

Attachment A: Stakeholder feedback template

Submission from Jemena Limited

The template below has been developed to enable stakeholders to provide feedback on Stage 2 of the development of the reliability and supply adequacy framework for the east coast gas market.

As noted in the consultation paper, Officials have not yet formed a view on whether a reliability standard, additional monitoring and communication tools or reliability and supply adequacy tools should be included in the framework. Officials are therefore interested in stakeholders' views on whether they think there is merit in including one or more of these additional elements in the framework and, if so, how they should be designed and implemented (e.g. as a package or sequenced in a particular way). There may of course be other options that are not identified in this consultation paper, which Officials would welcome feedback on.

Officials strongly encourage stakeholders to use this template, so that it can have due regard to the views expressed by stakeholders on each issue. If you wish to provide additional feedback outside the template, wherever possible please reference the relevant question to which your feedback relates.

Chapter 2: Reliability Standard

No.	Questions	Feedback
Section 2.2: Questions on the potential need for and role a reliability standard could play		
1	Do you think there is value in including a gas market reliability standard in the reliability and supply adequacy framework? Please explain your response.	<p>Jemena supports in principle the use of a more objective standard for determining the nature and extent of supply risks/threats, including when AEMO intervention may be appropriate.</p> <p>It is also important that this standard acknowledge (as is recognised in the Consultation Paper) a critical difference between gas and electricity markets—gas outages, particularly if they were to occur in a larger distribution network, involve significant additional costs to restore supply.</p> <p>In addition, when designing the standard—and any related mechanisms—consideration should be given to the lead times associated with implementing market responses that require the construction of new infrastructure or development of new gas supply, with most significant investments in new supply requiring at least 1 to 4 years to implement.</p> <p>It is also important that a reliability standard, and any regulatory mechanisms which utilise it, are designed with the objective of ensuring that market and regulatory bodies make cost-effective use of the data already being provided by market participants under Parts 10, 18 and 27 of the National Gas Rules and via the annual GSOO/VGPR surveys.</p> <p>As a high-level design principle, the reliability standard and any of the other elements/mechanisms considered in the Consultation Paper should provide strong incentives for market-led responses to risks or threats.</p> <p>At a broader level, Energy Ministers should also consider whether there are any potential interactions or areas of competing regulatory incentives between the reliability and supply adequacy framework and other areas of government policy, such as the emissions safeguard mechanism.</p>
2	What, if any, impact(s) do you think the introduction of a gas market reliability standard could have on market participants and the market more generally?	
3	Qualitatively, what do you think the main costs, benefits and/or risks would be of implementing a gas market reliability standard?	
4	Do you think a reliability standard is the appropriate solution to address the potential problems set out in section 2.2.1, or are there other alternatives that you think should be considered by Officials? If there are other alternatives you think should be considered, please outline what they are and explain why you think they are more appropriate.	

