

Attachment D – Extension of AEMO Functions and Powers - Stakeholder feedback template

Submission from *Power and Water Corporation (Power and Water)*

The template below has been developed to enable stakeholders to provide feedback on proposed amendments to the national gas regulatory framework (including the National Gas Law and associated Regulations and Rules) as outlined in the consultation paper *Extension of AEMO Functions and Powers to manage supply adequacy in the east coast gas market*. ESOM strongly encourages stakeholders to use this template, so that it can have due regard to the views expressed by stakeholders on each issue. Stakeholders should not feel obliged to answer each question, but rather address those issues of particular interest or concern. When responding to questions, stakeholders should make reference to the relevant draft Bill or Regulations or Rules if applicable.

Should stakeholders choose to provide additional feedback outside the template, they should reference the relevant question they are responding to.

A. Proposed initial reforms

Number	Question	Reference to section in the draft bill/regulations/rules (if applicable)	Feedback
Overarching functions			
[Insert question number]		[Insert reference where applicable]	
1	Do stakeholders have any comments on the scope of AEMO's new reliability and supply adequacy functions and the related rule-making powers as outlined in the draft Bill?		
2	Does the definition of east coast gas system exclude anything that should come within scope of the new function?		
3	Do stakeholders consider any additional requirements should be specified in the		

Number	Question	Reference to section in the draft bill/regulations/rules (if applicable)	Feedback
	rules in relation to the manner in which AEMO exercises its functions?		
4	Do stakeholders consider that AEMO should develop any specific procedures or guidelines for its new functions?		
5	Do you think a review of this regulatory package after three years is appropriate?		
Transparency – Regarding the proposed additional information requirements set out in Table 1 of the consultation paper:			
6	Do the proposed additional reporting requirements provide sufficient daily and monthly information to enable AEMO to monitor and signal potential threats to east coast gas system adequacy over a sufficient forecast period?		
7	Do stakeholders have any comments about the proposed additional information reporting and disclosure arrangements, and related transitional timeframes?		
8	Should there be any specific limits on who should be captured by disclosure obligations or ways to minimise compliance obligations such as thresholds, reporting party definitions, or links to other regulatory reporting requirements?		Power & Water as owner of the MRM pipeline would seek an exemption from compliance with the disclosure requirements proposed in relation to the MRM pipeline given its limited relevance to reliability and adequacy of supply in the east coast gas market. In any event, Power & Water supports avoiding duplication of reporting obligations wherever possible. Overlapping reporting under the GSOO, ACCC and AEMO processes result in a significant administrative burden for market participants. Wherever possible, derogations in relation to GSOO and bulletin board reporting for market participants and facility operators in the Northern Territory should be applied consistently with the new reporting requirements.

Number	Question	Reference to section in the draft bill/regulations/rules (if applicable)	Feedback
Transparency – regarding the further more granular information set out in the consultation paper (subject to further consultation in 2023):			
9	<p>What are your views on:</p> <p>a) The categories of information, and are they appropriate for real-time or hourly reporting?</p> <p>b) What is the optimal approach to the collection of the categories of information listed in the interests of minimising costs and ensuring efficient data transfer?</p>		
Signalling – regarding the signalling framework which aims to provide a practical but flexible approach to allow AEMO to notify market participants of threats to system reliability and supply adequacy:			
10	<p>What are your views on formalising and extending AEMO’s ability to hold Gas Supply Adequacy and Reliability Conferences?</p>		<p>Power & Water notes that the focus of the GSARC appears to be shortfalls affecting the NEM. Considerations should be given as to whether this will be extended to include Territory Generation and shortfalls that may affect electricity generation in the Northern Territory.</p>
Directions Powers – regarding the initial broad powers to be provided to AEMO to take necessary action to manage the risk of gas supply shortfalls in winter 2023:			
11	<p>Are there particular principles which should guide AEMO’s expanded powers of direction?</p>		<p>The consultation paper is focussed on east coast market constraints. The direction powers should take into account the market and structure of the Northern Territory gas and electricity markets and the requirements to meet electricity generation and essential services in the NT.</p>
12	<p>Are there any other approaches that could be undertaken to elicit market responses ahead of directions powers?</p>		
13	<p>How should AEMO work with stakeholders in giving directions?</p>		
14	<p>Are there technical matters that should be considered in</p>		

