DWGM INTERIM LNG STORAGE MEASURES

stakeholder feedback template

The template below has been developed to enable stakeholders to provide their feedback on the questions posed in the consultation paper and any other issues that they would like to provide feedback on. The AEMC encourages stakeholders to use this template to assist it to consider the views expressed by stakeholders on each issue. Stakeholders should not feel obliged to answer each question, but rather address those issues of particular interest or concern. Further context for the questions can be found in the consultation paper.

SUBMITTER DETAILS

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| --- | --- |
| **ORGANISATION:** |  |
| **CONTACT NAME:** |  |
| **EMAIL:** |  |
| **PHONE:** |  |
| **DATE** |  |

project DETAILS

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| --- | --- |
| **NAME OF RULE CHANGE:** | DWGM interim LNG storage measures |
| **PROJECT CODE:** | GRC0065 |
| **PROPONENT:** | Victorian Minister for Energy, Environment and Climate Action |
| **SUBMISSION DUE DATE:** | 29 September 2022 |

**CHAPTER 4** – assessment framework

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| 1. Is the proposed assessment framework appropriate for considering the rule change request? Are there any other matters that should be included?
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**CHAPTER 5** – issues for consultation

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| **PROBLEM STATEMENT** |
| 1. Do you agree with each of the problems identified in the rule change request (noting the delineation between the safety and system security related problems and the reliability related problems)? If so, do you agree that they need to be addressed prior to winter 2023?
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| 1. What do you think the underlying source of the problem is (i.e. why isn’t the Dandenong LNG facility being filled in the way it used to and why aren’t market participants responding to AEMO’s threat to system security notices)?
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| 1. How material do you think the identified problems are and what impact could they have on the following (distinguishing where possible between the safety and system security related problems and the reliability related problems):
 |  |
| * 1. the supply of gas in Victoria?
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| * 1. the operation of the DWGM?
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| * 1. the safety of the infrastructure?
 |  |
| 1. What do you think would happen if nothing is done to address the identified problems?
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| **PROPOSED SOLUTION** |  |
| 1. Do you think the proposed solution is the most appropriate way to address the identified problems, or is there another more effective solution that could be implemented prior to winter 2023 (including non-rules based solutions)?
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| 1. Are there any measures in the proposed solution that you think are not required, or are there additional measures that you think are required?
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| 1. Does the proposed rule properly reflect the solution described in the rule change request, or are amendments required?
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| 1. Do you think the proposed solution:
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| * 1. is targeted, fit for purpose and proportionate to the issues it is intended to address?
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| * 1. provides for predictability and stability in regulatory arrangements?
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| * 1. provides for simplicity and transparency in regulatory arrangements?
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| **AEMO AS BUYER OF LAST RESORT** |
| 1. Do you agree with the proposals that AEMO should:
 |  |
| * 1. act as buyer of last resort for the Dandenong LNG facility for the winter months?
 |  |
| * 1. procure all of the uncontracted storage capacity available for the winter months?
 |  |
| * 1. maintain a target level of LNG stock based on the highest level reasonably possible, or such other level determined by AEMO and approved by the Victorian Minister?
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| 1. Does the proposal to allow AEMO to relinquish storage capacity if another market participant seeks access to this capacity address the risk that it could crowd out market participants, or would this still be a risk?
 |  |
| 1. Do you agree with the proposal that AEMO should only be able to on-sell LNG stock to a market participant as part of the relinquishment of storage capacity? If so, do you think this should be specified in the NGR, or could it be left to the LNG reserve procedures?
 |  |
| **AEMO AS SUPPLIER OF LAST RESORT** |
| 1. Do you agree with the proposal that AEMO should act as supplier of last resort from the Dandenong LNG facility and how this has been reflected in the principle set out in the proposed rule?
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| 1. Do you think that the proposed rule should be amended to allow AEMO to dispose of part of the LNG stock at the end of the winter period?
 |  |
| 1. Do you agree that AEMO should be able to use its LNG stock for reliability purposes? If so, should it be clarified in the NGR?
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| **CONTRACTUAL ARRANGEMENTS** |
| 1. Do you agree with:
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| * 1. the proposed treatment of the LNG storage provider and AEMO’s LNG storage agreement in the proposed rule and transitional rules?
 |  |
| * 1. the obligations that the proposed rule and transitional rules place on the LNG storage provider and AEMO in relation to contracting?
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| **COST RECOVERY** |
| 1. Do you agree with the proposals that AEMO should be required to recover:
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| * 1. storage capacity costs through participant fees?
 |  |
| * 1. the losses/proceeds arising from the use of the LNG stock through the linepack account?
 |  |
| 1. Is the proposed rule sufficiently clear on how all the costs that AEMO incurs (net of any proceeds it receives) are to be recovered, or are there some costs (or proceeds) that are not currently addressed?
 |  |
| 1. Do you consider that either of the proposed cost recovery mechanisms affects the incentive market participants have to contract their own LNG storage capacity? If so, what is the impact on those incentives?
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| **TRANSPARENCY AND ACCOUNTABILITY** |
| 1. Does the proposed rule change provide for sufficient accountability and transparency of AEMO’s actions as buyer and supplier of last resort, or are additional measures required?
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| **TRANSITIONAL ARRANGEMENTS** |
| 1. Are any other transitional arrangements required to accommodate the implementation of the proposed solution?
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| **TERM OF THE PROPOSED RULE CHANGE** |
| 1. Do you agree with the proposed term of the rule change from 2023 to 2025?
 |  |
| 1. Do you think the proposed solution would affect the implementation of any other solutions that may be considered as part of the broader reform work being undertaken:
 |  |
| * 1. on security and reliability measures?
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| * 1. on third-party access to storage facilities?
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| **COSTS AND BENEFITS** |
| 1. What do you think the direct and indirect costs of the proposed solution are likely to be? Are these costs likely to be proportionate to the problems they are intended to address?
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| 1. What do you think the benefits of the proposed solution are likely to be?
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| 1. Will the proposed solution provide for the safe, secure and reliable provision of gas at an efficient cost to consumers?
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| 1. What, if any effect, will the proposed solution have on:
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| * 1. the incentive market participants have to contract to use the Dandenong LNG facility?
 |  |
| * 1. the allocation of risks across the market (i.e. will risks be allocated to those best placed to manage them)?
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| * 1. the efficient operation of the DWGM?
 |  |
| * 1. The efficiency of investment in, operation and use of the Dandenong LNG facility and any other DWGM infrastructure?
 |  |
| 1. What, if any, effect will the proposed solution have on the prices paid for gas in Victoria?
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