



# INFORMATION

AUSTRALIAN ENERGY MARKET COMMISSION LEVEL 15, 60 CASTLEREAGH STREET SYDNEY NSW 2000  
T: 02 8296 7800 E: AEMC@AEMC.GOV.AU W: WWW.AEMC.GOV.AU

## DWGM distribution connection facilities

**The Australian Energy Market Commission (AEMC) has commenced consultation on a rule change request to include distribution connected facilities in the Victorian Declared Wholesale Gas Market (DWGM). Submissions close on 2 December 2021.**

### Overview of the rule change request

On 8 September 2021, the AEMC received a rule change request from the Victorian Minister for Energy, Environment and Climate Change seeking to amend Part 19 of the National Gas Rules (NGR) to allow the participation of distribution connected facilities in the DWGM.

Under the current arrangements, only facilities connected to the declared transmission system (DTS) are allowed to participate in the DWGM. The proponent is of the view that enabling the participation of distribution connected facilities in the DWGM, where supply and demand are scheduled regardless of its location in the system, would maintain the fundamentals of the current market design.

### Context

Distribution connected facilities may include, but are not limited to, hydrogen, biomethane and renewable gas facilities. Currently, these low emissions gas resources are more readily able to connect to the DDS due to physical compatibility constraints with the DTS.

This rule change request would therefore develop the regulatory changes needed to support various decarbonisation initiatives by the Victorian Government. These include the *Renewable Hydrogen Industry Development Plan*, *Gas Substitution Roadmap*, *Towards 2050: Gas Infrastructure in a Zero Emissions Economy* initiative, and *Climate Change Strategy* to reach net zero emissions by 2050.

Elsewhere, distribution connected facilities are able to participate in gas markets. For example, the rules governing the Short Term Trading Markets (STTM) in Sydney, Adelaide and Brisbane have recognised distribution connected facilities since their establishment in 2010.

### Issues for consultation

The rule change request raises a range of issues that are further explained in the consultation paper. Stakeholders are invited to comment on these issues, which include:

- Market operations, including issues surrounding the registration categories, offering and bidding gas in the market, demand forecasting, scheduling application of constraints and the allocation of capacity certificates used for tie-breaking.
- Market outcomes, including the issues associated with settlements, allocations and funding.
- System operations, including the issues identified with connection requirements, gas metering, gas quality management and system security with regards to directions.
- Other issues, such as views on alternative solutions put forward by the proponent, expected costs, benefits and impacts of the proposal, and any other issues not covered in the consultation paper.

## Interaction with the Review into extending the regulatory frameworks to hydrogen and renewable gases

On 20 August 2021 Energy Ministers agreed that the national gas regulatory framework should be amended to bring hydrogen and renewable gas blends within its scope.

The AEMC, the Australian Energy Market Operator (AEMO) and jurisdictional officials have each been tasked with conducting reviews into different aspects of the framework:

- the AEMC will identify and develop amendments to the NGR and National Energy Retail Rules (NERR)
- AEMO will identify and develop amendments to the procedures and other AEMO-made instruments required for settlement and metering in the facilitated and regulated retail gas markets
- officials will identify and develop amendments to the National Gas Law (NGL), National Energy Retail Law (NERL) and regulations.

The DWGM rule change process is being undertaken concurrently with these reviews. While the rule change request does not explicitly target the integration of hydrogen and renewable gas blends, its focus on allowing distribution connected facilities to participate in the DWGM has implications for enabling hydrogen and renewable gas to be injected into gas distribution networks in Victoria.

This complements the work of the broader national reviews which are considered a priority under the National Hydrogen Strategy as a number of blending trials and projects are expected to commence in the coming years.

## Consultation process

Stakeholders are invited to make written submissions by 2 December 2021 and are encouraged to use the stakeholder submissions template when providing feedback.

For information contact:

Adviser, **Harrison Gibbs** (02) 8296 0626

Acting Director, **Daniela Moraes** (02) 8296 0607

Media enquiries: [media@aemc.gov.au](mailto:media@aemc.gov.au)

21 October 2021