No.	Questions	Feedback
Section 2.3.1: Questions on reliability standard design options		
5	<p>If a decision is made to implement a gas market reliability standard, what form do you think it should take:</p> <ul style="list-style-type: none"> a. A USG standard with either: <ul style="list-style-type: none"> i. a common standard that applies across the east coast (Option 1a)? ii. different standards for northern and southern jurisdictions (Option 1b)? b. A peak demand standard with either: <ul style="list-style-type: none"> i. a common standard that applies across the east coast (Option 2a)? ii. different standards for northern and southern jurisdictions (Option 2b)? c. A deterministic N-1 redundancy standard that focuses on the resilience of the supply infrastructure (i.e. production, storage or transportation infrastructure) in the east coast or on a northern and southern jurisdictional basis to either: <ul style="list-style-type: none"> i. an outage of the largest supply infrastructure in the east coast or on a regional basis (i.e. in northern jurisdictions and southern jurisdiction basis (Option 3a)? ii. an outage of individual components of key infrastructure (Option 3b)? d. A combination of options 1 and 2 (i.e. a dual annual USG and a peak demand reliability measure), with either: <ul style="list-style-type: none"> i. common standards that apply across the east coast (Option 4a)? ii. different standards for northern and southern jurisdictions (Option 4b)? e. A combination of options 1, 2 and 3 (i.e. a tripartite annual USG, peak demand and N-1 redundancy measure), with either: <ul style="list-style-type: none"> i. common standards that apply across the east coast (Option 5a)? ii. different standards for northern and southern jurisdictions (Option 5b)? f. Another option not identified in the consultation paper? If you think another option should be considered, please explain what the standard is and why you think it would be more appropriate than the options listed above. <p>Please explain your responses to these questions and any views you may have on the levels at which these standards should be set.</p>	<p>Jemena's current view is that a gas market reliability standard should be focussed on both peak and annual supply/demand analysis. Analysis to date indicates that in addition to annual shortfalls, the deliverability of supply to meet peak demand in the southern states is the most significant supply risk facing the east coast market in the near term.</p> <p>We support further exploration of a probabilistic standard that can also capture the impact of events that could lead to significant increases in short term gas demand, such as coal generation or gas supply infrastructure (production/processing, pipeline or storage) outages.</p> <p>We also support consideration of whether standards could be set—and supply risk assessments made—on a state-by-state basis to reflect differences in supply sources, infrastructure and user sensitivity to outages (including users' ability to curtail consumption in response to a shortfall). However, we also note that such a decision may be influenced by the quality of information available from which to estimate a Value of Customer Reliability (VCR).</p>
6	<p>If you think a USG standard (Option 1) should be implemented, do you think it will be capable of identifying potential shortfalls in peak day deliverability?</p>	
7	<p>If a peak demand standard was to be</p> <ul style="list-style-type: none"> a. Do you think a 1-in-2 year, 1-in-10 year or 1-in-20 year standard should be adopted? Please explain your response. 	<p>Jemena supports a probabilistic approach where this appropriately considers real-life risks such as short-term spikes in demand and gas supply infrastructure outages.</p>

No.	Questions	Feedback
	<p>used under either Options 2 or 3:</p> <p>b. Do you think a different peak demand standard should apply to GPG? Please explain your response.</p>	
8	<p>If an N-1 redundancy standard was to be used, do you think it should assume an outage of the largest supply infrastructure or sub-components of that infrastructure?</p>	
9	<p>Are there any specific matters you think need to be considered when estimating a gas VCR?</p> <p>a. Do you think widespread and long duration outages likely to be more relevant in gas than they are in electricity and should be factored into the gas VCR?</p>	<p>In relation to widespread outages, we emphasise the significant direct costs which would be involved in restoring gas supply to a large number of small customers within a distribution network. Additionally, where a large number of customer premises lose supply and must be visited to restore supply, outage durations will be further increased for some customers as distribution network operators have a limited number of resources which can perform this activity.</p>
	<p>b. Do you think an east coast wide VCR should be estimated, or do you think separate VCRs should be estimated for:</p> <p>i. each region (i.e. for southern jurisdictions and northern jurisdictions)?</p> <p>ii. each jurisdiction?</p>	<p>As noted in response to question 5, we would support further consideration of establishing separate VCRs for each jurisdiction.</p>
10	<p>Do you think the reliability standard should apply to natural gas only or could it apply to other covered gases that are suitable for consumption as natural gas (e.g. biomethane)? If it were to apply to other covered gases that are suitable for consumption as natural gas, what, if any effect, do you think this could have on the development of renewable gases?</p>	<p>Depending on the way in which a reliability standard is likely to be applied (including under related regulatory mechanisms), care should be taken to ensure that additional costs are not imposed on the developers of other covered gas projects. Additional costs could pose a barrier to the development and deployment of renewable gas technologies in the east coast gas market. The regulatory framework should recognise that, in the longer term, these new technologies represent an opportunity to increase gas supply diversity and mitigate supply adequacy and reliability risks, and should therefore provide appropriate support to their development.</p>
11	<p>Are there any specific matters that you think need to be considered when determining the level of a gas market reliability standard?</p>	
<p>Section 2.3.2: Questions on governance arrangements for a reliability standard</p>		
12	<p>Do you think that the governance arrangements for the reliability standard should be based on the standard NGR governance arrangements with:</p> <ul style="list-style-type: none"> – the AER responsible for estimating a gas VCR; and – the reliability standard specified in the NGR and the AEMC responsible for considering any rule changes related to the reliability standard and facilitated market parameters? <p>If not, please explain why.</p>	

