

Australian Energy Market Commission

CONSULTATION PAPER

**National Gas Amendment (Pipeline operator
cost recovery processes) Rule 2012**

Rule Proponent
Australian Energy Regulator

6 December 2012

**RULE
CHANGE**

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About the AEMC

The Council of Australian Governments (COAG), through its then Ministerial Council on Energy (MCE), established the Australian Energy Market Commission (AEMC) in July 2005. In June 2011, COAG established the Standing Council on Energy and Resources (SCER) to replace the MCE. The AEMC has two principle functions. We make and amend the national electricity, gas and energy retail rules, and we conduct independent reviews of the energy markets for the SCER.

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1 Introduction

On 1 June 2012, the Australian Energy Regulator (AER or proponent) submitted a rule change request to the Australian Energy Market Commission (AEMC or Commission) proposing changes to the National Gas Rules (NGR).¹

Specifically, this request seeks to amend the cost recovery processes which exist for gas transmission pipeline operators who provide:

- market operator service (MOS) allocation services in the short term trading market (STTM); and
- aggregation and information services in the National Gas Market Bulletin Board (BB).

This consultation paper has been prepared by AEMC staff to facilitate public consultation on the AER's rule change request. This paper does not necessarily represent the views of the AEMC or any individual Commissioner of the AEMC.

This paper:

- sets out a summary of, and background to, the pipeline operator cost recovery processes rule change proposed by the AER;
- identifies a number of questions to facilitate consultation on this rule change request; and
- outlines the process for making submissions.

¹ The rule change request is available at www.aemc.gov.au.

2 Background information

This rule change request relates to the recovery of MOS allocation service costs and gas BB aggregation and information service costs by pipeline operators.

The BB provisions (set out in Part 18 of the NGR) and the STTM provisions (set in Part 20 of the NGR) allow pipeline operators to recover their costs for certain activities, via the Australian Energy Market Operator (AEMO). The relevant rules prescribe a process for the submission of costs and invoices, and the assessment and payment of those invoices.

This chapter provides background information on the STTM, Bulletin Board and the cost recovery processes to which this rule change request relates.

2.1 MOS allocation service costs in the STTM

Short term trading market

The STTM is a market for the trading of natural gas at the wholesale level. It currently operates at defined hubs in Adelaide, Brisbane and Sydney. These hubs cover the point at which gas transmission pipelines meet the gas distribution networks in these demand centres. Each hub is scheduled and settled separately but operates under the same rules and procedures.²

The STTM is operated by AEMO. As market operator, AEMO settles the financial side of the market. However, it has no involvement in how production facilities, transmission pipelines, storage facilities and distribution networks operate within the STTM.

There are five key roles for industry participants operating in the STTM.³ These are outlined in the figure below.

² For further information see AEMO, *Overview of the short term trading market for natural gas v.4.2*, 14 December 2011, available at www.aemo.com.au.

³ All participants who operate in the STTM must register with AEMO. Participants who operate on multiple hubs must register separately for each hub. In addition, a single participant may register with AEMO in multiple roles.

Figure 2.1 Participant roles in the STTM

Role	Description	Obligation
Information providers (non-financial role)		
STTM facility operator	Operates an STTM facility (such as a transmission pipeline, a storage facility or a production facility)	Obligations to provide certain information to AEMO to enable the market to operate
STTM distributor	Operates an STTM distribution system (or a deemed STTM distribution system)	
Allocation agent	Provides AEMO with allocations on behalf of facility operators, distributors and shippers	
Trading participants (financial role)		
STTM shipper	Delivers gas to and withdraws gas from the hub	Ongoing financial obligations to meet prudential requirements
STTM user	Withdraws gas at the hub	

Pipeline operators participate in the STTM in two of the non-financial roles, namely, as STTM facility operators and as allocation agents.

There are a number of specific obligations imposed by the NGR on pipeline operators in their role as STTM facility operators. These obligations require the provision of certain information to AEMO to assist in the effective operation of the market. The information required to be provided by pipeline operators to AEMO includes (among other things):

- default capacity and maximum default capacity for the pipeline (rule 376);
- hub capacity for the following three days (rule 414);
- facility allocations on a daily and monthly basis (rule 419); and
- MOS step allocations on a daily and monthly basis (rule 421).

