

Mr Sean Sullivan
Deputy Secretary
Department of Climate Change, Energy, the Environment and Water

21 October 2022

Re: APA Submission to Extension of AEMO Functions and Powers Consultation Paper – Rules and Regulations

Dear Mr Sullivan,

Further to APA's submission on the *Extension of AEMO Functions and Powers Consultation Paper – Legislation dated 7 October 2022* (APA's **First** Submission), APA provides further comments in relation to the draft Rules and Regulations. This submission elaborates on many of the key issues raised in APA's First Submission (provided in Attachment A) and should be read in conjunction with APA's First Submission.

In this submission, APA provides further context as to why it is important that incentives for the gas industry to continue to invest in new gas infrastructure and new gas supplies are maintained. A framework that is centred on facilitating a market response will avoid opportunity costs, enable the market to recalibrate via supply and demand, and avoid substantial operational or contractual consequences that are likely to flow from a significant intervention into the market by Government. Facilitating a market response, in turn, will help maintain confidence and underpin investment in the east coast gas market. Only in extreme circumstances, when all other options have been exhausted should a directed response be adopted by Government and that should, to the extent possible, be directed at the supplier/owner of the gas molecules and the users of contracted capacity in relevant gas infrastructure.

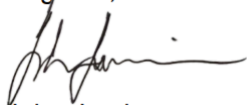
Even in the truncated timeframe that Energy Ministers have allowed for the first phase of these reforms, APA maintains that it is achievable to allow time for due consideration and industry involvement in developing operationally appropriate rules, procedures and guidelines. Not doing so may increase the risk of adverse or unintended consequences from the new regulatory arrangements due to entities not being prepared to receive and comply with obligations, meaningless and inaccurate information or inefficient coordination of actions.

As outlined in APA's First Submission, without careful consideration around the application, limits and oversight of AEMO's proposed powers, there is a risk that gas supply and market capacity will decline at a faster pace than is currently anticipated, undermining the intent of these reforms. For example, shippers may not contract for capacity if this capacity can be taken from them and directed to others at the time of a shortfall, which is the exact reason shippers pre-contract capacity, to hedge their market risk.

Due to the short timeframe to review and provide comments on the draft legislation, APA has not had the opportunity to fully consider the draft rules and regulations (including the potential consequences arising from the draft rules and regulations). Accordingly, APA has only sought to raise some of its initial key issues in this submission outlined below.

If you have any questions about our submission, please contact Rebecca Mason, Manager Products & Services on (07) 3512 5854 or marketsmanager@apa.com.au.

Regards,



John Jamieson

General Manager, Market Services

AEMO as a Facilitator for Extreme Events not System Operator

The Consultation Paper on page 14 states that:

“... these reforms do not establish AEMO as a system operator across the whole of the interconnected east coast market, in contrast to its functions in the Victorian DWGM”

Effective operation of the gas system requires integration of both the physical operation of the pipeline and the commercial requirements. For example, each day APA, as operator of multiple pipelines in the east coast, sets up the pipelines for the day's gas flow as nominated by shippers in line with their service priorities, but also with consideration of the contractual and system requirements for the following days. This includes considerations such as the location of linepack versus demand, individual customer's park and loan positions, and any system constraints and vulnerabilities.

Given the extensive nature of the reforms proposed in Phase 1 (initial framework) and Phase 2 (additional information requirements, such as real-time data about gas flows and infrastructure and details on facility state), APA considers that AEMO would effectively be established as a pseudo-operator of the east coast gas system, but without an understanding of the full gas supply and contractual picture driving operating decisions. At a minimum, the reforms will lead to greater oversight and questioning of why facility operators conduct their operations in a particular way. APA considers that there is a real possibility that AEMO directions could make the gas system less stable through directions that do not consider and balance the operating state of pipelines in days to come. This is particularly important if AEMO is directing the allocation of linepack to delivery points. These are not desirable outcomes.

The east coast gas system is fundamentally different from the National Electricity Market (NEM) and Declared Wholesale Gas Market (DWGM), as it is based on a contract carriage model. In the east coast gas system:

- AEMO does not have a role in scheduling and dispatching supply;
- many services are not standardised, even on the same pipeline; and
- investment is not centrally planned or approved, but based on shippers' commitments to firm transport to minimise their risk exposure and provide optionality as a competitive point of differentiation, or pipeliners' willingness to take market risk in investing in new pipeline capacity.