No.	Questions	Feedback	
13	<p>Do you think there is a need to provide for periodic reviews of the reliability standard and facilitated market parameters? If so, who do you think should undertake these periodic reviews:</p> <p>a. the AEMC in consultation with market participants and market bodies?</p> <p>b. a gas market reliability panel?</p>		
14	<p>If you think a gas market reliability panel should undertake the reviews, please set out:</p>	<p>a. What you think the benefits would be of establishing such a panel relative to the AEMC undertaking the reviews in consultation with market participants and market bodies.</p>	
		<p>b. If you think those benefits are likely to outweigh the costs and risks of establishing and maintaining such a panel.</p>	
15	<p>Are there any other governance options that you think should be considered?</p>		
Other feedback			
<p>Please set out any other feedback you may have on a gas reliability standard here.</p>			

Chapter 3: Monitoring and communication tools

No.	Questions	Feedback
Section 3.2: Questions on the need for and role of additional monitoring and communication tools?		
16	<p>Gas PASA</p> <p>a. Do you think there is value in providing for a gas PASA in the reliability and supply adequacy framework? Please explain your response.</p> <p>b. What, if any, impact(s) do you think the introduction of a gas PASA could have on market participants and the market more generally?</p> <p>c. Do you think a gas PASA is the appropriate solution to address the potential problems set out in section 3.2.1, or are there other alternatives that you think should be considered by Officials? If there are other alternatives you think should be considered, please outline what they are and why you think they are more appropriate.</p>	<p>To the extent that a gas PASA would represent simply a formalisation and publication of the supply adequacy assessment modelling undertaken by AEMO as part of the ECGS Stage 1 reforms, we consider there may be merit in this. We understand that making such assessments over a 7 day time period (i.e. for an ST gas PASA) could therefore be achievable based on the information currently reported to AEMO by market participants.</p> <p>However, we do not at this stage support further consideration of gas PASA frameworks over time horizons that would require new or expanded reporting obligations on market participants. Participants have borne significant additional costs and compliance burdens associated with new reporting obligations during several major reform packages over the last two years (ECGS Stage 1, Gas Transparency, Pipeline Regulation and Extending the regulatory frameworks to hydrogen and renewable gases), some of which have yet to be fully implemented.</p> <p>We also note that AEMO (through the GSOO) and the ACCC (through its Gas Inquiry reports) currently publish regular assessments of supply adequacy which cover longer time horizons. While these assessments are not undertaken as frequently as might be envisaged under an MT PASA approach, given the long time horizons associated with new gas infrastructure investments (for example, a new pipeline could typically take 1 to 4 years to plan, obtain approvals and construct), we question whether assessments at a monthly frequency would provide any incremental benefit in aiding the market's ability to identify and respond to longer-term supply adequacy threats.</p>
17	<p>Objective threat signalling mechanism</p> <p>a. Do you think there is value in providing for an objective threat signalling mechanism in the reliability and supply adequacy framework? Please explain your response.</p>	<p>We support in principle the adoption of an objective threat signalling mechanism within AEMO's reliability and supply adequacy framework. This may allow market participants to more efficiently respond to AEMO signals by adopting tailored internal escalation/response processes for different levels of threat severity.</p>

No.	Questions	Feedback
	<p>b. What, if any, impact(s) do you think the introduction of such a signalling mechanism could have on market participants and the market more generally?</p> <p>c. Do you think an objective threat signalling mechanism is the appropriate solution to address the potential problems set out in section 3.2.1, or are there other alternatives that you think should be considered by Officials? If there are other alternatives you think should be considered, please outline what they are and why you think they are more appropriate.</p>	
18	<p>Advance notice of closure for supply infrastructure</p> <p>a. Do you think there is value in requiring an advance notice of closure for supply infrastructure mechanism in the reliability and supply adequacy framework? Please explain your response.</p> <p>b. What, if any, impact(s) do you think the introduction of such a notice could have on market participants and the market more generally?</p> <p>c. Do you think an advance notice of closure requirement for supply infrastructure is the appropriate solution to address the potential problems set out in section 3.2.1, or are there other alternatives that you think should be considered by Officials? If there are other alternatives you think should be considered, please outline what they are and why you think they are more appropriate.</p>	<p>We do not currently consider that closure notices for supply infrastructure are necessary. Infrastructure such as pipelines and production facilities are already required to report a 36 month outlook of uncontracted capacity to AEMO which is published on the Bulletin Board. Where an asset's outlook indicates that it has no contracted capacity, this provides a strong indication to market participants that the asset may not continue to operate past that point—and this is particularly the case where other mechanisms exist to strengthen incentives for users to contract with these assets (such as an RSA contracting obligation).</p>
Section 3.3.1.1: Questions on gas PASA regional boundaries		
19	<p>If a gas PASA was to be implemented:</p> <p>a. What approach to determining regional boundaries do you think would be of greatest use to market participants in terms of effectively conveying information on the nature of any reliability or supply adequacy threats?</p> <p>b. Do you think the regional boundaries should be the same as between an ST and MT gas PASA, or is there value in using smaller regions for an ST PASA?</p> <p>If you think there is value in using smaller regions for the ST gas PASA, please set out some examples of what the breakdown could be.</p>	
Section 3.3.1.2: Questions on gas PASA timeframes		