In respect of their role as allocation agents, the NGR requires pipeline operators to either act as, or appoint, allocation agents to determine the daily gas allocations for each STTM shipper which must be submitted to AEMO for the purpose of settlement.⁴

Market operator service

MOS is an STTM balancing service managed by AEMO. It is used to balance the amount of physical gas that actually flows on a transmission pipeline connected to an STTM hub on a gas day, with the amount of gas that was scheduled to flow on that pipeline to that hub on that day.⁵ MOS can be provided by shippers and pipeline

⁴ Allocations define the actual quantities flowed to and from the hub on the gas day. AEMO uses this information to settle the market. While allocations to individual shippers are provided by the pipeline operators, the allocations to individual users are determined by AEMO using metered data provided by distributors and aligned with the pipeline allocations. Pipeline operators also provide allocations for transmission-connected users.

⁵ Differences between actual deliveries and scheduled pipeline flows can occur if, for example, there is a discrepancy between forecast gas demand and actual gas demand in the hub, or if trading participants do not nominate in accordance with market schedules.

operators that have the ability to increase or decrease the quantity of gas they flow on a day.⁶

At quarterly intervals, AEMO seeks price-quantity offers for the provision of MOS on each hub-connected transmission pipeline. Under the terms of a MOS provision, a MOS provider agrees to accept an additional gas allocation quantity (positive or negative) on a gas day to balance the difference between scheduled flows and actual gas flows on an STTM pipeline.

Based on the prices and quantities offered by MOS providers, AEMO maintains separate MOS stacks for "increase MOS" (where additional gas needs to be delivered to the hub) and "decrease MOS" (where excess gas needs to be withdrawn from the hub). It does this each gas day for each transmission pipeline connected to an STTM hub. AEMO provides these stacks to each pipeline operator who, in turn, allocate any pipeline deviations to the MOS providers in accordance with the stack order (from the lowest offer price to the highest offer price provider).

Pipeline operators are required to inform AEMO of all MOS gas allocations for each gas day. This allows AEMO to adjust the MOS provider's market schedule to account for the MOS allocation. In this way, any resulting deviations incurred by the MOS provider are exempt from deviation payments and charges.⁷

If the deviation on a pipeline exceeds the allocation capacity of the relevant MOS stack on a gas day, the residual quantity is allocated by the pipeline operator to shippers in accordance with the allocation rules on that pipeline. The pipeline operator submits these to AEMO as overrun MOS allocations.

Cost recovery process for MOS allocation service

The rules allow for pipeline operators to recover the costs associated with allocating pipeline deviations as MOS or overrun MOS (the MOS allocation service) from market participants, via AEMO. The cost of providing this service is not included in existing gas contracts or access arrangements. The amount of the costs varies between the five pipelines that participate in the STTM.⁸

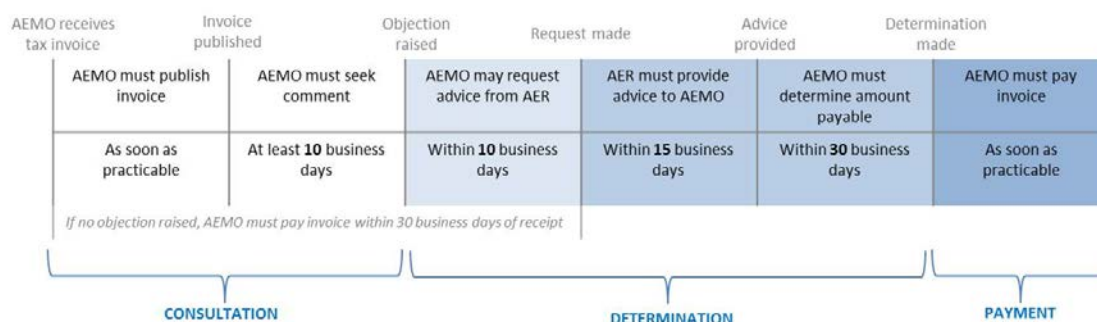
⁶ Currently, only shippers who have a transportation contract on a pipeline can provide MOS. The AEMC is currently assessing a rule change request which seeks to expand the eligibility of who can provide MOS in the STTM. See 'Market operator service - timing and eligibility' rule change request, available at www.aemc.gov.au.