These principles must be maintained at the centre of any reforms. Failing to do so will risk creating a hybrid east coast gas system that no longer has effective market signals for investment.

Potential to Undermine Investment

In APA's view, the longer term impact on market dynamics and incentives for contracting to underpin future investment in infrastructure to produce and transport gas supplies needs to be a key consideration in any direction given under the proposed legislation. If potential directions erode incentives, then longer term implications will be far greater than any shorter term issue that the direction is attempting to resolve.

The key issue is price and willingness to pay. In functioning markets, there is a continuum of entities across the risk spectrum. These range from those who have a low risk tolerance, perhaps because they are supplying domestic loads and have their positions covered through contracted arrangements (ensuring they have supply when needed), through to those who have a higher tolerance for risk and choose to rely on spot market supply, pricing and non-firm delivery costs and risks. Neither position is right or wrong, but a reflection of each entity's assessment of risk and its willingness to accept it. A single entity may have different loads across this spectrum and seek to underpin only part of their load with firm gas and capacity reflecting this diversity.

As an example, take a scenario where there are two shippers, "Shipper A", who has a lower tolerance for risk or is prepared to pay for optionality via contracted supply and firm transport positions, and "Shipper B", who has a higher risk appetite and has not or does not want to secure supply and firm transport at market prices. If AEMO directs Shipper A to relinquish supply and transport capacity to Shipper B, how will this be priced and what signals will this send to Shipper A, and the market, on the value of firm contract commitments? Shipper A's risk position has been eroded, and Shipper B's risk position has been improved. However, Shipper A has paid for the higher risk position, whereas shipper B has not. Balancing the

reallocation via a time swap or borrowing position does not address the risk allocation issue. If Shipper B pays Shipper A back at a later date when prices have settled, Shipper B has gained a short-term benefit at reduced cost. In this scenario, does AEMO propose to compensate Shipper A directly at the higher market price?

Failing to adequately address these issues in the rules and procedures may have long-term implications for the east coast gas market, such as:

- shippers increasingly drawing down on linepack to meet their immediate supply needs rather than paying market prices for new supply to be sought and delivered. Not only will this impact the ability of pipeline operators to meet all firm services, due to consistent depletion of linepack, but it may also lead to increased prices for the end consumer through increased imbalance charges for entities relying on linepack;
- AEMO directions acting as an 'insurance' policy for those entities with higher risk tolerance; and at the expense of others;
- undermining long term investment in pipeline infrastructure and the contract carriage model;
- shipper's reduce contracting firm capacity, as shippers or their customers' operations will be reluctant to contract for firm capacity if, when it really matters, they are not assured of supply or capacity. Firm capacity provides valuable optionality in tight conditions, not in benign conditions when there is sufficient capacity.

Introducing the scope for AEMO directions, particularly in the absence of adequate oversight and transparency, could undermine an otherwise functional east coast gas market by socialising costs and

ultimately impeding market signals for managing supply risks, and therefore new investment. The existence of this possibility, even if it is rarely if ever used, can create a similar effect.

Recommended amendment

Division 4 of Part 27 of the Rules includes express terms that:

- a direction *must* only be given to prevent, reduce or mitigate an actual or potential threat to the reliability or adequacy of the supply of natural gas within the east coast gas system;
- in determining whether to give a direction, AEMO *must* consider:
 - the impact of the giving of a direction on consumers, market participants and other entities; and
 - the impact of the giving of a direction on the operation of the east coast gas system, including its effect on the relevant markets;
- AEMO uses best endeavours to achieve a market response before giving directions; and;
- AEMO declares a *potential threat*, assesses risk of potential threats and communicates potential threats prior to giving directions where possible.

Directions to be Given to the Most Appropriate Entities

AEMO will have a broad discretion as to which “*relevant entities*” it will issue a direction to for the purpose of maintaining or improving the reliability or the adequacy of supply. It is unclear who directions will be issued to (and how this will be decided) and how directions will be coordinated between relevant entities.

For example, as currently drafted, it is technically possible that AEMO could:

- direct infrastructure operators to reallocate shippers’ gas or contract positions (either by nominating a specific shipper or requiring the operator to identify a shipper with unutilised capacity) without making corresponding directions to the relevant shippers; or
- give directions in circumstances where shippers or gas producers do not have contracted positions.