No.	Questions	Feedback
20	<p>If a decision was made to implement a gas PASA, do you think there would be value in requiring AEMO to publish:</p> <p>a. an ST gas PASA?</p> <p>b. an MT gas PASA?</p> <p>Please explain your response</p>	
21	<p>In relation to the information available to AEMO to prepare a gas PASA set out in Table 3.1:</p> <p>a. Is there any additional information that you think AEMO would require to prepare an ST or MT gas PASA that has not been included in this table?</p> <p>b. What approach do you think should be used to forecast GPG demand for the purposes of an MT gas PASA? Please explain what this would involve.</p>	<p>Although forecast pipeline linepack over an MT gas PASA timeframe is called out in table 3.1 as a data gap, we note that we would be unable to provide a meaningful forecast of linepack over such a time horizon. As communicated to AEMO during the ECGS Stage 1 implementation, linepack forecasts over the 7 day time horizon are dependent on customers' own forecasts of their pipeline usage, and forecasts for the later days of even this short term outlook period are subject to considerable uncertainty. Over any longer time horizons, pipeline operators would only be able to provide forecasts of linepack which are based on long-term historical averages.</p>
22	<p>If an ST gas PASA was to be implemented:</p> <p>a. Do you think that a rolling 7-day outlook with a daily resolution updated daily (or more frequently if there is a material intra-day change) should be adopted? If not, please explain why and what timeframes you think would be more appropriate.</p> <p>b. Do you think there would be value in providing for intra-day resolution for the DWGM? If so, is it likely to result in any additional reporting obligations?</p> <p>c. Qualitatively, what do you think the main costs, benefits and/or risks would be of implementing an ST gas PASA?</p>	
23	<p>If an MT gas PASA was to be implemented:</p> <p>a. What outlook period do you think should be adopted and why:</p> <p>i. a rolling 6 month outlook period?</p> <p>ii. a rolling 12 month outlook period?</p> <p>iii. a rolling 24 month outlook period?</p> <p>b. What do you think the main costs and benefits to market participants would be of the outlook period you think should be adopted?</p> <p>c. If a 12 or 24 month outlook period was to be adopted, which of the following options do you think should be used to extend the 6 month outlook period currently provided for by the disclosure obligations in Part 27 of the NGR and why:</p>	<p>Refer to above comments regarding the inappropriateness of additional reporting obligations for market participants at this time and the poor quality of pipeline linepack information over an MT gas PASA outlook period.</p>

No.	Questions	Feedback
	<ul style="list-style-type: none"> i. Supplement the existing disclosure requirements with AEMO modelling of forecast demand and supply (Option 2)? ii. Amend the existing disclosure obligations in Part 27 of the NGR by either: <ul style="list-style-type: none"> (1) Extending the disclosure obligations to 12 or 24 months (Option 3A)? (2) Replacing the disclosure obligations with a principles based approach (similar to what the AEMC has implemented for the NEM ST PASA), which would allow AEMO, in consultation with industry, to determine what information should be reported and when it should be reported (Option 3B)? iii. Targeted additional information requirements with regular reporting (Option 4)? iv. Another option not identified in the consultation paper? If you think another option should be considered, please explain what it is and why you think it should be adopted. 	
	<ul style="list-style-type: none"> d. Do you think the MT gas PASA should have a daily resolution and be updated monthly (or more frequently if there is a material change)? If not, please explain why and what timeframes you think would be more appropriate. 	
	<ul style="list-style-type: none"> e. Qualitatively, what do you think the main costs, benefits and/or risks would be of implementing an MT gas PASA? 	
Section 3.3.1.3: Questions on seasonal PASA reporting		
24	Do you think there is value in requiring AEMO to publish a quarterly seasonal PASA report that would draw on information from the gas PASA, Bulletin Board, GSOO and VGPR modelling and include an assessment of things such as the adequacy of gas held in storage and emerging threats help inform the market participants' seasonal readiness plans?	
25	If a quarterly seasonal PASA report was to be developed, what would you like to see included in the report?	
26	Qualitatively, what do you think the main costs, benefits and/or risks would be of introducing this report?	
Section 3.3.2: Questions on threat signalling mechanism		