⁷ An individual trading participant's deviation quantity is the difference between its modified market schedule quantity and its allocated quantity (that is, actual gas supplied to, or withdrawn from, the hub). Deviation quantities attract deviation penalties, the severity of which will depend on whether a trading participant has a "short" or "long" deviation. The AEMC is currently considering a rule change which seeks to better align charges for deviations with the costs caused by deviations. See 'STTM deviations and the settlement surplus and shortfall' rule change request available at www.aemc.gov.au.

⁸ See AEMO, *STTM Pipeline Operator's MOS Allocation Service Costs*, available at www.aemo.com.au.

The current process for the submission and assessment of invoices from pipeline operators in respect of their MOS allocation services costs is set out in rules 424 and 425 of the NGR. A summary of the process is provided in Figure 2.2.

Figure 2.2 MOS allocation service cost recovery process



The key requirements are as follows:

- STTM pipeline operators that wish to recover MOS allocation service costs must:
 - give AEMO an estimate of MOS allocation service costs they will seek to recover by 31 January each year for the financial year commencing on the following 1 July (rule 424(1));
 - notify AEMO as soon as practicable of any expected material variation between actual MOS allocation service costs and the costs specified in its estimate (rule 424(3));
 - issue AEMO with a tax invoice regarding its actual MOS allocation service costs during the previous financial year, no later than 20 business days after the start of the next financial year (rule 424(4));
 - in accordance with the STTM Procedures⁹, provide AEMO with reasonable evidence to demonstrate that:
 - each cost estimate or expected variation is reasonable (rule 424(5)(a));
 - invoiced costs were actually incurred (rule 424(5)(b));
 - any material variation between actual costs and the most recent estimate given to AEMO is reasonable (rule 424(5)(c));
 - all costs specified in an estimate of invoice are MOS allocation service costs (rule 424(5)(d));

⁹ The STTM Procedures set out the information which must be provided to AEMO (at a minimum) by pipeline operators as evidence that their invoiced costs are reasonable. See STTM Procedures, section 7.4.

- AEMO is required to:
 - publish any cost estimates received from a pipeline operator (rule 424(2));
 - publish any notice of variation received (rule 424(3));
 - publish any invoices received as soon as practicable and seek comments for at least 10 business days on whether there is any objection to the payment of those invoices (rule 425(1));
- After AEMO seeks objections on invoices received, the assessment of those invoices is to be conducted as follows:
 - If an objection to the payment of an invoice is received, AEMO may, within 10 business days after receiving an objection, request the AER’s advice on the amount payable (if any), having regard to the evidence provided to AEMO to support the estimated and invoiced costs (rule 425(2));
 - If AEMO seeks the AER’s advice:
 - the AER must provide its advice to AEMO within 15 business days after having received the request (rule 425(3));
 - AEMO must determine the amount payable consistent with the AER’s advice within 30 business days of receiving the advice (rule 425(4)(a));
 - If AEMO does not receive advice from the AER (either because it did not request advice or the advice was not received within specified timeframes):
 - AEMO must determine the amount payable having regard to the evidence provided by the pipeline operator, within 30 business days of receiving the invoice (rule 425(4)(b));
 - AEMO must pay any amount it has determined as payable as soon as practicable after making the determination (rule 425(5)).

2.2 Bulletin Board aggregation and information service costs

The National Gas Market Bulletin Board is a public website which displays information on all major gas production fields, major demand centres and the interconnected natural gas transmission pipeline systems in South Australia, Victoria, Tasmania, New South Wales, the Australian Capital Territory and Queensland.¹⁰ Through the provision of system and gas market information, the BB is intended to facilitate trade in gas and pipeline capacity.

¹⁰ See www.gasbb.com.au.