As the majority of the east coast gas market operates on a contract carriage model, any direction from AEMO that requires an infrastructure operator to transport or deliver gas outside of contractual arrangements will require significant commercial reconciliation. The potential implications of such a direction include outlined below:

- **Risk of destabilising pipeline services:** reliance on drawing down linepack positions may lead to increased negative imbalance charges and a potential reduction in firm services for subsequent days beyond the shortfall event if imbalances cannot be addressed. Imbalance charges encourage shippers to manage positions on pipelines, keeping pipeline supply stable for all firm users;
- **Competition issues:** if a particular shipper’s contractual positions are used regularly to mitigate shortfalls, it may have an adverse impact on that shipper’s market position and the efficient functioning of the market.
- **Gas allocation impacts:** which shipper is responsible for returning volumes extracted from the pipeline and at what price?
- **Pricing implications:** what price will apply to a reallocation of pipeline capacity or compression? There is no mechanism for determining price other than as part of a claim for compensation by a relevant entity.
- **Lack of a contract position with infrastructure operator:** it is not clear what will occur if AEMO gives a direction to a shipper to transport gas using infrastructure or to particular locations in circumstances where the shipper does not have an existing transportation contract with the infrastructure operator, either at all, or in respect of a particular pipeline or location. Several questions arise. For example:

- who owns the gas molecules? Under the contract carriage model, infrastructure operators do not trade in or have title to gas molecules (with the exception of base linepack). Transportation of gas outside of existing contractual parameters means that gas ownership is unclear.
- which terms apply to the transport of the gas and at what price? One option may be to deem that transportation must occur on the pipeline operator's standard terms and at the published tariff.
- how does the infrastructure operator allocate gas to a shipper which does not exist in their hydrocarbon accounting system or gas that is delivered into the facilitated market?
- **Hydrocarbon accounting impacts:** hydrocarbon accounting systems are designed using shipper nominations as the driver and trigger for consecutive calculations and functions. For extensive interconnected infrastructure, such as APA's east coast grid, manual interventions and reallocation of gas carries several risks, including:
 - reconciling shipper accounts;
 - significant resource implications for manually allocating to hundreds of points on a pipeline system; and
 - inaccurate invoicing and pricing;
- **Heightened risk of contractual disputes and regulatory non-compliance:** physical and commercial operations will be significantly challenging under this scenario thereby increasing the risk of contractual disputes and regulatory non-compliance from not adhering to timeframes or accuracy of reporting (eg. accurate calculation of auction quantity limits for the Day Ahead Auction).

APA notes that most of these issues arise where AEMO issues a direction on a pipeline provider. In contrast, if AEMO issues a direction to a shipper with an existing contract position, the hydrocarbon accounting software will schedule, reallocate and reconcile through all pipeline assets effectively and in real time. A solution to a shipper not having an existing contract with a pipeline operator, may be that AEMO under the trading fund has standing contracts with each pipeline and AEMO can utilise this to transport on the shipper's behalf during a shortfall event. This approach limits the effected parties arising from a direction and ensures they can be clearly identified. This will limit disputes and allow clear compensation arrangements to be established. It is critically important that the impact of directions on individual contract positions can be tracked, and this is only possible within established contractual arrangements via established pipeline hydrocarbon accounting methodologies.

Recommended amendment

Division 4 of Part 27 of the Rules includes express terms that:

- in giving a direction that deals with gas supply or contracted transport capacity, AEMO must use best endeavours to:
 - identify shippers with contracted capacity on the pipeline(s) to which the direction relates;
 - issue the direction upon the owners of the relevant gas or contracted capacity; and
- if AEMO gives a direction to a pipeline owner or operator that requires the pipeline owner or operator to deal with the shippers' gas supply or contracted transport capacity, AEMO must give a consistent direction to the owners of the relevant gas or contracted capacity.

APA notes that section 91F of the Laws obligates relevant entities to provide information to AEMO in response to a market information notice. This obligation (as amended) will allow AEMO to seek information from pipeline operators that is necessary for AEMO to exercise its east coast gas system reliability and supply adequacy functions. If issued with an appropriate notice, pipeline operators will be obligated to identify shippers with contract positions and therefore upon which AEMO could issue a direction. Those

shippers would in turn make the appropriate nominations as set out above. In APA's view, pipeline operators could be carved out of Division 4 altogether and an express provision in the rules is not necessary.

