

GAS SUPPLY GUARANTEE GUIDELINES

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VERSION RELEASE HISTORY

Version	Effective Date	Summary of Changes
1.0	1 Dec 2017	Version at commencement

1. INTRODUCTION

1.1. Definitions and interpretation

The words, phrases and abbreviations set out below have the meanings set out opposite them when used in this Guideline. Terms defined in the National Electricity Rules are intended to be identified in these Guidelines by italicising them, but failure to italicise a defined term does not affect its meaning.

Term	Definition
AEMO	Australian Energy Market Operator Limited
Assessment Conference	A conference described in clause 5
BB Storage Provider	Has the meaning given in Part 18 of the National Gas Rules
Bulletin Board	The natural gas services bulletin board established under the National Gas Law and Part 18 of the National Gas Rules.
Contact	A representative of an organisation, whose contact details are provided in the Participation Form provided to AEMO.
Facilitated Markets	Means the short term trading markets, the declared wholesale gas market and the gas supply hub.
Gas Generator	A <i>Scheduled Generator</i> in respect of one or more <i>generating units</i> for which the primary fuel source is natural gas
Gas Supply Shortfall	A shortfall in gas supply available to meet the fuel requirements for Gas Generators to operate at the capacity required during a peak NEM demand period
Industry Conference	A conference described in clause 6
Jurisdictional Representative	Responsible Officer nominated by a <i>participating jurisdiction</i> (or their delegate)
NEM	<i>national electricity market</i>
Participation Form	A completed document as published on the AEMO website
Pipeline Operator	Has the meaning given in Part 18 of the National Gas Rules
Production Facility Operator	Has the meaning given in Part 18 of the National Gas Rules

1.2. Background

- (a) In March 2017, Production Facility Operators and Pipeline Operators made commitments to the Commonwealth Government to make gas available to meet peak demand periods in the National Electricity Market (such as during heat waves).
- (b) Production Facility Operators propose to meet this commitment by making additional gas supply available to Gas Generators through Facilitated Markets or contractual arrangements during peak NEM demand periods.
- (c) Pipeline Operators propose to meet this commitment through:

- (i) new interruptible agreements for shipping additional gas supply.
 - (ii) where possible, by coordinating additional transfer and delivery of gas between pipelines.
 - (iii) where possible, by transporting and making available additional delivery of gas to Gas Generators.
- (d) AEMO utilises a number of information sources to assess whether a Gas Supply Shortfall may occur, including Gas Generators' NEM *dispatch offers* for a *trading day*. Where Gas Generators submit their NEM *dispatch offers* for a *trading day* 7 days before that *trading day*, AEMO may be in a better position to assess whether a Gas Supply Shortfall may occur.
- (e) It is expected that the process outlined in these guidelines will not be used as the sole mechanism to source gas to meet peak requirements of Gas Generators.
- (f) Where they do not already have services in place to transport gas between hubs, Production Facility Operators and Gas Generators are encouraged to put in place the transportation services referred to 1.2.(c)(i).

1.3. Purpose and scope

- (a) This document (**Guideline**) is intended to support the commitments made to the Commonwealth Government in March 2017. This Guideline is non-binding.
- (a) This Guideline sets out the process for Assessment Conferences and Industry Conferences in relation to potential Gas Supply Shortfalls, the purposes of those conferences and how the conferences will be conducted.
- (b) The purposes of the conferences is set out in clauses 5.1 and 6.1. They are not intended to be venues for discussing commercial matters or facilitating transactions.
- (c) The National Electricity Law, the National Gas Law, the National Electricity Rules and the National Gas Rules prevail over this Guideline to the extent of any inconsistency.

1.4. Application and Term

- (a) This Guideline commences on 1 December 2017 and expires on 31 March 2020.
- (b) This Guideline applies to Production Facility Operators, Pipeline Operators BB Storage Providers and Gas Generators.

2. BEFORE A CONFERENCE

2.1. Monitoring & Information

On an ongoing basis:

- (a) AEMO may monitor electricity and gas market demand and supply conditions.
- (b) AEMO may ask for information from Gas Generators about the current and prospective availability of fuel supplies.
- (c) AEMO may ask for information from Production Facility Operators, BB Storage Providers and Pipeline Operators about the current and prospective availability of gas supplies and transportation services to aid the assessment of the gas supply conditions.
- (d) Production Facility Operators, BB Storage Providers and Pipeline Operators may provide information to AEMO to assist the monitoring of gas demand and supply conditions.

3. INITIATING CONFERENCES

- (a) AEMO may convene an Assessment Conference if it considers that a Gas Supply Shortfall may occur.

- (b) Without limitation, AEMO may consider that a Gas Supply Shortfall may occur due to:
 - (i) actual or forecast *low reserve* or *lack of reserve* conditions in the NEM, gas supply or demand conditions, low pipeline capacity availability or prevailing market conditions; or
 - (ii) information provided by Gas Generators; or
 - (i) a request or advice from a Jurisdictional representative.
- (c) If AEMO decides to convene an Assessment Conference for the purposes of these Guidelines under clause 3(a), it will publish a notice to that effect as soon as practicable.
- (d) If AEMO considers, after an Assessment Conference, that a Gas Supply Shortfall is reasonably likely, then AEMO may convene an Industry Conference.
- (e) AEMO is not required to convene an Assessment Conference or an Industry Conference.

