

12 February 2015

Tom Walker  
Project Leader  
Australian Energy Market Commission  
Submitted via website  
AEMC reference - GPR0003

Dear Tom,

**RE: Stage 2 Draft Report - Information Provision**

Thank you for the opportunity to provide comment on the Australian Energy Market Commission's (AEMC's) Stage 2 Draft Report: Information Provision (draft report).

Stanwell's interest in the gas market is as a trader of gas and industrial buyer for the gas-fired Swanbank E and Mica Creek power stations. Swanbank E power station has a capacity of 385MW and is located 10km from Ipswich, QLD. Mica Creek power station is 218MW and is located near Mount Isa, QLD. Stanwell is an active participant in the Brisbane Short Term Trading Market (STTM) and the Wallumbilla hub.

Stanwell supports the majority of recommendations in the draft report and supports the move by the AEMC towards a transparent, comprehensive, accurate and reliable Bulletin Board (BB). Stanwell is particularly impressed with the AEMC's recommendations relating to the reporting and compliance frameworks. Stanwell has previously expressed the view that the current BB and categories of data collected were not the main problem. The problem has been that numerous important facilities have not been required to report (or have gained a reporting exemption) as well as a lack of focus on the quality and timeliness of data.

This letter contains Stanwell's two main reservations with the AEMC's proposals while the attachment contains a more detailed response to each chapter and selected questions.

**Bulletin Board should provide data not analytics**

Stanwell is concerned that the AEMC has not adequately limited the potential scope of the BB. As has been acknowledged by the AEMC, the public good nature of the BB can cause a tendency to promote inefficient levels of information provision by those who face little or no cost in complying with BB requirements<sup>1</sup>.

The AEMC must ensure that the rules adequately cover important facilities and that relevant information from these facilities is provided in a timely and accurate manner to the BB. The Australian Energy Market Operator (AEMO) should then collate and publish this information in a manner which can be easily downloaded<sup>2</sup> for analysis by participants or extracted into third party analytical tools. The BB should be a "one stop shop" for *data* only, not *analytics*.

Stanwell is concerned by the AEMC's recommendation to amend the NGL to include an obligation on AEMO to continually assess and update the BB without constraining the form of these updates to only those related to the efficient provision of data rather than analytics. The AEMC's statement that AEMO could be required to "assess the operation and

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<sup>1</sup> Page 4

<sup>2</sup> A continuation of having all the data available in infoserver is preferred

administration of the BB on a regular basis to maintain its relevance to the needs of interested stakeholders” and “carry out continual improvements to the BB”<sup>3</sup> does not provide any constraints. These statements could allow AEMO to add unlimited functionality and analytics in response to requests from “interested stakeholders”.

Analytics, unnecessary features and legislated scope for “continual improvements” will be costly to implement, paid for by shippers and ultimately customers. AEMO providing these features in response to requests from a diverse group of participants is likely to be inefficient. If AEMO is providing analytics, this will also crowd out private software developers. AEMO’s predominately data-only approach in the National Electricity Market (NEM)<sup>4</sup> has created space for numerous private developers to create analytical tools which include apps, alerts, charts, forecasts, what-if analysis etc.

Stanwell is also concerned about the AEMC’s proposed change to the BB’s defined purpose. Stanwell notes the new purpose changes the emphasis from more of a data provision purpose to a “one stop shop” for analytical data as shown below

| Phrases from current BB purpose  | Phrases from proposed BB purpose  |
|--|---|
| <ul style="list-style-type: none"> <li>• Facilitate trade</li> <br/> <li>• Provision of system and market information</li> </ul> | <ul style="list-style-type: none"> <li>• Enable stakeholders to make informed and efficient decisions relating to the gas market</li> <br/> <li>• Information should aid the price discovery process</li> <br/> <li>• Facilitate trade</li> </ul> |

**Gas nomination and forecasts are commercially sensitive information to gas fired generators**

The AEMC has proposed that the current zonal model of reporting be replaced by a minimum reporting threshold. Stanwell supports this approach however we are concerned that it may inadvertently reveal our commercially sensitive gas nomination and forecast information.

The AEMC has proposed

1. BB pipelines provide AEMO with disaggregated receipt and delivery point actual and forecast flow information.
2. AEMO publish this information in an aggregated form shortly after receiving it
3. AEMO publish the disaggregated information with a five day lag

Stanwell is concerned that even though the data is proposed in step 2 to be the aggregated, it may still reveal Stanwell’s intent for operating the Swanbank E power station for the following few days. Even the aggregation of several receipt points could reveal Swanbank’s forecast gas usage. This revealed information would be unique to gas fired generators in the NEM and would put these generators at a commercial disadvantage.

<sup>3</sup> Page 74

<sup>4</sup> Through tools such as the infoserver database

By comparison, AEMO currently publishes short term generator availability (ST PASA) aggregated by NEM region and a forecast price in the pre-dispatch timeframe based on the generator bids they have received and the expected electricity demand. Neither of these publications reveal a particular generator's upcoming dispatch profile.

The revelation of gas forecast data is particularly concerning for peaking gas fired generators compared with baseload gas generators. These generators do not run every day and therefore do not use a consistent profile of gas. Information relating to forecast flows at withdrawal points for these generators is likely to provide significant information as to a generator's intention in the electricity market. Electricity market participants also frequently analyse and attempt to forecast the behaviour of peaking generators because of the significant effect these generators can have on electricity prices.

Stanwell is also unclear as to whether the publication of disaggregated information with a five day lag will reveal any commercially sensitive information. For example, if the forecast provided to AEMO is longer than five days, then the publication of disaggregated forecast data after five days could still reveal a participant's forecast usage.

