



Declared Wholesale Gas Market Operating Schedules

Publication of final rule determination and final rule

The AEMC has made a rule to clarify the process the Australian Energy Market Operator (AEMO) must utilise to produce and publish feasible operating schedules for the Declared Wholesale Gas Market (DWGM).

Final rule determination

The final rule supports continuing market operations in the DWGM through the production and publication of feasible operating scheduling instructions.

The rule is consistent with AEMO's proposed rule, such that it provides AEMO with greater flexibility in terms of the modelling approach that it is required to utilise to produce operating schedules, while emphasising the cost minimisation objective of rule 215(2). The rule also clarifies the process that AEMO must follow to produce feasible operating schedules for all circumstances and includes a consequential amendment for the purpose of standardising the language in the rule provisions for producing operating schedules and pricing schedules in the DWGM.

The final rule, which the Commission considered under the expedited (faster) rule making process as a request for a non-controversial rule, commences on 5 November 2015.

Reasons for the Commission's decision

The Commission considers that the final rule will, or is likely to, contribute to the achievement of the National Gas Objective by promoting regulatory certainty and transparency in relation to the process for producing and publishing operating schedules. As a result, the final rule is expected to benefit consumers in the long term by promoting the efficient operation of natural gas services.

Regulatory certainty is promoted by retaining a cost minimisation objective in rule 215(2) and clarifying the process AEMO must follow to produce and publish feasible operating schedules, thereby reducing the risk of market suspension. The rule also standardises the language used to describe the Declared Transmission System constraints in the National Gas Rules (Rules).

Transparency is promoted by clarifying the process that AEMO must follow to produce feasible operating schedules, while retaining the existing level of information that is currently provided by AEMO to market participants about this process.

Background on the rule change request

The DWGM is a wholesale market for the supply and purchase of gas in Victoria and some parts of New South Wales. In its role as DWGM operator, AEMO produces and publishes gas scheduling instructions to market participants for each gas day.

Gas scheduling instructions take the form of pricing schedules and operating schedules. The pricing schedule determines the market price based on market participants' bids for the gas supply and gas demand forecasts. The operating schedule determines the physically achievable (or feasible) gas injections and withdrawals at each injection and withdrawal point for market participants over the gas day, given pipeline constraints, flows and pressures. The Rules require AEMO to produce and publish operating schedules by applying specified inputs and assumptions, by the times set out in the Rules.

In its rule change request, AEMO considered there was uncertainty in the Rules regarding the process it may use to produce and publish operating schedules, and the action it must take in the event it could not do so in accordance with rule 215. AEMO expressed concern that strict adherence to the Rules may require it to suspend the operation of the DWGM on a regular basis, unnecessarily.

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