

Thursday 2 December 2021

Gas Wholesale Consultative Forum
Australian Energy Market Operator

Via: GWCF_Correspondence@aemo.com.au

Hydrogen blends and renewable gases Procedures review

Energy Networks Australia (ENA) welcomes the opportunity to provide input during the consultation period on the proposed reforms to the National Gas Law (NGL) in relation to hydrogen and renewable gas blending. This submission is in response to AEMO's consultation paper on expanding the definitions in the procedures to support natural gas equivalent blends for the DWGM, STTM and retail markets.

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.

To date, the focus of decarbonisation has been on the electricity sector, but gas networks are on their own decarbonisation journey. Customers tell us that they are seeking a clean energy future and are engaged in achieving emission reductions from gas use. New renewable fuels, such as hydrogen and biomethane, have the potential to become mainstream and complementary energy solutions that will use existing energy infrastructure. Our gas networks are leading the development of renewable gas projects and blending renewable hydrogen in the Adelaide and Sydney gas distribution networks, with further projects under development in Victoria, Western Australia and Queensland.

Package of regulatory reforms

We understand that our response to the Paper 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*. The broader package of reforms consists of several overlapping consultations, including:

- » Senior Energy Officials' [Consultation Paper](#) on changes to the National Gas Law, National Energy Retail Law and Regulations,
- » The AEMC's [Consultation Paper](#) on changes to the National Gas Rules and National Energy Retail Rules,
- » The AEMC's [Consultation Paper](#) on a rule change request from the Victorian Minister for Energy, Environment and Climate Change to enable the inclusion of renewable gas facilities into the Victorian Declared Wholesale Gas Market, *and*
- » The AEMO's [Consultation Paper](#) on changes to its procedures and other subordinate instruments.

Gas distribution network service providers (DNSPs) are on a decarbonisation journey with the long-term objective to supply 100 per cent renewable gas in gas distribution networks for customers. Gas networks are actively developing and proceeding with renewable gas trial projects in order to build the capabilities necessary to effectively operate renewable gas-blended networks and 100 per cent renewable gas networks.

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. These reforms will enable DNSPs to continue learning and innovating in the renewable gas space and progressing renewable gas options for customers.

AEMO Topics

The AEMO consultation paper focuses on expanding the definitions in the procedures to support natural gas equivalent blends for the DWGM, STTM and retail markets.

ENA is supportive of these proposed changes.

Unaccounted for Gas

The current procedures assumes that UAFG amounts are met at custody transfer meter injections on the network.

Until a commercial renewable gas market is established, DNSP are the most likely facilities to produce the renewable gas to produce the natural gas equivalent gas.

Where appropriate, it would be beneficial if amendments to the pipeline service definition also ensured that DNSPs could capture production of renewable gases for the purpose of supporting a DNSP to deliver ancillary services. For example, this would allow DNSPs to meet their unaccounted for gas obligations with renewable gas.

AEMO could identify what changes to the Procedures would be required.

If you have any questions or would like a to discuss the contents of this submission further, please do not hesitate to contact ENA's Head of Renewable Gas, Dr Dennis Van Puyvelde (dvanpuyvelde@energynetworks.com.au).

Yours sincerely,



Garth Crawford

General Manager, Economic Regulation

AEMO Procedure Review - Extending the national gas regulatory framework to hydrogen blends & renewable gases

Participant Response Template

Review comments submitted by: *Energy Networks Australia*

Date: 2 Dec 2021

Contact Person: Dennis Van Puyvelde

Section 1 – Introduction

No questions in Section 1.

Section 2 – AEMO’s Review

Question #	Section # in paper	Question	Please Provide Response Here
1	2.1 – Scope of AEMO’s review	Are there any other relevant matters that should be considered in AEMO’s review of the Procedures that fall within the scope of the terms of reference?	No. The scope of review is appropriate at this point.

Section 3 - Declared Wholesale Gas Market (DWGM) Procedures

Question #	Section # in paper	Question	Please Provide Response Here
2	3.8 – DWGM Distribution UAFG Procedures	Do you think the approach to determining and allocating distribution UAFG should be changed in the Procedures? If so, what changes to the processes do you think should be made?	<p>The current procedure assumes that UAFG amounts are met at custody transfer meter injections on the network.</p> <p>Until a commercial renewable gas market is established, DNSP are the most likely facilities to produce the renewable gas to produce the natural gas equivalent gas.</p> <p>Where appropriate, it would be beneficial if amendments to the pipeline service definition also ensured that DNSPs could capture production of renewable gases for the purpose of supporting a DNSP to deliver ancillary services. For example, this would allow DNSPs to meet their unaccounted for gas obligations with renewable gas.</p>

Question #	Section # in paper	Question	Please Provide Response Here
			AEMO could identify what changes to the Procedures would be required.
3	3.9 – DWGM General	Considering this section, the scope of the DDCF rule change and, Attachment A, are there any other matters you think AEMO should consider to facilitate NGEs in the DWGM? If so, please identify the relevant Procedure and explain why a change is required to accommodate NGEs.	No further areas to be addressed.