Number	Question	Reference to section in the draft bill/regulations/rules (if applicable)	Feedback
	the issuing of directions powers?		
15	Are there any entities that should not be subject to directions or certain types of directions?		The consultation paper is focussed on east coast market constraints. The direction powers should take into account the market and structure of the Northern Territory gas and electricity markets and the requirements to meet electricity generation and essential services in the NT.
Cost recovery and compensation			
16	Do the proposed changes to the cost recovery framework enable AEMO to appropriately recover costs in relation to its east coast gas market reliability and supply adequacy functions?		
17	What costs should parties who must comply with directions be able to seek compensation for? (e.g. direct costs, opportunity costs)		Power & Water considers that a party that complies with a direction should be able to seek all direct costs and liabilities to customers resulting from the direction. Existing gas supply arrangements may not relieve gas suppliers from shortfalls arising out of compliance with a direction.
18	How should the costs of compensation be apportioned and recovered from the market?		
19	Should there be financial limits on individual claims, or on claims overall within a financial year?		Power & Water supports the proposed lower threshold of \$20,000 and an uncapped upper threshold.
20	Is the proposed \$35m initial trading allocation appropriate?		
21	How should the trading function be funded?		
22	What principles, if any, should guide AEMO's trading functions?		

B. Proposed civil penalty provisions

Section 3 of the consultation paper sets out the proposed sections of the draft Bill or Rules that will be subject to civil penalty provisions and what level of penalty would apply. Please reference the specific sections of the draft Bill or Rules if you would like to provide feedback.

Section or rule	Feedback on proposed tiers
[include section or rule]	
[include section or rule]	
[include section or rule]	
[include section or rule] [insert extra rows if necessary]	

C. Feedback on proposed changes to the National Gas Law, Regulations and Rules

Attachment A of the consultation paper contains the proposed regulatory amendments to give effect to the policy intent set out in the consultation paper. Comments specific to particular sections of the draft Bill, Regulations and Rules should be provided in sections C of this template.

Question /Section	Feedback
Feedback on proposed changes to the National Gas Law	
[Insert section and subsection reference]	
[Insert section and subsection reference]	
[Insert section and subsection reference] [insert extra rows if necessary]	
Feedback on proposed changes to the National Gas Regulations	
[Insert regulation reference]	
[Insert regulation reference]	

Question /Section	Feedback
[Insert regulation reference] [insert extra rows if necessary]	
Feedback on proposed changes to the National Gas Rules	
[insert rule and sub-rule reference]	
[insert rule and sub-rule reference]	
[insert rule and sub-rule reference] [insert extra rows if necessary]	

D. Future reliability and supply adequacy reforms

Section 4 of the consultation paper outlines future additional reliability and supply adequacy reform works which will require further technical analysis, stakeholder consultation and detailed policy design. If you have comments on any of the additional future work streams, please do so in the table below.

Number	Question	Feedback
In relation to the proposed reliability and supply adequacy reforms outlined in Section 4 of the consultation paper, please provide initial feedback on the merits of these proposals, noting formal consultation will occur in 2023, when the policy design process has been further progressed.		
23	In your opinion, are any of these proposals more or less important to address reliability and supply adequacy concerns?	
24	Are there any practical issues arising from any of these proposals? <ul style="list-style-type: none"> If so, please elaborate on your concerns. 	
25	Are there any other reliability and supply adequacy proposals that	

Number	Question	Feedback
	should be considered as part of this work?	

E. General feedback on timing and next steps required

Please elaborate if you would like to provide general feedback on the timing and next steps required regarding this work.

Topic	Feedback