A Direction Must Give Consideration for Safety and Consistency with Jurisdictional Directions

As outlined in APA's First Submission, a direction must provide for consideration of safety of people and property. In addition, it is critical that AEMO's directions are consistent with safety, technical or emergency powers under jurisdictional legislation to ensure infrastructure operators are not inadvertently put in a position of being subject to conflicting directions. For APA's interconnected east coast grid, which straddles multiple jurisdictions, inconsistent or conflicting directions could lead to significant unintended consequences.

Recommended amendment

Division 4 of Part 27 of the Rules includes express terms that:

- in determining whether to give a direction, AEMO *must* consider:
 - whether the relevant entity(ies) subject to the direction will be reasonably able to comply with the direction and maintain the safety of people and property; and the operation or use of emergency powers within each affected jurisdiction;
 - AEMO must not give a direction if the direction would be inconsistent with an existing jurisdictional direction; and
 - AEMO must amend any direction if it is, or becomes, inconsistent with a jurisdictional direction issued after an AEMO direction.

AEMO Procedures & Consultation

The Consultation Paper states on page 14 that:

“... ”

there is insufficient time to undertake the standard consultation processes for making procedures set out in r135EE and r135EF of the Rules. Therefore, to the extent that initial procedures are required, it is proposed for r135EE and r135EF to be 'switched-off'.”

Whilst we appreciate Energy Ministers are motivated to have the proposed Laws, Rules and procedures implemented and operational before winter 2023, the development of any procedures should follow the established consultation processes under r 135EE and r 135EF. These provisions should not be 'switched-off'. There is still time to undertake a form of consultation and ensure that industry is involved in the development of these documents.

Allowing AEMO to define and scope the obligations in the procedures without industry involvement carries significant risks. If the procedures are not drafted carefully, they may impose significant costs and burdens on industry or be operationally inappropriate or inaccurate. AEMO does not have experience in operating or scheduling contract carriage pipelines. Developing the procedures in collaboration with industry will ensure that the measures operate efficiently during winter 2023, and mitigate the risks of creating a significant burden, confusion and ineffectiveness at the time when the new framework is considered to be needed, during a forecast shortfall event.

Disclosure Obligations' Implementation Timeframes

The Consultation Paper states on page 20 that:

“... the draft Bill specifies a transition period of a month from commencement of the rules, after which the disclosure obligations will be 'live'.”

One month for implementation of transparency and disclosure obligations is not adequate

Even where industry is involved in the drafting of procedures and guidelines, a one-month implementation period is not achievable due to the need for systems and processes to be augmented, tested and assured. This cannot be fully executed until the finalised procedures are published due to possible changes to the

requirements. As it currently stands, it would be unlikely with the proposed disclosure obligations for all of APA's east coast gas assets to build, test, release and be confident of compliance within 1 month.

APA believes that an implementation period of ~2-3 months at a minimum would be required to undertake the above steps and implement the transparency and disclosure obligations.

Recommended amendment

Schedule 1 Disclosure Obligations includes express terms that:

- relevant entities should be given longer than one month from the publishing of the procedures and guidelines documents to implement the transparency and disclosure measures; and/or
- the application of penalties should be delayed providing time for entities to fully test and assure compliance.

This will still enable relevant entities to implement measures appropriately and within the Energy Ministers' imposed truncated timeframe.

Disclosure Obligations

The disclosure obligations under proposed amendments to the Rules should not duplicate the obligations that exist under other Parts of the NGR. For example, many of the reporting obligations under rules 686, 687 and 688 are already included under Part 15D Gas Statement of Opportunities (GSOO) and Part 18 National Gas Services Bulletin Board to accommodate the recent Gas Transparency Measures. It does not make sense to duplicate these or have entities report under multiple Parts of the Rules.

If AEMO requires more frequent updates or slightly different information to undertake its role under Part 27 of the NGR, these could be achieved by referencing the relevant rule in a different part of the NGR and specifying the additional frequency of reporting or additional data. By doing this, the obligation is retained in one central location of the NGR with associated procedures and this is reviewed collectively, avoiding the potential for the information obligations in separate Parts of the NGR to differ and impose substantial administrative burden on entities.

Comments on proposed rule 683(2)(b)

Rule 683(2)(b) requires relevant entities to maintain any equipment from which the information disclosed under Division 2 is derived. Relevant entities should not have obligations to maintain equipment over and above those which are imposed by contract or which a contestable market determines is necessary for the relevant entity to carry out its business. If relevant entities are subject to additional obligations that require the augmentation of systems and processes over and above what is operationally necessary, they should be entitled to reimbursement, similar as that which applied for the implementation of the Capacity Trading and Auction (CT&A) market.