Section 4 - Short Term Trading Market (STTM) Procedures

Question #	Section # in paper	Question	Please Provide Response Here
4	4.3 – STTM hub definition change framework	Do you think a more streamlined consultation process should be considered for amendments to STTM hub definitions? If yes, what steps do you think should be involved in such a consultation process?	In the early stages, NGE connections will be directly into the distribution network. Connecting to the STTM will require detailed planning to monitor the gas composition across the market and to ensure all customers can support the NGE, which could be set at different levels by different jurisdictions. A streamlined process should be supported to enabling blending into the transmission system, if that is the right policy direction.
5	4.3 – STTM market operations	Do you agree with AEMO's assessment that the STTM market operations do not need to change to facilitate NGEs? If not, what changes do you believe may be required?	ENA supports this assessment for the use of NGE's.
6	4.3 – STTM administered market states	Do you consider that threshold for significant constraints for a trading participant to trigger the significant constraints process is appropriate? If not, what would an appropriate threshold be?	No comment provided.
7	4.3 – Other areas of the STTM Procedures	Considering this section and Attachment B, are there any other areas of the Procedures that you consider need to be changed to facilitate participation of NGEs in the STTM? If so, please identify the procedure and explain why changes are required to accommodate NGEs.	No further areas identified.

Section 5 – Retail Market Procedures

Question #	Section # in paper	Question	Please Provide Response Here
8	5.3 – Definitions and concepts in the retail market procedures	Do you agree with proposed potential changes to the terms in table 3? If not, please provide details on which RMP jurisdiction and details about the reason why you don't agree with the proposed changes?	No comment provided.
9	5.3 – Definitions and concepts in the retail market procedures	Do you think there could be any unintended consequences from amending these terms? If so, please provide details on which RMP jurisdiction, clause reference # and details about the reason why you believe unintended consequences could occur).	No comment provided.
10	5.3 – Definitions and concepts in the retail market procedures	Noting the review scope described in sections 2.1 and 5.2, are there any other terms in the RMP AEMO should consider amending to facilitate the participation of NGEs or NGE facilities?	No comment provided.
11	5.3 – Balancing, allocation, and reconciliation	Do you agree with AEMO's view that the existing obligations and processes in the procedures for determining balancing, allocations and reconciliation will be fit for purpose for NGEs and NGE facilities? If not, please provide details on which RMP jurisdiction, clause reference # and what changes do you consider may be required?	ENA support this.
12	5.3 – Balancing, allocation, and reconciliation	Will users and distributors be able to meet their obligations under the procedures to provide AEMO with information on injections (and withdrawals), if NGE facilities connect to distribution networks? If not please provide details on which RMP jurisdiction, clause reference # and, what issues do you think AEMO needs to consider?	ENA supports this.
13	5.3 – Metering	Do you agree with AEMO's assessment that the RMP with respect to metering are able to accommodate NGEs? If not, please provide details on which RMP jurisdiction, clause reference # and what changes do you think may be required?	Yes
14	5.3 – Distribution UAFG	Do you agree with AEMO's view that the distribution UAFG process in the retail market	ENA supports that no changes to the retail market procedures for UAFG are justified for NGE.

Question #	Section # in paper	Question	Please Provide Response Here
		<p>procedures in NSW and ACT, Queensland and South Australia do not require change to facilitate NGEs? If not, what changes do you believe may be required?</p>	<p>The current procedure assumes that UAFG amounts are met at custody transfer meter injections on the network.</p> <p>Until a commercial renewable gas market is established, DNSP are the most likely facilities to produce the renewable gas to produce the natural gas equivalent gas.</p> <p>Where appropriate, it would be beneficial if amendments to the pipeline service definition also ensured that DNSPs could capture production of renewable gases for the purpose of supporting a DNSP to deliver ancillary services. For example, this would allow DNSPs to meet their unaccounted for gas obligations with renewable gas.</p> <p>AEMO could identify what changes to the Procedures would be required.</p>
15	5.3 – General Retail Market Procedures	<p>Considering section 5.3 and Attachment C, do you believe there are any other matters AEMO should consider in reviewing the RMPs? If you believe there are other matters AEMO should consider please provide details on which RMP jurisdiction, clause reference # and why you believe it may need to be reviewed to accommodate NGEs.</p>	<p>No other issues should be considered at this stage.</p>