The BB commenced operation in 2008 and is operated by AEMO. The NGR requires pipeline operators to provide aggregation and information services to assist AEMO in operating the BB. Specifically, the NGR sets out obligations on pipeline operators to provide to AEMO:

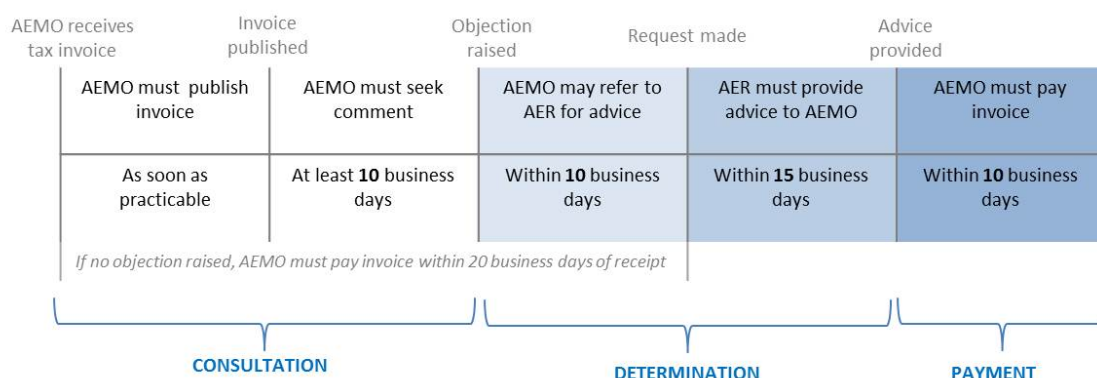
- information on aggregated delivery nominations and aggregate forecast deliveries for the BB pipeline (rule 173); and
- certain information to allow AEMO to calculate a BB shipper's share of estimated BB costs (under rule 191) for the relevant invoice period (rule 196).

Pipeline operators are entitled to recover the costs of providing these services, via AEMO, in accordance with rule 197 of the NGR. To date, no pipeline operator has submitted an invoice to AEMO under this provisions.

Cost recovery process for aggregation and information services

A process similar to the process set out in Figure 2.2 exists in rules 197 and 198 of the NGR in relation to the assessment of costs associated with providing BB aggregation and information services. A summary of the process is provided in the figure below.

Figure 2.3 Bulletin Board aggregation and information service cost recovery process



The key rules requirements are as follows:

- Pipeline operators that wish to recover costs of providing aggregation and information services must:
 - no later than 20 business days after the start of an invoice period, provide AEMO with:
 - an estimate of costs of providing aggregation and information services during the invoice period (rule 197(1)(a));
 - a tax invoice in relation to actual costs of providing aggregation and information services during the previous invoice period (rule 197(1)(b));

- in accordance with the BB Procedures¹¹, provide AEMO with reasonable evidence to demonstrate that:
 - the cost estimate is reasonable (rule 197(2)(a));
 - it has incurred the invoiced costs (rule 197(2)(b));
- not issue a tax invoice to AEMO which includes an amount that it has recovered or is entitled to recover, from a BB shipper or any other person either at law or under any contract, arrangements or understanding, or pursuant to an access arrangement (rule 197(3));
- AEMO is required to publish any invoices received as soon as practical and seek comments for 10 business days as to whether there is any objection to payment of those invoices (rule 198(1));
- After AEMO seeks objections on invoices received, the assessment of those invoices is to be conducted as follows:
 - If an objection to the payment of an invoice is received, AEMO may, within 10 business days after receiving an objection, refer the question of payment to the AER for advice (rule 198(2));
 - If AEMO seeks the AER’s advice, the AER must provide its advice to AEMO within 15 business days after the question of payment is referred to it (rule 198(3));
 - Subject to being satisfied that the invoice should be paid, having regard to the evidence provided by the pipeline operator and any advice provided by the AER, AEMO must pay the invoice within the later of:
 - 20 business days after receipt of the invoice; or
 - 10 business days of receiving advice from the AER (rule 198(4)).

¹¹ The BB Procedures set out the information which must be provided to AEMO (at a minimum) by pipeline operators to substantiate forecast cost estimates and actual costs. See BB Procedures, section 11.