No.	Questions	Feedback
27	If a decision was made to implement an objective threat signalling mechanism:	a. Do you think the threat levels described in section 3.3.2 (i.e. early warning, alert or emergency) should be employed, or are there more appropriate threat levels that you think should be employed?
		b. Do you think there should be an automatic link between the NEM and gas market threat signalling mechanisms? Or are other changes required to these two signalling mechanisms to recognise the increasing interrelationship between the markets?
28	Qualitatively, what do you think the benefits, costs and risks would be of implementing a more objective threat signalling mechanism?	
Section 3.3.3: Questions on advance notice of closure for supply infrastructure		
29	If a decision was made to implement an advance notice of closure requirement:	a. Do you think it should be restricted to supply infrastructure (e.g. production, pipeline, compression and storage facilities), or are there other facilities you think it should apply to?
		b. What advance notice period do you think would be appropriate?
		c. Do you think penalties should apply to facility operators that fail to provide sufficient notice in the same way that they do in the NEM?
30	Qualitatively, what do you think the benefits, costs and/or risks would be of implementing an advance notice of closure requirement?	
Other feedback		
Please set out any other feedback you may have on additional monitoring and communication tools here.		

Chapter 4: Reliability and supply adequacy management tools

No.	Questions	Feedback
Section 4.2: Questions on the potential need for and role of additional management tools		
31	<p>Do you agree with the findings from the:</p> <p>a. MJA study on contracting behaviour set out in section 4.2.3.1? If not, please explain your view.</p> <p>b. ACIL Allen study on demand response set out in section 4.2.3.2? If not, please explain your view.</p>	
32	<p>RSA contracting obligation</p> <p>a. Do you think there is value in providing for an RSA contracting obligation in the reliability and supply adequacy framework? Please explain your response.</p> <p>b. What, if any, impact(s) do you think the introduction of an RSA contracting obligation could have on market participants and the market more generally?</p> <p>c. Qualitatively, what do you think the main costs, benefits and/or risks would be of implementing an RSA contracting obligation?</p> <p>d. Do you think an RSA contracting obligation is the appropriate solution to address the potential problems identified in sections 4.2.2 and 4.2.3.1, or are there other alternatives that you think should be considered by Officials?</p> <p>If there are other alternatives you think should be considered,</p>	<p>We support further exploration of the ways in which an RSA contracting obligation could operate within the reliability and supply adequacy framework to strengthen signals for supply infrastructure investment, with the ultimate objective of incentivising market-led responses.</p> <p>Key matters relevant to the design of any such mechanism include:</p> <ul style="list-style-type: none"> • Providing signals and incentives to the market over an adequate time horizon that recognise the timeframes involved in building new supply infrastructure (whether upstream/gas production, pipelines, storage or LNG import facilities) • Ensuring the mechanism applies to all segments of gas users (i.e. retailers (including as representatives of small customers) and commercial and industrial users) • Providing adequate flexibility and recognition of the range of ways participants may achieve 'deliverability' of gas in the east coast market, including through bi-lateral trading (of gas and/or transportation capacity), procurement of gas under a GSA on a delivered basis or through utilising infrastructure such as storage or LNG import facilities • Ensuring the mechanism does not create perverse incentives for users to under-forecast future supply requirements, which may have a broader detrimental impact on the quality and usefulness of supply adequacy assessments and signalling.

