



## Market schedule variations

Consultation starts on rule change request 19 July 2012

**The AEMC has started consultation under an expedited process on a rule change request from the Australian Energy Market Operator (AEMO) which seeks to allow an additional category of participants in the Short Term Trading Market to submit market schedule variations to AEMO.**

### Background

The Short Term Trading Market (STTM) is the trading market for natural gas at the wholesale level, currently operating at established hubs in Adelaide, Brisbane and Sydney. The STTM is a day-ahead trading market where shippers submit offers to supply gas to the hub and users submit bids to withdraw gas from the hub.

On the basis of bids and offers, AEMO determines a market price and draws up market schedules detailing the quantity of gas to be flowed the next day. Typically, the quantity of gas that shippers and users actually supply to or withdraw from the hub on the gas day itself differs from the quantity nominated and scheduled in advance for that day.

This difference is called a deviation. As the STTM intends to stimulate participants to forecast as accurately as possible, a deviation incurs a deviation penalty.

Market schedule variations (MSVs) are a mechanism in the STTM that allows shippers and users to make renominations in their ex-ante market schedules in response to changes in demand or supply. This will decrease their exposure to deviation penalties afterwards. MSVs must be submitted to AEMO for further processing during the settlement procedure.

### Details of the rule change request

Under the current rules, only shippers in the STTM can submit MSVs to AEMO. As a result, users in the STTM always require a shipper to initiate a request, even in situations where two users wish to transact an MSV between themselves. AEMO considers this to be inefficient and unnecessarily burdensome. The request seeks to amend the rules so that users are able to submit MSVs directly to AEMO.

#### *Expedited process*

The request also proposes the rule change request be considered under an expedited process, as meant in section 304 of the National Gas Law (NGL). This process allows requests that are perceived to be non-controversial to be considered within a shorter time frame. In the National Gas Law, non-controversial is defined as "unlikely to have a significant effect on a market for gas or the regulation of pipeline services". Under an expedited process, the Commission has six weeks from today's initiation to publish a final rule determination; no draft rule determination is published.

### Consultation process

The Commission is now initiating the consultation process on this rule change request. The Commission is prepared to consider the rule change request under an expedited process under section 304 of the NGL. Stakeholders have the opportunity to object against proceeding with this rule change request under an expedited process.

**The deadline for submitting objections to the expedited process is 2 August 2012.**

The AEMC has published a consultation paper on the request to facilitate stakeholder submissions.

Copies of the request and the consultation paper are available on the AEMC website.

**The deadline for submissions to the consultation paper is 16 August 2012.**

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**Stakeholders have until 2 August 2012 to submit objections to the expedited process for this rule change request.**

**Submissions on the consultation paper are due 16 August 2012.**

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