Comments on proposed rule 683(3)

The timing for updating of transparency measures 684 to 689 should be dealt with in the AEMO procedures, in consultation with relevant entities and not 'hard-coded' in rule 683(3) of the Rules. It is unreasonable to impose a blanket requirement for relevant entities to update information under Division 2 each time that "*facts or circumstances arise that require the information to be updated*" and notify AEMO as soon as practicable. There will need to be some flexibility in the obligation based on the nature of the information being updated.

For example, transmission linepack data is constantly changing due to the dynamic nature of a pipeline, the multitude of shippers altering nominations, injections or withdrawals, and interconnecting pipelines with similar dynamics. It may be more workable to require this information to be updated only a few times per day, rather than upon the occurrence of constantly changing circumstances. This should be dealt with by the AEMO procedures.

Comments on proposed rule 687(3)

Linepack is a complex term used in industry in different ways including base linepack (operator linepack to maintain integrity on a pipeline), shipper share of linepack (linepack owned by shippers to manage their gas

positions within contractual requirements) and in some circumstances shipper's gas in storage on a pipeline. For the purposes of Part 27 of the NGR, linepack should be defined to ensure clarity.

In addition, APA proposes for the purpose of 687(3), the reported linepack is what is available in excess of linepack required operationally to maintain safety and integrity of the pipeline. As outlined earlier in APA's submission, if AEMO was to direct a pipeline operator to supply from its linepack gas that is required for operational purposes (eg. base linepack), this could create significant operational, safety or integrity issues for subsequent gas days beyond the shortfall event.

The details of how linepack is determined and reported, such as linepack zones, should be dealt with in the AEMO procedures rather than the Rules. The procedures should be developed in consultation with industry to ensure the data reported is accurate, meaningful and operationally achievable. If details of linepack reporting obligations are determined by AEMO without industry involvement, it could result in reporting that is not operational feasible, not be able to meet information obligations of accuracy or is meaningless, defeating the objective of providing this information.

Compensation Framework

Consistent with APA's First Submission, AEMO must make compensation procedures whose overarching principle is to establish an equitable and efficient compensation framework.

Relevant entities who might seek compensation

As it is currently drafted, there is some ambiguity as to whether rule 696 applies only to a relevant entity who was the subject of a direction by AEMO. We consider that relevant entities who were directly affected by AEMO's direction, but were not the subject of the direction, should also be entitled to lodge a compensation claim and this should be clarified in the drafting. For example, if AEMO was to direct an infrastructure operator to deal with a particular shipper's gas supply or capacity, both the infrastructure operator and the impacted shipper should be entitled to apply for compensation.

Direct costs and opportunity costs

We consider that the compensation should be available in respect of both direct costs and opportunity costs that are incurred as a direct result of AEMO's direction, reflecting the contract carriage model of the east coast gas system. As a direction could involve the redirection or reallocation of gas supply or capacity, it may have consequences for both the contracted and intended use of that gas or capacity. Each of these factors need to be taken into account in assessing the overall cost and impact of directions.

We note that this is consistent with clause 3.14.6 of the National Electricity Rules which provide that compensation payments in respect to a claim for administered price caps must be based on direct costs and opportunity costs.

In addition, APA proposes that *financial detriment* be defined in the Rules.

Funding of compensation amounts

As currently drafted rules 697(8) and 698(4) imply that AEMO can recover compensation from individual entities, similar to provisions under the DWGM Part 19 of the NGR where AEMO deems an entity to have caused the disruption. Recovery of compensation should be dispersed across participants under an equitable and efficient framework and not borne by individual entities as determined by AEMO. The concern is if a pipeline operator has an unplanned outage that in isolation isn't impacting firm shippers, but it coincides with an outage by a gas producer elsewhere in the east coast gas system, resulting in a shortfall event, AEMO could determine that the shortfall was caused by the pipeline operator and who would therefore be liable for paying AEMO under compensation recovery. This is despite the unplanned outage being within its contractual obligations with its customers. As currently drafted, there appears to be no process to determine if the relevant entity was acting in accordance with good industry practice or the opportunity to present an alternative perspective. If these clauses are retained as drafted, it is critical that the dispute resolution process takes this into account.