No.	Questions	Feedback
	<p>please outline what they are and why you think they are more appropriate.</p>	
33	<p>Administered demand response mechanism</p> <p>a. Do you think there is value in providing for an administered demand response mechanism in the reliability and supply adequacy framework? Please explain your response.</p> <p>b. What, if any, impact(s) do you think the introduction of an administered demand response mechanism could have on market participants and the market more generally?</p> <p>c. Qualitatively, what do you think the main costs, benefits and/or risks would be of implementing an administered demand response mechanism?</p> <p>d. Do you think an administered demand response mechanism is the appropriate solution to address the potential problems identified in sections 4.2.2 and 4.2.3.2, or are there other alternatives that you think should be considered by Officials?</p> <p>If there are other alternatives you think should be considered, please outline what they are and why you think they are more appropriate.</p>	<p>In principle, we support further consideration of a targeted administered demand response mechanism which may be able to address supply gaps on a short term basis. Given such a mechanism would be a new concept for the east coast gas market, we believe that it should remain targeted and its operation should only relate to short term reductions in demand, rather than compensating users for long term changes in demand. Users seeking to make structural reductions in their demand should already face appropriate natural incentives to do so over the longer term, and it is not clear that an administered demand response mechanism is necessary to facilitate these sorts of transactions. For example, an industrial user which shuts down its operations would be able to liquidate or on-sell its gas supply agreement, and during a period where the market is structurally short of gas, will likely receive higher compensation for doing so. Furthermore, we note that a well-structured RSA contracting obligation could help further reinforce those price signals necessary for efficient decision making in relation to long term demand reduction decisions.</p>
34	<p>Supplier of last resort mechanism</p> <p>a. Do you think there is value in building on the trading function by providing for a supplier of last resort mechanism in the reliability and supply adequacy framework? Please explain your response.</p> <p>b. What, if any, impact(s) do you think building on the trading function by providing for a supplier of last resort mechanism could have on market participants and the market more generally?</p>	

No.	Questions	Feedback
	<p>c. Qualitatively, what do you think the main costs, benefits and/or risks would be of building on the trading function by providing for a supplier of last resort mechanism?</p> <p>d. Do you think a supplier of last resort mechanism is the appropriate solution to address the potential problems identified in sections 4.2.2 and 4.2.3.1, or are there other alternatives that you think should be considered by Officials?</p> <p>If there are other alternatives you think should be considered, please outline what they are and why you think they are more appropriate.</p>	
35	<p>Are there any other reliability and supply adequacy management tools that you think should be considered by Officials? If so, please explain why you think they are required.</p>	
Section 4.3.1: Questions on RSA contracting obligation		
36	<p>If a decision was made to implement an RSA contracting obligation, which of the following design options do you think should be implemented and why:</p> <ul style="list-style-type: none"> – A southern jurisdiction winter deliverability contracting obligation (Option 1)? – An east coast wide firm contracting obligation (Option 2)? – Another design option? If you think another option should be considered, please explain what it is and why you think it should be adopted. 	<p>Consideration should be given to a nodal jurisdiction-based design (which takes into account the deliverability of gas supply to a particular location), as shortfalls may be isolated to a particular geographic area.</p>
37	<p>If an RSA contracting obligation was to be implemented:</p> <p>a. Do you think the obligations should apply to:</p> <ol style="list-style-type: none"> i. Retailers and GPGs? ii. GPGs only? iii. Retailers only? <p>Please explain your response.</p> <p>b. In the case of GPGs:</p> <ol style="list-style-type: none"> i. Do you think it would be financially viable for GPGs to be subject to an RSA contracting obligation? If not, are there any other simpler or more direct ways to address the reliability and supply adequacy threats posed by GPG demand? ii. What, if any effect, a contracting obligation or alternative approach could have on competition in the NEM? 	<p>Entities that buy or use gas directly from the east coast gas system should be considered liable entities, with the potential exception of GPGs (refer to response below). Liable entities should include retailers and self-contracting commercial and industrial users (excluding 'small customers' as defined under the National Energy Retail Law).</p> <p>The potential impact of an RSA contracting obligation on GPGs and on the NEM more broadly should be carefully considered in consultation with GPG operators. We note that a capacity market in the NEM would assist the financial viability of GPGs, however in the absence of this, GPGs should be considered for exclusion from any RSA contracting obligation.</p>

