

2 December 2021

Mr Harrison Gibbs
Advisor
Australian Energy Market Commission

Submitted via online submission portal

Dear Mr Gibbs

ENA submission to Declared Wholesale Gas Market Distribution Connected Facilities Consultation Paper

Energy Networks Australia appreciates the opportunity to provide a response to the Australian Energy Market Commission's (AEMC) [Consultation Paper](#) for its [Declared Wholesale Gas Market Distribution Connected Facilities rule change request](#).

Energy Networks Australia (ENA) is the national industry body representing Australia's electricity transmission and distribution and gas distribution networks. Our members provide more than 16 million electricity and gas connections to almost every home and business across Australia.

We understand that this rule change is part of a broader package of reforms being considered under the [Extending the national gas regulatory framework to hydrogen blends and renewable gases reform package](#). ENA supports the overall objective of these reforms, which is to bring hydrogen blends, biomethane and other renewable gases within the scope of the national gas legislative and regulatory framework.

Gas distribution network service providers (DNSPs) are on a decarbonisation journey to deliver renewable gas through distribution networks for customers. Gas networks are actively developing and proceeding with renewable gas trial projects to effectively operate renewable gas-blended networks and 100 per cent renewable gas networks.

ENA supports the intent of the rule change

Only facilities that are connected to the Victorian declared transmission system (DTS) can participate in the Victorian Declared Wholesale Gas Market (DWGM) under the current rules. This rule change seeks to allow distribution-connected facilities to participate in the DWGM by amending the rules framework that the DWGM operates within.

ENA supports the intent of the National Gas Amendment (DWGM Distribution Connected Facilities) Rule 2022, which we understand to be to allow the participation of distribution connected production and storage facilities in the DWGM, including but not limited to hydrogen, biomethane and other renewable gases.

The Victorian Government has legislated a long-term emissions reduction target of net-zero by 2050 and through *Gas Vision 2050*, gas networks are working to decarbonise their networks.

Distribution-connected facilities are often innovative in nature and typically involve hydrogen, biomethane or other renewable gases. Practical steps that facilitate the inclusion of distribution-connected production and storage facilities into the DWGM should be progressed. ENA believes that this rule change request promotes the long-term interest of energy consumers as it is a key initial step in providing Victorian gas network customers with renewable gas options.

Additionally, we agree with the proponent of the rule change, the Victorian Minister for Energy, Environment and Climate Change, that the long-term costs of inaction are very likely to be greater than the costs associated with the proposed rule change. The long-term costs of inaction are likely significant, while the costs of implementing this rule change are likely to be substantially lower.

Proponent's preferred option

Broadly, the proponent's preferred option:

- » includes distribution-connected facilities in the scheduling of supply and demand from declared networks,
- » includes new injection points for distribution supply facilities to offer gas into the market, and
- » changes the definition of demand in the DWGM to incorporate all gas usage from the transmission or distribution system and reflect the combined volumes from transmission connected customers and distribution demand within the gas retail market.

ENA generally supports the three actions outlined above and believes that these actions are likely to contribute to achieving the National Gas Objective.

Materiality threshold for bidding and scheduling requirements

Under the proposed framework, distribution-connected facilities would be subject to the suite of bidding and scheduling requirements in the DWGM. The bidding and scheduling requirements appear to be tailored towards relatively large facilities directly injecting into the transmission network rather than potentially smaller facilities that would be injecting into the distribution network. ENA believes that if these requirements were to apply to smaller distribution-connected facilities, the cost of compliance with the current suite of bidding and scheduling requirements would likely outweigh the benefits.

In order to balance the costs to consumers of meeting the reporting requirements and the benefits to the market operator, ENA supports the introduction of a reduced set of fit for purpose bidding and scheduling requirements for distribution-connected facilities.

ENA looks forward to further engagement with the AEMC throughout the development of draft rules. If you have any questions about this submission, please contact Chris Gilbert at cgilbert@energynetworks.com.au.

Yours sincerely,



Garth Crawford
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