



Australian Energy Market Commission

RULE DETERMINATION

**National Gas Amendment (Removal of Gas
Bulletin Board emergency information page)
Rule 2015**

Rule Proponent

Australian Energy Market Operator

23 April 2015

**RULE
CHANGE**

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About the AEMC

The AEMC reports to the Council of Australian Governments (COAG) through the COAG Energy Council. We have two functions. We make and amend the national electricity, gas and energy retail rules and conduct independent reviews for the COAG Energy Council.

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Summary

The Australian Energy Market Commission has made a rule which removes the requirement in the National Gas Rules for an emergency information page on the Natural Gas Services Bulletin Board.

The National Gas Rules do not cover other aspects of multi-jurisdiction emergency management besides the provision of the emergency information page. No other aspect of gas emergency management is impacted by this rule.

The Commission considers that removing the requirement will promote the national gas objective because:

- it is likely to result in clearer emergency information and management roles by removing an unnecessary and potentially unreliable information source; and
- it will result in a reduction in administrative costs for the Australian Energy Market Operator (AEMO).

Consumers may benefit from clearer emergency management arrangements through more effective responses to emergency incidents. The small cost savings achieved by AEMO will be passed on to Gas Bulletin Board shippers.

The final rule is the same as the rule proposed by AEMO, except for some minor drafting amendments. It will commence on 7 May 2015.

Contents

1	AEMO's rule change request	1
1.1	The rule change request	1
1.2	Current arrangements	1
1.3	Reasons for rule change request	2
1.4	Solution proposed in the rule change request.....	2
1.5	Commencement of rule making process	2
2	Final rule determination.....	4
2.1	Rule making test.....	4
2.2	Assessment framework	4
2.3	Summary of reasons	5
3	Clarity of emergency information and management roles	6
3.1	AEMO's view	6
3.2	Stakeholder views	6
3.3	Analysis	6
3.4	Conclusion	7
4	Reduction of regulatory and administrative burden	9
4.1	AEMO's view	9
4.2	Stakeholder views	9
4.3	Analysis and conclusion	9
	Abbreviations.....	11
A	Legal requirements under the National Gas Law.....	12
A.1	Final rule determination.....	12
A.2	Power to make the rule	12
A.3	Commission's considerations	12
A.4	Civil penalties.....	13

1 AEMO's rule change request

1.1 The rule change request

On 14 November 2014, the Australian Energy Market Operator (AEMO) made a request to the Australian Energy Market Commission (AEMC or Commission) to remove the requirement in the National Gas Rules (NGR) for an emergency information page on the Natural Gas Services Bulletin Board (or Gas Bulletin Board).

1.2 Current arrangements

The NGR require AEMO to maintain a section on the Gas Bulletin Board for the publication of emergency information. The National Gas Law (NGL) and the NGR do not cover other aspects of multi-jurisdiction emergency arrangements and these are outside the scope of this rule change process.

In the event of an emergency, the Chair of the National Gas Emergency Response Advisory Committee (NGERAC)¹ or a person authorised by a jurisdiction may request AEMO to activate the emergency information page.²

When the emergency information page is active, Gas Bulletin Board participants, including persons authorised by jurisdictions, may provide information for AEMO to publish on the page.³ Only Gas Bulletin Board participants may access the emergency information page.⁴

The emergency information page has not been activated in a real incident. However, AEMO has conducted test exercises so that users could practise using the facility. Following the July 2013 exercise, AEMO recommended that the emergency information page should be decommissioned. This recommendation was endorsed by NGERAC at its October 2013 meeting.⁵

NGERAC's emergency management process for multi-jurisdiction incidents, the Interruption to Supply Process, does not rely on the emergency information page. Instead, NGERAC's process uses text messages, email and teleconferences to communicate.

While NGERAC has an important role to play in advising jurisdictions during an emergency, the affected jurisdictions will ultimately decide whether their emergency

1 NGERAC was established to advise Ministers on the use of their emergency powers and responses to gas supply shortages affecting multiple jurisdictions. It is currently chaired by the Commonwealth Department of Industry and Science. Other members include industry, user and jurisdictional representatives.

2 NGR, rule 182.

3 NGR, rule 181.

4 NGR, rule 187.

5 Minutes from the 20th NGERAC meeting, 22 October 2013, p6.

powers will be exercised and the end-users that should be curtailed if there is a shortage of available gas.