Threshold for claims

The compensation provisions applying to the DWGM in Part 18 of the NGR do not specify a threshold for compensation claims. We cannot see any reason why the same principles should not apply to the east coast gas system. As currently drafted, rule 696(1) infers that a relevant entity must cover costs up to \$20,000, as this is the threshold above which a claim may be made. If this threshold is to be retained, the drafting should be amended to clarify that \$20,000 is the threshold for making a claim, but *all* costs (including the first \$20,000) are to be considered in determining the compensation payable.

Timeframe for claims

For complex directions, it could take longer than the 30-day allocation to do a commercial reconciliation of the direct costs and opportunity costs resulting from the direction due to the contractual basis of the east coast gas system that has different systems, financial timeframes etc. The Rules and AEMO procedures should accommodate these instances, as Part 15C does when timeframes are not specified – for example, up to 90 days from suffering the detriment.

Recommended amendment

Division 5 of Part 27 of the Rules includes express terms that:

- under rule 696, any relevant entity that suffers detriment as a direct result of AEMO issuing a direction is entitled to make a claim for compensation. It is not necessary for the relevant entity seeking compensation to have been issued with a direction by AEMO;
- the entitlement to compensation includes direct and opportunity costs;
- the rules or an expressed requirement that the AEMO procedures include guidance as to the matters to be considered in determining the compensation payable – e.g. the published tariff, the pricing under standard Gas Transportation Agreement where there is no contract, the market price;
- provide clarity that Entitlement Compensation extension of time of up to 90 days is available for the issuing of notices for complex claims; and
- the compensation claim threshold should be removed from rule 696(1) to be consistent with DWGM compensation arrangements. If the threshold is retained, *all* costs are to be considered in clause 696 in entitlement to compensation once the threshold is met.

Cost Recovery

Overarching Cost Recovery Principles

APA proposes, as outlined in APA's First Submission, that an equitable and efficient framework be employed for cost recovery. In practice this would entail recovering costs from entities as close to the end consumer as possible. This way costs are passed through existing contractual arrangements and channelled to as close as possible the end consumer, minimising the double handling and administrative costs of dealing with multiple entities along the supply chain. This approach also honours the contract carriage basis of the east coast system not creating additional administrative burden and costs, borne by the end consumer.

Funding the Training Fund

Similarly, APA proposes pipeline operators be exempt from cost recovery for the trading fund. As we understand it, the objective of the fund is to support market participants' trading positions and the risk of lack of transportation coverage by participants. Facility operators do not benefit from the existence of the fund. The fund has the potential to discourage firm capacity contracting and pipeline investment due to AEMO providing insurance cover for participants through procuring gas supply and firm transportation if potential for shortfall events arise.

Transparency & Oversight

The Consultation Paper states on page 25

“ ...

The new functions of AEMO will entail costs, to itself, to market participants and by extension to consumers. In view of the very substantial impacts on the community of gas shortages, Energy Ministers believe that these costs will be justified.”

The benefits and costs to the end consumer of pre-emptive measures to avoid gas shortfalls via the provision of data and directions, must be regularly assessed by a body that is independent to AEMO. Whilst Energy Ministers might believe that the costs will be justified by these reforms, there are often numerous options to solve shortfall events and some may create consequential impacts more than others. This oversight body should be tasked with assessing on a regular basis the overall effectiveness of these reforms, risks of the shortfall materialising, full direct and indirect costs of actions employed by AEMO (to assess if the costs are justified) post-event learnings that should be adopted by AEMO or changes to the legislative framework.

APA proposes that consideration be given to having specified in the rules a review of the rules and procedures post winter 2023. This way, a defined review process is specified after a “test period” being winter 2023, ensuring these are fit for purpose beyond 2023.

In addition, the assessment and conclusions that AEMO is providing to the Ministerial Council of Energy (MCE), should be made public to ensure transparency. This is similar to the recent *AEMO Gas Supply and System Adequacy Risks 2022-2023* report that was made public. The reason is that whilst AEMO is privy to a lot of information, AEMO doesn't have the full suite of facts in relation to a contract carriage system and could make conclusions and advice to the MCE that are not correct. It is important industry that has visibility of these conclusions and an ability to comment or correct these facts in relation to their assets and operations as is currently the case with the GSOO or ACCC's Gas Inquiry Reports.

Recommended amendment

Division 7 of Part 27 of the Rules includes express terms that:

- an independent market body (not AEMO) report to MCE on the exercise and performance of its functions under 91AD(e) and (f); and
- Rule 706(2) includes that this report is made public.



Attachment A – APA’s submission on the Extension of AEMO Functions and Powers Consultation Paper –
Legislation dated 7 October 2022.