3 Details of the rule change request

Following first use of the provisions in Part 20 of the NGR for the assessment of MOS allocation service costs in 2011, AEMO and the AER identified a number of issues with the current process.¹²As a result, this rule change seeks to improve the efficiency and operation of the assessment process for MOS allocation service costs, and BB aggregation and information costs, incurred by pipeline operators.

The rule change request also includes a summary of the 2010-2011 assessment process of MOS allocation service cost invoices, a proposed rule and a letter of support from AEMO.

3.1 Issues this rule change seeks to address

The proponent considers there are a number of problems with the current rules which it has set out in the rule change request. The key points are as follows:

Efficiency of costs

The current assessment of MOS allocation service costs includes whether the proposed costs meet the definition of having been 'reasonably incurred'. However, at present, there is no requirement to assess whether the level of costs incurred by a pipeline operator is efficient, nor is there a requirement for pipeline operators to justify that the costs were incurred prudently or efficiently. The proponent considers that it is not appropriate for STTM shippers to have to pay for costs above those which the AER considers have been incurred efficiently.

Information requirements – justification of invoices

The proponent considers that the information provided by pipeline operators (and therefore the information published by AEMO for comment) currently provides relatively limited justification for the level of MOS service costs claimed on invoices. The proponent considers that the current information requirements (which are primarily specified in the Procedures) mean that, in practice, the AER must seek significant additional information from pipeline operators in order to undertake the assessment of invoiced costs.

Appropriate decision maker

Under the current process, AEMO is the decision maker (even where advice is provided by the AER) on whether the invoiced costs are reasonable. The proponent considers that, arguably, it may be more appropriate for the AER in its role as

¹² In July 2012, the STTM pipeline operators submitted their invoices for the 2011-12 financial year. Despite an objection being raised and the AER's advice being sought on payment of the invoices for the Sydney and Adelaide hubs, we understand that the issues experienced by AEMO and the AER during the first practical application of the assessment process in 2011, did not reoccur during the second practical application in 2012.

economic regulator to be responsible for making determinations on the appropriate level of MOS allocation service costs. The proponent also notes that, in the instance the AER is unable to provide advice within the required timeframes, there is currently potential for double handling in that the relevant information will be handed back to AEMO for it to then consider the reasonableness of the claims.

Time allowed for assessment of invoiced costs

In the proponent's view, one of the most significant problems with the current process relates to the timeframes for undertaking an assessment of MOS allocation service costs. It considers that the current rules, which require the AER to respond to an AEMO request for advice within 15 business days, are insufficient to allow for a robust and comprehensive assessment of multiple pipeline operators' MOS allocation costs.¹³ The proponent notes that, despite the AER being the body undertaking the key assessment work, it only has 15 business days to provide advice to AEMO, while AEMO has 30 business days after receiving the advice to make a determination on the amount payable (see Figure 2.2).

Clarity of definition of MOS allocation service costs

The proponent considers there is currently some ambiguity around which costs are recoverable under the definition of 'MOS allocation service costs'. The proponent notes that the experience of assessing invoices for MOS allocation service costs for 2010-2011 highlighted different opinions as to which costs are recoverable as MOS allocation service costs.¹⁴

Bulletin Board

The analysis within the AER's rule change request focuses on the MOS allocation service costs process. However, the AER also seeks to amend the process for the submission of costs and invoices, and the assessment and payment of invoices, for BB aggregation and information services provided by pipeline operators.

The AEMC sought additional information from the AER on why the proposed changes should apply to the BB rules, particularly as cost recovery has not yet been sought by pipeline operators for the services they provide to the BB. In its response, the AER noted two reasons for why the changes should be made. First, the AER believes that there is benefit in retaining a consistent assessment process between the BB process and the MOS allocation service costs process. Second, the AER stated that there is the

¹³ As a consequence of these timing limitations, the AER used formal information gathering powers under section 42 of the NGL to seek information and supporting documents from the pipeline operators regarding their 2010-2011 invoiced costs.

¹⁴ There are a broader set of costs associated with the process for determining STTM facility allocations which are separate to the costs associated with the MOS allocation service. It is not intended that the costs associated with the provision of STTM facility allocations to AEMO be recoverable under the definition of MOS allocation service costs.

potential for identical problems to occur in the BB to those that occurred under the STTM rules.¹⁵

3.2 Proposed changes and rationale

To address the issues that it identified, the proponent has proposed a number of amendments to Part 18 and Part 20 of the NGR. The rule change request includes a proposed rule.