No.	Questions	Feedback
	<p>c. Do you think a size threshold should be adopted for liable entities? If so, what do you think is an appropriate size threshold?</p> <p>d. Do you think any other reforms would be required to enable liable entities to contract on reasonable terms? If so, please explain what additional reforms you think are necessary.</p> <p>e. How far in advance of a forecast reliability gap do you think the RSA contracting instrument would need to be triggered to provide liable entities sufficient time to contract and for any investment that may be required?</p> <p>f. How should the geological, land access, regulatory, commercial and other investment challenges that may be associated with the development of new supply infrastructure be recognised in the contracting obligations and/or penalty regime?</p> <p>g. Do you think the contracting obligation should allow liable entities to procure other covered gases that are suitable for consumption as natural gas (e.g. biomethane and low hydrogen blends)?</p> <p>h. Do you think it would be necessary to provide for:</p> <p>i. Do you think the contracting obligation would incentivise retailers to help transition customers to alternative fuels (where feasible), or would a separate tool be required to achieve this?</p>	<p>A series of gradual thresholds with different time periods could be used under such a mechanism to recognise the greater level of uncertainty which exists over longer time horizons, with thresholds increasing as the period in question becomes imminent. For example (with these figures used purely for illustrative purposes), at a point in time a liable entity might be required to have contracted 30% of its forecast peak demand in year t+5 and 80% of its forecast peak demand in year t+1.</p> <p>As noted in response to question 1, the lead times required to construct new gas supply infrastructure can be significant, and any RSA contracting obligation should be designed in a way which recognises these timeframes so as to provide meaningful incentives which are more likely to result in new gas supply being brought online.</p> <p>We note that the development of biomethane, low hydrogen blends and other renewable gas types represents an important opportunity to enhance gas supply diversity and improve supply security in the longer term. Subject to ensuring that mechanisms under this framework do not represent additional cost burdens or other barriers to the development of renewable gas projects, liable entities should be able to procure gas from these projects.</p> <p>i. A liquidity obligation? If so, please explain how you envisage this obligation would work.</p> <p>ii. A voluntary book build mechanism administered by AEMO to facilitate the development of any new supply and/or capacity that may be required? If so, please explain how you envisage this would work.</p> <p>Any book build mechanism undertaken on behalf of energy users would be best conducted by a body that is independent from AEMO. Such a function would sit best with a government body that specialises in such procurement activities, and the mechanism would need to be carefully designed so as to minimise the likelihood of over-contracting.</p>
38	If a southern jurisdiction winter	a. Are there any additional design features that you think need to be considered (see Table 4.2)?

No.	Questions	Feedback
	deliverability contracting obligation (Option 1) was to be implemented: <ul style="list-style-type: none"> b. Are there any design features that have been proposed that you think would not work in the east coast gas market (see Table 4.2)? c. Are there any material costs, risks or benefits associated with this option that you think should be considered? 	
39	If an east coast wide firm contracting obligation (Option 2) was to be implemented: <ul style="list-style-type: none"> a. Are there any additional design features that you think need to be considered (see Table 4.2)? b. Are there any design features that have been proposed that you think would not work in the east coast gas market (see Table 4.2)? c. Are there any material costs, risks or benefits associated with this option that you think should be considered? 	
Section 4.3.2: Questions on a potential administered demand response mechanism		
40	If a decision was made to implement an administered demand response mechanism, do you think the design option described in section 4.3.2 should be implemented, or is there another option that you think could unlock demand response in a more cost effective way?	
41	If the administered demand response mechanism described in section 4.3.2 was to be implemented: <ul style="list-style-type: none"> a. Do you think it should only be open to large gas users to participate in, or should retailers and/or demand response aggregators also be able to participate? b. Do you think it would be necessary to make availability payments to panel members to encourage them to participate, or could they just be paid a pre-activation or activation payment? c. Are there any additional design features that you think need to be considered? 	
Section 4.3.3: Questions on supplier of last resort mechanism		
42	If a decision was made to implement a supplier of last resort mechanism, which of the following design options do you think should be implemented and why: <ul style="list-style-type: none"> – a southern jurisdiction winter deliverability supplier of last resort mechanism (Option 1)? – an east coast wide RERT-style supplier of last resort mechanism (Option 2)? – another design option? If you think another option should be considered, please explain what it is and why you think it should be adopted. 	<p>Jemena agrees that the potential risks such a mechanism could pose to signals for efficient investment need to be carefully considered in any further work to progress this option. As noted in response to question 1, providing strong signals for private investment should remain a priority of the framework.</p> <p>Should further work be undertaken on this option, consideration should be given to governance arrangements and the potential for conflict to arise through AEMO's administration of such a function. Options such as procurement being undertaken by another body independent of AEMO should be considered.</p>