4. CONFERENCES

4.1. Notification and location of conferences

- (a) If AEMO decides to convene an Assessment Conferences or Industry Conference, AEMO will notify the Contacts for the organisations it considers will be able to contribute to the assessment or response to the relevant Gas Supply Shortfall (or potential shortfall) based on the nature and location of the Gas Supply Shortfall (or potential shortfall) and in accordance with 4.3.
- (b) All conferences will be conducted by teleconference. The details of the teleconference will be included in the notification.

4.2. Timing of conferences

Conferences may take place:

- (a) any time from 4 days prior to a *trading day* on which AEMO considers a Gas Supply Shortfall may occur, up to and including that *trading day*;
- (b) multiple times a day; and
- (c) outside of work hours or days.

4.3. Attendance and Participation

- (a) Attendance at an Assessment Conference is restricted to Production Facility Operators, BB Storage Providers and Pipeline Operators who have returned a Participation Form and Confidentiality Deed to AEMO and have been notified of the Assessment Conference by AEMO.
- (b) Industry Conference may be attended by Production Facility Operators, BB Storage Providers, Pipeline Operators, Gas Generators and, other relevant market participants or large users and Jurisdictional Representatives who have returned a Participation Form and who have been notified of the Industry Conference by AEMO.
- (c) If necessary, more than one representative from an invited organisation may attend, but where practicable, one representative from the organisation should speak on behalf of the organisation.

4.4. AEMO to Chair

AEMO will chair the Assessment Conferences and the Industry Conferences.

5. ASSESSMENT CONFERENCE

5.1. Purpose

The purpose of an Assessment Conference is to exchange information about electricity and gas supply and demand conditions to facilitate AEMO's assessment of whether a Gas Supply Shortfall exists, or is reasonably likely to occur.

5.2. Information provided by AEMO

AEMO will present information about a Gas Supply Shortfall that exists or may occur at an Assessment Conference. Without limitation, AEMO may present information on:

- (a) the Gas Supply Shortfall that exists or may occur;
- (b) NEM demand, supply and *reserve* conditions by region;
- (c) short term gas outlooks, including information from the Bulletin Board on gas production and pipeline flows; and
- (d) advice provided to AEMO ahead of the Assessment Conference by Production Facility Operators, BB Storage Providers, Pipeline Operators or Gas Generators.

5.3. Information provided by Production Facility Operators, BB Storage Providers and Pipeline Operators

- (a) Production Facility Operators, BB Storage Providers and Pipeline Operators will provide and validate information on the gas outlook and any potential Gas Supply Shortfall.
- (b) Pipeline Operators will give timely information applicable to the event, which may include pipeline deliverability, pipeline nominations and any additional and unutilised capacity, and Production Facility Operators will give timely information applicable to the event which may include current deliveries, available capacity, and the capability to provide additional gas supplies by offtake location.

6. INDUSTRY CONFERENCE

6.1. Purpose

The purpose of an Industry Conference is:

- (a) For AEMO to present information about a potential Gas Supply Shortfall (or a current Gas Supply Shortfall).
- (b) For Gas Generators, Production Facility Operators, BB Storage Providers and Pipeline Operators to provide additional information, including to validate whether there is a potential Gas Supply Shortfall.
- (c) To ascertain whether there has been an industry response to the potential shortfall.
- (d) For AEMO to confirm a potential Gas Supply Shortfall and to call for an industry response from Production Facility Operators, BB Storage Providers, Pipeline Operators and Gas Generators.

6.2. Further Conferences

AEMO will monitor the supply of gas to Gas Generators that may be affected by a Gas Supply Shortfall. If a Gas Supply Shortfall that exists or is reasonably likely to occur is not resolved, AEMO may schedule further Industry Conferences and may notify Jurisdictional representatives.

7. CONCLUSION OF A POTENTIAL GAS SUPPLY SHORTFALL EVENT

7.1. Conclusion of Event

- (a) AEMO may at any time:
 - (i) cease monitoring and assessing whether a Gas Supply Shortfall exists or may occur;
 - (ii) cancel or conclude an Assessment Conference; or
 - (iii) cancel or conclude an Industry Conference.
- (b) Without limitation, this may occur if the Gas Supply Shortfall (or the potential for a Gas Supply Shortfall) has been resolved by industry or the forecast NEM peak demand reduces or NEM reserve level status has returned to an acceptable level or there is insufficient time for a response before the Gas Supply Shortfall is likely to occur.

7.2. Outcome notice

If AEMO has ceased monitoring and assessing a Gas Supply Shortfall (or a potential Gas Supply Shortfall) for the purposes of these Guidelines under clause 7.1, it will publish a notice to that effect as soon as practicable.

8. REVIEW

- (a) AEMO will convene a meeting with the Production Facility Operators, BB Storage Providers, Pipeline Operators or Gas Generators to discuss the effectiveness of the conferences, or any other matter dealt with in these Guidelines, after 31 March 2018.
- (b) AEMO may only amend these Guidelines if it is satisfied that it is appropriate having regard to the nature of the commitment made to the Commonwealth Government and the national gas and electricity objectives. AEMO will consult with Production Facility Operators, BB Storage Providers, Pipeline Operators and Gas Generators prior to amending these Guidelines.