the *trading right* to which the offer relates, in accordance with the *STTM interface protocol*.

Note: Price steps for MOS offers do not represent a cumulative quantity of *gas*.

- (d) No two *price steps* in the same *MOS increase offer* or *MOS decrease offer* may have the same price.
- (e) An ~~eligible contract holder~~ *STTM Shipper* must not submit more than one *MOS increase offer* or more than one *MOS decrease offer* in respect of each *STTM pipeline* for a *MOS period* (but may revise a *MOS increase offer* or *MOS decrease offer* in accordance with *rule 400(2)*).

5.5 MOS Stacks

5.5.3 Publishing MOS stacks

~~For the purposes of *rule 401(2)(c)*, no requirements are specified.~~

(a) For the purposes of *rule 401(2)*, AEMO must:

- (i) publish the *MOS increase stack* and a *MOS decrease stack* in accordance with *rule 401(2)(a)*; and
- (ii) make available to each relevant *STTM pipeline operator* the information set out in *rule 401(2)(b)*,

No later than 10 *gas days* before the start of the relevant *MOS period*.

10.1.3 Mathematical terms

Term	Definition
$MAQ^S(p,d,cf(k))$	The quantity of MOS gas (excluding overrun MOS) allocated to flow from the <i>hub</i> on <i>registered trading right</i> $cf(k)$ on <i>market facility</i> $k \in SP$ (an <i>STTM facility</i>) on <i>gas day</i> d by <i>Trading Participant</i> p . This value may be positive or negative. A positive value indicates increased net flow to the <i>hub</i> implying a decreased flow from the <i>hub</i> on the <i>registered trading right</i> . This value is determined for a registered facility service in accordance with rule 421 and is associated with the registered trading right of the contract holder for that registered facility service.
$MAQ^S(p,d,ct(k))$	The quantity of MOS gas (excluding overrun MOS) allocated to flow to the <i>hub</i> on <i>registered trading right</i> $ct(k)$ on <i>market facility</i> $k \in SP$ (an <i>STTM facility</i>) on <i>gas day</i> d by <i>Trading Participant</i> p . This value may be positive or negative. A positive value indicates increased net flow to the <i>hub</i> implying an increased flow to the <i>hub</i> on the <i>registered trading right</i> . This value is determined for a registered facility service in accordance with rule 421 and is associated with the registered trading right of the contract holder for that registered facility service.