The rule change request proposes to make the following changes:

- **Efficiency of costs** - amend the rules to require the AER to assess an invoice by reference to the 'efficient' MOS allocation service costs that the AER considers would have been incurred by a prudent operator. That is, the proposed rule would require the AER to apply an efficiency test, rather than a test of reasonableness, in determining the appropriate level of MOS allocation service costs.
- **Information requirements - justification of costs** - amend the rules to require that the evidence included with a pipeline operator's costs estimates and invoices provides justification that costs reflect efficient costs that could be expected to be, or would have been, incurred by a prudent operator.
- **Appropriate decision maker** - amend the roles of the AER and AEMO such that, when an objection is raised, the AER becomes the decision maker and informs AEMO of the amount payable. Alternatively, where no objection is raised, the proposed rule would provide AEMO with the discretion either to pay the invoiced amount, or refer the invoice to the AER, if it considers an invoice should be assessed.
- **Time allowed for assessment of invoiced costs** - amend the rules to provide the AER with a period of 60 business days to assess an invoice, with the ability for the AER to extend this deadline by a further 30 business days if required. The clock would start upon receipt of a request from AEMO to make a determination.
- **Clarity of definition of MOS allocation service costs** - include a definition of 'MOS allocation service'¹⁶ to clarify that the process for determining STTM facility allocations is not part of the MOS allocation service. This amendment is intended to clarify that only the costs associated with allocating pipeline deviations as MOS or overrun MOS (in accordance with rule 421) are recoverable under this process.
- **Bulletin Board** - to the extent that changes are made to the process in rules 424 and 425, amend rules 197 and 198 to reflect those changes. In addition, the

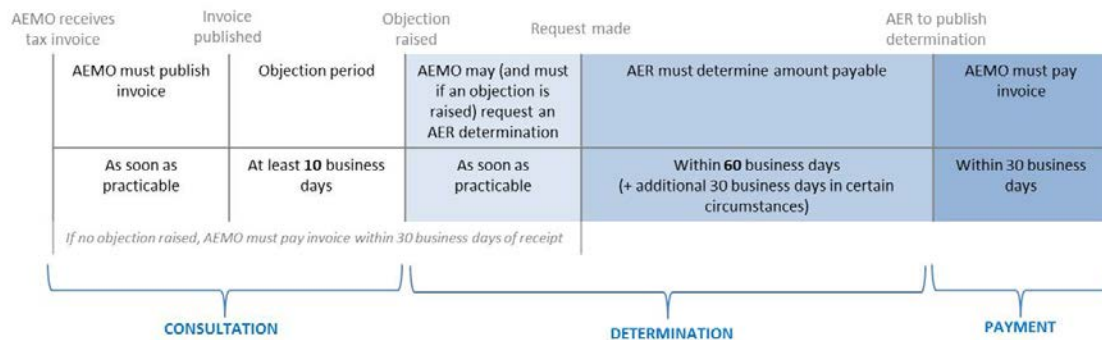
¹⁵ AER response to AEMC questions, Rule Change Request, 23 August 2012.

¹⁶ This concept is currently embedded within the definition of 'MOS allocation service costs' in NGR rule 364 (Definitions).

proposed rule amends rule 141 to include a definition of 'aggregation and information service costs'. This is intended to clarify that only the costs incurred by a pipeline operator in providing aggregation and information services are recoverable under this process.

A summary of the proposed process is provided in the figure below.

Figure 3.1 Proposed rule – pipeline operator cost recovery process



The proponent provides its rationale for the rule change in the rule change request. A number of key points raised in the rule change request are summarised as follows:

- The proposed rule will contribute to the efficient operation and use of natural gas services and is in the long term interests of consumers.
- The rule changes are intended to improve the efficiency and operation of the assessment process for MOS allocation service costs. This can be expected to allow for a more efficient allocation of costs for the supply of MOS allocation services. STTM shippers should then have greater confidence that the costs recovered by pipeline operators reflect the efficient cost of providing the MOS allocation service. Efficient pricing of natural gas services, of which efficient recovery of costs associated with MOS allocation services is one element, promotes the long term interests of consumers.
- Improving the engagement of STTM shippers in the consultation processes and improving the clarity of the roles of the AER and AEMO in the assessment process is also likely to lead to a more effective assessment process which is in the interests of all stakeholders.