No.	Questions	Feedback
		Consideration could also be given to mechanisms designed to ensure that the costs of such procurement are borne by those market participants who did not act (i.e. sufficiently contract) to mitigate the threat.
43	<p>In relation to the risk of crowding out market participants:</p> <p>a. Do you think it feasible to AEMO to procure 'out of market' gas (i.e. gas that would not otherwise be available to the market) or other services (e.g. transportation and storage services)? If so, how would this occur and are there any risks associated with doing so?</p> <p>b. If it is not feasible to procure 'out of market' gas or other services, is there any other way that you think the risk of AEMO crowding out market participants could be addressed?</p>	
44	<p>Do you think:</p> <p>a. The supplier of last resort mechanism should only focus on natural gas, or should it also allow AEMO to procure other covered gases that are suitable for consumption as natural gas (e.g. biomethane and low hydrogen blends)?</p> <p>b. Any additional measures (over and above a causer pays approach to cost allocation) are required to counter the impact that AEMO acting as supplier of last resort may have on market participants' incentives to take their own actions to address the threats?</p>	
45	<p>If a southern jurisdiction winter deliverability supplier of last resort mechanism (Option 1) was to be implemented:</p> <p>a. Do you think AEMO should only be able to contract and/or hold a storage reserve for the winter period, or should it be able to contract for a longer period?</p> <p>b. Are there any additional constraints that you think should apply to this mechanism that have not been identified in Table 4.3?</p> <p>c. Are there any additional design features that you think need to be considered for this option (see Table 4.3)?</p> <p>d. Are there any design features that have been proposed that you think would not work in the east coast gas market (see Table 4.3)?</p> <p>e. Are there any material costs, risks or benefits associated with this option that you think should be considered?</p>	
46	<p>If an east coast wide RERT-style supplier of last</p> <p>a. Are there any additional constraints that you think should apply to this mechanism that have not been identified in Table 4.3?</p>	

No.	Questions	Feedback
	resort mechanism (Option 2) was to be implemented:	
	b. Are there any additional design features that you think need to be considered (see Table 4.3)?	
	c. Are there any design features that have been proposed that you think would not work in the east coast gas market (see Table 4.3)?	
	d. Are there any material costs, risks or benefits associated with this option that you think should be considered?	
Other feedback		
	Please set out any other feedback you may have on reliability and supply adequacy management tools here.	

Chapter 5: Potential changes to the GSOO and VGPR

No.	Questions	Feedback
47	<p>Do you think there is value in aligning the GSOO and VGPR with the reliability and supply adequacy framework?</p> <ul style="list-style-type: none"> – If so, are there any changes contemplated in section 5.1 that you think are unnecessary, or are there other changes that you think should be considered? – If not, please explain why. – Are there any material costs, risks or benefits that you think should be considered when deciding whether or not to align the GSOO and VGPR with the framework? 	<p>Where doing so would reduce or avoid duplication of reporting obligations for market participants, we support the utilisation of existing processes.</p>
48	<p>Do you think there is value in trying to achieve greater alignment between the GSOO, VGPR and NEM forecasting tools?</p> <ul style="list-style-type: none"> – If so, are there any changes contemplated in section 5.2 that you think are unnecessary, or are there other changes that you think should be considered? – If not, please explain why. – Are there any material costs, risks or benefits that you think should be considered when deciding whether to align the GSOO and VGPR with the NEM forecasting tools? 	<p>Where doing so would not result in an increase in reporting obligations for market participants, we consider it would be a sensible approach to employ consistent assumptions and scenarios across the GSOO, VGPR and NEM forecasting tools.</p>
<p>Please set out any other feedback you have on the potential alignment of the GSOO and VGPR here.</p>		

Implementation and other questions

No.	Questions	Feedback
49	<p>If any of the additional elements outlined in the consultation paper were to be implemented, do you think they should be implemented as a package or sequenced in a particular way?</p>	<p>This question should be considered further when Ministers have provided a clearer view of the likely elements which will be progressed for implementation. The implementation plan for any of the elements outlined in the Consultation Paper should take into account other reforms underway at that time.</p>
50	<p>Are there any other problems, impacts or matters that you think Officials should take into account when considering whether to include any of the additional elements outlined in the consultation paper?</p>	<p>Where there are new or changed reporting obligations which require system changes, it is important that all market participants have sufficient time to implement any changes. This will reduce the costs of implementation (ultimately borne by end users) and improve the quality of information available to AEMO.</p>