1.3 Reasons for rule change request

AEMO has identified three issues with the emergency information page which is currently specified in the NGR. Firstly, the page introduces undue complexity and risk in the emergency management process, due to:

- the absence of a central co-ordinating authority to verify information posted on the emergency page;
- the need to frequently refresh the activated page to see the most recent information; and
- the need for users to be logged-on to receive updates, which creates a risk of participants being unable to log on.

Secondly, the use of the page alongside other means of communication could lead to multiple sources of emergency information, which may result in conflicting messages, confusion and sub-optimal decision making.

Thirdly, AEMO estimates that it would have to spend up to \$180,000 to include the emergency page in the recently re-developed Gas Bulletin Board. All Gas Bulletin Board costs are recovered from Gas Bulletin Board shippers.⁶

1.4 Solution proposed in the rule change request

AEMO's proposed solution was to remove the requirement in the NGR for it to maintain an emergency information page.

In its rule change request, AEMO indicated that both NGERAC and the Gas Bulletin Board Reference Group support the removal of the emergency information page. AEMO received a letter of support for its proposal from the Department of Industry and Science in its capacity as the Chair of NGERAC.⁷

AEMO's rule change request included a proposed rule that removes all provisions in the NGR relating to the emergency information page.

1.5 Commencement of rule making process

On 12 March 2015, the Commission published a notice advising of its intention to commence the rule making process and a consultation paper prepared by AEMC staff.

⁶ Division 9 of Part 18 of the NGR. BB shippers are defined as pipeline users who are party to a contract with a service provider of a pipeline, or have the right via an access determination to be provided with a pipeline service (rule 141).

⁷ AEMO's rule change request, 14 November 2014, Appendix C.

Submissions on the consultation paper and rule change request were due by 9 April 2015.

The Commission received two submissions on the rule change request as part of consultation. They are available on the AEMC website.

The Commission proposed to treat the rule change request as a non-controversial rule because it did not consider that the proposed rule would have a significant effect on a market for gas or the regulation of pipeline services. Stakeholders were able to object to the use of the expedited process by making a written request by 26 March 2015. As no requests were received, the rule change request was considered under an expedited process.

2 Final rule determination

The Commission's final rule determination is to make the rule as proposed by AEMO, with minor amendments to clarify the drafting. The rule removes all provisions in the NGR relating to the Gas Bulletin Board emergency information page. The rule is published with this final rule determination.

This Chapter outlines:

- the Commission's rule making test for changes to the NGR;
- the Commission's assessment framework for considering the rule change request; and
- the Commission's consideration of the proposed rule against the national gas objective (NGO).

Further information on the legal requirements for making this final rule determination is set out in Appendix A.

2.1 Rule making test

Under the NGL the Commission may only make a rule if it is satisfied that the rule will, or is likely to, contribute to the achievement of the NGO. This is the decision making framework that the Commission must apply.

The NGO 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.”

2.2 Assessment framework

For this rule change request, the Commission considers that the relevant aspects of the NGO are:

- the efficient use of natural gas services with respect to security of supply; and
- the efficient operation of natural gas services with respect to price.⁸

In assessing the rule change request against the NGO the Commission has considered the following principles:

⁸ Under s. 291(2) of the NGL, for the purposes of s. 291(1) the AEMC may give such weight to any aspect of the NGO as it considers appropriate in all the circumstances, having regard to any relevant Ministerial Council on Energy (MCE) statement of policy principles.

- **Clarity of emergency information and management roles.** A characteristic of effective emergency management is for decision makers to have access to current and unambiguous emergency information and for roles to be clearly defined. The proposed rule may improve the clarity of the emergency management arrangements by reducing the potential for outdated, conflicting or inaccurate information during an emergency incident. Clearer emergency management arrangements may contribute to more effective management of incidents and increased security of supply, which would be in the long term interests of consumers.
- **Reduction of regulatory and administrative burden.** Removing the requirement for an emergency page would reduce the costs of administering the Gas Bulletin Board, which are incurred by AEMO and recovered from Gas Bulletin Board shippers. The reduction of administrative burden and the benefit to consumers, albeit small, has been considered in conjunction with the potential impact, if any, on stakeholders of there no longer being an emergency information page.

2.3 Summary of reasons

Having regard to the issues raised in the rule change request, the Commission is satisfied that the final rule is likely to contribute to the achievement of the NGO for the following reasons:

- It is likely to result in clearer emergency information and management roles by removing an unnecessary and potentially unreliable information source. It reinforces that NGERAC's Interruption to Supply Process is the main communication protocol during a multi-jurisdiction emergency incident.
- It will result in a reduction of administrative costs for AEMO as it will not be required to include the emergency information page in the redeveloped Gas Bulletin Board.