3.3 Procedure change process

The STTM and BB Procedures set out the information which must be provided, at a minimum, by pipeline operators to AEMO to support their cost estimates and actual costs.¹⁷ If the requested rule change is made, AEMO has indicated that it may initiate a subsequent Procedure change process to determine whether amendments need to be

¹⁷ See STTM Procedures, section 7.4, and BB Procedures, section 11.

made to the information required to be provided by pipeline operators as evidence that their invoiced costs are efficient.

This consultation paper only addresses the proposed NGR amendments. As part of assessing the rule change request, the AEMC will not be assessing the details of AEMO's envisaged Procedure changes. Any Procedure changes that may be proposed by AEMO in the event this rule change is made will be consulted on by AEMO through its Procedures change process. In deciding to make a Procedure change, AEMO must have regard to the national gas objective (NGO).

3.4 Additional information on the rule change request

In assessing this rule change request, the AEMC posed several questions to the AER in order to obtain clarification on the rule change request. In particular, the AEMC sought additional information on details surrounding the 2010-2011 assessment of invoices for MOS allocation service costs, as well as further evidence on the issues with the Bulletin Board rules. The AER's response to these questions is published as supplementary material to the rule change request.¹⁸

3.5 Timing of the proposed rule

The proponent has requested that consideration of the proposed rule be finalised by June 2013 to allow it to apply to the assessment of invoices for costs incurred during 2012-2013.

¹⁸ See www.aemc.gov.au.

4 Assessment framework

The Commission's assessment of this rule change request must consider whether the proposed rule is likely to contribute to the national gas objective (NGO). The NGO is set out under s. 23 of the National Gas Law (NGL) as follows:

“The objective of this Law is to promote efficient investment in, and efficient operation and use of, natural gas services for the long term interests of consumers of natural gas with respect to price, quality, safety, reliability and security of supply of natural gas.”

In assessing the rule change against the NGO, the Commission's consideration will include whether the proposed changes will lead to:

- more efficient costs incurred by pipeline operators with respect to providing MOS allocation services in the STTM and aggregation and information services in the Bulletin Board;
- more efficient operation and use of the cost recovery processes for these services by pipeline operators, AEMO and the AER; and
- more transparent cost recovery processes resulting in greater overall confidence and engagement by market participants and other relevant stakeholders, including consumers of natural gas.

In assessing the request against the NGO, the Commission will also consider the likely long term costs and benefits of the proposed rule compared to the counterfactual of not making the proposed change to the NGR. In doing so, the Commission will consider whether the proposed rule is likely to lead to more efficient pricing of natural gas services, which is in the long term interests of consumers.

This assessment framework may be reviewed following the receipt of submissions and the AEMC's own analysis.

5 Consultation questions

The AEMC has identified a number of questions related to both the problems with the current rules and the proposed solutions that have been identified by the AER in its rule change request. These questions are intended to provide guidance and facilitate consultation on this rule change proposal. In preparing submissions, stakeholders are encouraged to consider these questions and the information set out in AER's rule change proposal.

The questions are:

1. General:

- (a) What would be the impacts (costs and benefits) on pipeline operators and other STTM participants if the MOS allocation service cost recovery process was amended in line with the proposed rule?
- (b) The rule change request seeks to improve the efficiency and operation of the assessment process for MOS allocation service costs, and BB aggregation and information costs, incurred by pipeline operators. Are there alternative means of achieving this objective which may prove more appropriate?
- (c) Are the costs associated with conducting the proposed MOS allocation service cost recovery process proportional to the costs that could be claimed by pipeline operators?
- (d) Will the proposed rule contribute, or be likely to contribute, to the achievement of the NGO? Please explain your view.
- (e) Do any other reviews that AEMO is currently undertaking have implications for this rule change request?
- (f) The proponent requested that the proposed rule be made by June 2013 and apply to costs incurred during 2012-2013. What are the implications of applying the rule retrospectively? Do you have any views on when the rule change should commence, if it is made?

