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Alice Hawkins  
Australian Energy Market Commission  
Level 15, 60 Castlereagh Street  
Sydney, NSW 2000

19 November 2020

Dear Ms Hawkins,

### **DWGM Maintenance planning consultation paper**

AGL Energy (AGL), welcomes the opportunity to comment on the Australian Energy Market Commission (AEMC), DWGM maintenance planning consultation paper. AGL is one of Australia's largest integrated energy companies and the largest ASX listed owner, operator, and developer of renewable generation. AGL is also a significant retailer of energy and telecommunications, providing solutions to around 4.2 million across Australia.

AGL supports the improvement and clarification of AEMO's existing maintenance planning in the DWGM and is particularly in favour of removing inconsistencies between the National Gas Laws and the National Gas Rules. However, AGL believes that the AEMC should also ensure consistency between the National Gas Laws, the National Gas Rules and the new definitions to be introduced into the NGL as a result of the new gas transparency measures initiated by the Council of Australian Government earlier this year. Registration under the National Gas Rules (NGR) is required for participation in the Victorian Declared Wholesale Market (DWGM) and the subsequent co-ordination of facility maintenance that AEMO is seeking to ensure a safe, secure, reliable, and efficient declared transmission system. The registration of LNG import terminals (both AGL's planned facility and potentially Viva's transformation of its Geelong refinery), is currently not possible as are no existing NGR categories that appropriately capture the proposed LNG facilities and therefore the maintenance co-ordination that AEMO is seeking to ensure is not possible either.

Establishing consistency with the definitions of producer, storage facility and the related definitions of LNG service provider; LNG supplier; LNG import facility and LNG processing facility, are vitally important, particularly as the Victorian economy is highly dependent on gas and this will provide certainty for operators of proposed LNG import facilities. Victoria's gas-intensive manufacturing sector and its cold winters mean the state accounts for approximately 50 per cent of gas demand in south-eastern Australia. With dwindling production from the southern basins and the recent unsuccessful drilling campaigns, alternative gas supplies are required to meet domestic demand for south eastern Australia and LNG import terminals can provide alternative sources of supply.

At the March 2020 meeting, the Council of Australian Governments (COAG) agreed on the implementation of new gas market transparency measures namely to introduce two new definitions in the NGL:

1. *LNG service provider* means a person who owns, controls, or operates a facility for producing liquefied natural gas or for processing liquefied natural gas to a gaseous state.



2. *LNG supplier* means a person who carries on a business of importing or exporting natural gas and includes an LNG service provider.

To give effect to the proposed NGL definitions, additional changes were agreed to the Natural Gas Services Bulletin Board (GGB) provisions in Part 18 of the NGR, beginning with the following definitions:

- *LNG import facility* means a facility for the unloading (discharge) of LNG delivered by ship and the processing of the LNG to a gaseous state.
- *LNG processing facility* means an LNG export facility or an LNG import facility.

An exclusion of these definitions would create further inconsistency between the NGL and NGR, which would not be in line with the national gas objective of improving clarity, transparency and certainty of the rules and in particular would not achieve the objective of ensuring system security and efficiency in the DWGM. Without an adequate definition to capture LNG import facilities AEMO would be forced to issue the facility owners with separate directions to cancel, delay or suspend maintenance. This is exactly what AEMO is hoping to avoid in their rule proposal.

In order to ensure this rule change is as effective as AEMO had planned AGL suggests that the GGB definitions for LNG import activities developed by COAG should be mirrored in Part 19 of the NGR, which governs the DWGM, to introduce a fit-for-purpose category for registration and market participation for LNG import facilities, including floating storage regasification units (FSRU), which are expected to be an integral part of Victoria's gas mix.

AGL also queries how the change in definition of Producer and Storage Provider in the NGL and Part 19 of the NGR will affect interconnected pipelines and in particular storage facilities with interconnected pipelines attached to them. AGL suggests that further consideration may be needed to address this uncertainty.

If you would like to discuss any aspects of our response further please contact Marika Suszko, Wholesale Market Regulatory Manager at [msuszko@agl.com.au](mailto:msuszko@agl.com.au).

Yours sincerely,

Elizabeth Molyneux,

General Manager, Energy Market Regulation