The Commission therefore considers that the rule as made will benefit consumers by promoting the efficient use and operation of natural gas services. Further details on the Commission's reasons for forming this view are set out in Chapters 3 and 4 below.

3 Clarity of emergency information and management roles

3.1 AEMO's view

AEMO's view on the emergency information page is set out in section 1.3. It considers that the design of the emergency information page introduces undue complexity and risk in the emergency management process. The use of the page alongside other sources of communication may result in conflicting messages, confusion and sub-optimal decision making.

AEMO also notes that the emergency information page functions are duplicated by an existing emergency management process and other communication channels.⁹

3.2 Stakeholder views

AGL supported AEMO's reasoning for removing the emergency information page and agreed the proposed rule would provide clarity with respect to emergency information and management roles.¹⁰

GDF SUEZ Australian Energy supported AEMO's proposal for it to maintain an alternative, static emergency information page for the publication of emergency management protocols and procedures.¹¹

3.3 Analysis

AEMO's rule change request raised issues concerning access to the emergency information page and the quality of emergency information.

AEMO demonstrated that accessing the emergency information page is problematic owing to the page being an indirect and potentially unreliable form of communication. Users need to log onto the page and regularly refresh the page to see the most recent information. The Commission considers that these barriers to accessing emergency information arise from the design of page rather than obligations under the NGR.

During test exercises, participants were unable to log onto the page because they had forgotten their passwords. This indicates that users are unfamiliar with the emergency information page and may be unable to access information during a real incident.

Activating a system during an emergency that is not regularly used could lead to confusion and delays. A review undertaken in 2009/10 by the Energy Security Working Group of the Ministerial Council on Energy noted that it is desirable for the

⁹ Minutes from the 20th NGERAC meeting, 22 October 2013, p6.

¹⁰ AGL submission, 24 March 2015.

¹¹ GDF SUEZ Australian Energy submission, 9 April 2015.

means of communication during an emergency to be the same as those used on an everyday basis.¹²

The Commission also acknowledges the importance of emergency management protocols having the support of key stakeholders. NGERAC supports AEMO's proposal, as indicated by a letter sent to AEMO by the Department of Industry and Science in its capacity as the Chair of NGERAC.

Under the current arrangements, AEMO does not verify information provided by Gas Bulletin Board users for upload to the emergency information page.¹³ This has implications for the quality of the uploaded information. Further, the information is potentially afforded undue legitimacy by being published on a website administered by AEMO.

In contrast, NGERAC's Interruption to Supply Process involves industry participants providing emergency information to a nominated Jurisdictional Contact Officer. This individual then shares information with NGERAC and Jurisdictional Contact Officers from other jurisdictions.

AEMO's other concern is that multiple sources of emergency information may lead to conflicting information and confusion. Removing the emergency information page will not completely avoid this risk since there will still be multiple ways in which participants can communicate.¹⁴ However, having one less source of information should reduce the potential for conflicting information.

GDF SUEZ Australian Energy noted AEMO's proposal to include a requirement in the Gas Bulletin Board Procedures for a static emergency information page. This would be a repository of gas emergency information, including emergency management protocols and procedures. The Commission considers this matter to be separate from the proposed removal of the existing page as it does not require any change to the NGR.

3.4 Conclusion

The Commission considers that removing the NGR requirement for the emergency information page is likely to promote the NGO.

Removing the emergency information page improves the clarity of emergency information and management roles by:

¹² Energy Security Working Group, *Recommendations on the Role of AEMO and the Effectiveness of Current Gas and Electricity Emergency Arrangements*, undated, pp18-19.

¹³ AEMO advises that there is no way of controlling information uploaded to the emergency page by users with publication rights. The NGR do not provide for the verification of information and require AEMO to publish information provided to it under rule 181(1).

¹⁴ These include the Interruption to Supply Process, the Victorian Energy Emergency Communications Protocol, control room-to-control room communication and other informal bilateral communication.

- Removing an unnecessary and potentially unreliable information source, which reduces the potential for confusion to arise from conflicting information.
- Reinforcing that the Interruption to Supply Process is the main communication protocol during a multi-jurisdiction emergency incident. The Interruption to Supply Process is preferable to the emergency information page as it features a more coordinated approach to information collection and communication channels that are more familiar to users.