2. Efficiency of costs:

- (a) What are some examples of the types of costs incurred by pipeline operators in providing the MOS allocation service? To what extent can pipeline operators influence the type and level of these costs?
- (b) How would the application of an 'efficiency test' differ from the current test of 'reasonableness'?

- (c) Is an 'efficiency test' appropriate given the type and level of MOS allocation service costs incurred by pipeline operators? If not, is there another framework or test that may be more appropriate?
3. **Information requirements – justification of costs:**
- (a) Is the proposed rule likely to result in improvements in the information provided by pipeline operators to AEMO to justify the costs incurred in providing the MOS allocation service?
4. **Appropriate decision maker:**
- (a) Is it more appropriate for the AER, rather than AEMO, to assess cost invoices and determine the appropriate amount payable to pipeline operators for the provision of the MOS allocation service?
5. **Time allowed for assessment of invoiced costs:**
- (a) Is the proposed timeframe for the assessment of MOS allocation service costs by the AER appropriate? Does this timeframe reflect the action undertaken by the AER? If not, what would be a more appropriate timeframe?
 - (b) Is the proposed timeframe for the payment of MOS allocation service costs by AEMO appropriate? Does this timeframe reflect the action undertaken by AEMO? If not, what would be a more appropriate timeframe?
 - (c) Would the assessment process benefit from a 'stop the clock' mechanism for the AER?
6. **Clarity of definition of MOS allocation service costs:**
- (a) Will the proposed amended definition of 'MOS allocation service costs' provide more clarity on the types of costs that can be recovered by pipeline operators in respect of MOS allocation service costs? If not, why not?
7. **Bulletin Board:**
- (a) Is there benefit in having a consistent approach to the recovery of MOS allocation service costs and BB aggregation and information service costs, by pipeline operators? Please explain your view.
 - (b) Will the proposed definition of 'aggregation and information service costs' provide more clarity on the types of costs that can be recovered by pipeline operators in respect of BB aggregation and information service costs? If not, why not?
 - (c) Are the costs associated with conducting the proposed BB aggregation and information service cost recovery process proportional to the costs that could be claimed by pipeline operators?

- (d) Will the proposed changes to the BB aggregation and information service cost recovery process contribute, or be likely to contribute, to the achievement of the NGO? Please explain your view.

6 Lodging a submission

The Commission invites written submissions on this rule change request. Submissions are to be lodged online or by mail by 24 January 2013 in accordance with the following requirements.

Where possible, submissions should be prepared in accordance with the Commission's Guidelines for making written submissions on rule change proposals.¹⁹ The Commission publishes all submissions on its website subject to a claim of confidentiality.

All enquiries on this project should be addressed to Claire Rozyn on (02) 8296 7800.

6.1 Lodging a submission electronically

Electronic submissions must be lodged online via the Commission's website, www.aemc.gov.au, using the "lodge a submission" function and selecting the project reference code "GRC0017". The submission must be on letterhead (if submitted on behalf of an organisation), signed and dated.

Upon receipt of the electronic submission, the Commission will issue a confirmation email. If this confirmation email is not received within three business days, it is the submitter's responsibility to ensure the submission has been delivered successfully.

6.2 Lodging a submission by mail

The submission must be on letterhead (if submitted on behalf of an organisation), signed and dated. The submission should be sent by mail to:

Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Or by fax to (02) 8296 7899.

The envelope must be clearly marked with the project reference code "GRC0017".

Except in circumstances where the submission has been received electronically, upon receipt of the hard copy submission the Commission will issue a confirmation letter.

If this confirmation letter is not received within 3 business days, it is the submitter's responsibility to ensure successful delivery of the submission has occurred.

¹⁹ This guideline is available on the Commission's website.

Abbreviations

AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER or proponent	Australian Energy Regulator
BB	Bulletin Board
Commission	See AEMC
MOS	market operator service
NGL	National Gas Law
NGO	National Gas Objective
NGR	National Gas Rules
STTM	short term trading market