Consumers may benefit from clearer emergency management arrangements through more effective responses to emergency incidents by governments and market participants.

4 Reduction of regulatory and administrative burden

4.1 AEMO's view

AEMO considers that including the emergency information page in the recently re-developed Gas Bulletin Board would impose an unnecessary cost on Gas Bulletin Board shippers and consumers.

4.2 Stakeholder views

AGL supported AEMO's reasoning for removing the emergency information page and agreed the proposed rule would reduce regulatory overhead.¹⁵

GDF SUEZ Australian Energy agreed that the emergency information page should be removed as NGERAC has found it to be unnecessary in managing gas market incidents.¹⁶

4.3 Analysis and conclusion

The NGR require AEMO to maintain the Gas Bulletin Board emergency information page. The NGL and NGR do not cover other aspects of multi-jurisdiction emergency arrangements.

The costs of administering this facility are recovered from Gas Bulletin Board shippers, who may pass on these costs to consumers. To the extent that the page is unnecessary, the associated costs impose an unnecessary cost on Gas Bulletin Board shippers and consumers.¹⁷

As noted above, there are multiple ways in which stakeholders can communicate during a multi-jurisdiction emergency incident. The main alternative to the emergency information page is the Interruption to Supply Process. By using the Interruption to Supply Process and other communications channels, it appears likely that stakeholders will still be able to access adequate emergency information in the absence of the emergency information page.

AEMO and NGERAC have indicated that they will continue to improve the Interruption to Supply Process and other NGERAC processes to ensure the industry maintains a robust emergency management framework.¹⁸

¹⁵ AGL submission, 24 March 2015.

¹⁶ GDF SUEZ Australian Energy submission, 9 April 2015.

¹⁷ AEMO estimates that including the emergency information page in the recently re-developed Gas Bulletin Board would cost up to \$180,000. This amount is small in the context of the East Coast Wholesale Gas Market.

¹⁸ AEMO's rule change request, 14 November 2014, p7.

As the Interruption to Supply Process offers the same functionality as the emergency information page, the Commission considers that removing the emergency information page represents a reduction of regulatory and administrative burden, and a benefit to consumers.

Abbreviations

AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
Commission	See AEMC
MCE	Ministerial Council on Energy
NGERAC	National Gas Emergency Response Advisory Committee
NGL	National Gas Law
NGO	national gas objective
NGR	National Gas Rules

A Legal requirements under the National Gas Law

This appendix sets out the relevant legal requirements under the NGL for the AEMC to make this final rule determination.

A.1 Final rule determination

In accordance with sections 311 and 313 of the NGL the Commission has made the final rule determination and associated final rule in relation to the rule proposed by AEMO.

The Commission's reasons for making this final rule determination are set out in Chapter 3.

A copy of the final rule is published with this final rule determination.

A.2 Power to make the rule

The Commission is satisfied that the rule as made falls within the subject matter about which the Commission may make rules. The rule as made falls within section 74 of the NGL as it relates to regulating the collection, use, disclosure, copying, recording, management and publication of information in relation to natural gas services.¹⁹

A.3 Commission's considerations

In assessing the rule change request the Commission considered:

- the Commission's powers under the NGL to make the rule;
- the rule change request;
- submissions received during consultation; and
- the Commission's analysis as to the ways in which the proposed rule will or is likely to, contribute to the NGO.

There are no relevant MCE statements of policy principles relating to this rule change request.²⁰

The Commission may only make a rule that has effect with respect to an adoptive jurisdiction if satisfied that the proposed rule is compatible with the proper

¹⁹ NGL, s. 74(1)(a)(iii)

²⁰ Under section 225 of the NGL the AEMC must have regard to any relevant MCE statement of policy principles in making a rule. The MCE is referenced in the AEMC's governing legislation and is a legally enduring body comprising the Federal, State and Territory Ministers responsible for Energy. On 1 July 2011 the MCE was amalgamated with the Ministerial Council on Mineral and Petroleum Resources. The amalgamated Council is now called the COAG Energy Council.

performance of AEMO's declared system functions.²¹ The rule as made is compatible with AEMO's declared system functions because, to the extent that AEMO is involved in emergency management in Victoria, the final rule will enhance emergency management for the reasons set out in this determination.

A.4 Civil penalties

The rule as made does not omit any clauses that are currently classified as civil penalty provisions under the NGL or National Gas (South Australia) Regulations.

²¹ See section 295(4) of the NGL.