Once the gas day and NEM day is complete, Stanwell suggests publishing disaggregated actual usage data as soon as possible. This information is no longer commercially sensitive to gas fired generators as AEMO would have already published each generator's actual electricity generation. The actual gas usage data would assist in gas market analysis, forecasting and trading.

Please see the attachment for further details and answers to selected questions.

Thank you for your consideration of Stanwell's response to the draft report. If you would like to discuss any aspect of this submission, please contact Jennifer Tarr on 07 3228 4546.

Regards

**Luke Van Boeckel**  
**Manager Regulatory Strategy**  
**Energy Trading and Commercial Strategy**

## Attachment

### Chapter 2: Purpose and content of Bulletin Board

One category of data missing from the AEMC's discussion on BB content is that relating to LNG ship arrival and departure information. It would be helpful for the BB to contain this information as it is highly relevant to understanding the large LNG flows in the gas market. The publication of this information would support the BB's aim to provide gas market information in order to facilitate trade.

LNG ship information is currently used by participants to estimate the amount of gas going into storage at each LNG facility as well as the auxiliary usage on site. This allows participants to determine future gas flows and the amount of surplus gas available for trade or electricity generation. Participants currently obtain this information from the Maritime Safety Queensland website<sup>5</sup>. However obtaining the information is a time consuming, manual process. It would be ideal if this information was available to all gas market participants in AEMO's infoservert database and on the BB.

*The purpose of the Bulletin Board, as set out in rule 142, should be broadened to reflect the important role information plays in enabling informed and efficient decisions to be made, as well as aiding the price discovery process and facilitating trade. In addition, the reference to emergency management (rule 142(b)) should be removed.*

- Removing the emergency management provision is acceptable
- The proposed new purpose is broader with a greater "analytics" focus rather than the "data" focus in the current purpose. Stanwell suggests adding some constraints to the focus of the BB to "data" rather than "analytics". This will reduce the cost of the BB and provide space for private software developers to more efficiently provide analytical tools that their clients are willing to pay for.

*The coverage of the Bulletin Board should be expanded in the following manner:*

— *Upstream information: Producers should be required to report on their proven and probable reserves. AEMO should also publish links on the Planning tab to APPEA and government reports on exploration activities, reserves and gas projects.*

- The proposed annual reporting of this information is acceptable however it is unlikely to be of use to Stanwell
- Stanwell does not support AEMO being required to provide up to date links to other sources of information, with the potential exception of well defined key publications. This will be a burden to AEMO for limited benefit. It may be better for AEMO to publish a general list of "other sources of information" which could be periodically reviewed.

— *Hub services: The operators of compressors in a gas supply hub should be subject to similar reporting obligations as operators of pipelines.*

- Stanwell supports this proposal as it provides increased transparency on gas compressor operations. This information will aid participant's trading decisions at the Wallumbilla Hub.

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<sup>5</sup> <https://gships.tmr.qld.gov.au/webx/#>

— *Demand and capacity:*

*Large users (including LNG proponents): Large user facilities that consume 10 TJ or more of gas on a single gas day in a year should be required to report the nameplate capacity of their facilities and daily consumption. LNG processing facilities should also be required to report on their facility's short- and medium-term capacity outlook and material intra-day changes in capacity, while other large users should only be required to report on material changes in capacity that are expected to affect the facility for more than three months.*

- Stanwell is comfortable with the pipeline providing AEMO with our actual gas usage data and for this information to be published as soon as practicable after the end of the gas day and NEM day. This information will aid in gas market analysis and trading decisions. As discussed earlier, Stanwell does not support our forecast gas usage information being published in a manner which can reveal our proposed operation of Swanbank E. This is commercially sensitive information that would put Swanbank E at a commercial disadvantage in the NEM.
- It is proposed that large users may apply for an annual reporting exemption after they have not used gas for 1 year. This criterion appears to be overly cumbersome. It is more reasonable that a gas fired generator who has announced publically to be offline for several years to be granted an immediate exemption.
- Stanwell supports the increased information requirements on LNG facilities. Planned and unplanned outages at these facilities can have a significant impact on both the gas and electricity markets. This has been demonstrated in Stanwell's previous submissions to both the AEMC and ACCC. The AEMC may wish to compare their disclosure recommendations with the disclosure proposed by the LNG proponents as part of their ACCC authorisation<sup>6</sup>.

*Other demand: AEMO should be required to publish the volume of gas consumed by large users, LNG proponents, distribution connected demand (excluding large user facilities) and other end-user demand.*

- Stanwell supports this proposal

— *Prices:*

*Wholesale gas prices and facilitated market prices: The ABS gas price index should be added to the Markets Prices tab once it is published.*

*Transportation, storage and hub services: A new pricing tab should be added to the Bulletin Board to allow pipeline, storage and hub service providers to voluntarily publish the charges for their services.*

— *All facilities: With the exception of large users, all facilities should be required to report on planned expansions or asset retirements that will affect capacity in the impending 12-24 months as part of their medium-term capacity outlook.*

— *A notice board should be added to the Bulletin Board to enable market participants to notify each other of opportunities, such as an open season for pipeline expansion.*

- Stanwell supports all of these proposals

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<sup>6</sup> Accessible from the ACCC authorisation register

<http://registers.accc.gov.au/content/index.phtml/itemId/1190309/fromItemId/278039/display/acccCorrespondence>

• *The frequency with which information is reported and alerted to market participants should be improved by requiring any material changes to a BB facility's capacity during a gas day to be reported as soon as practicable on that day. This information, along with updates to pipeline nominations should be displayed prominently on the Bulletin Board.*

- Stanwell supports this proposal but does not support an alert system (question 7). Stanwell considers an alert system is likely to be a bespoke solution best developed in house by participants or by private software developers to those participants who are willing to pay for this feature. The alert system proposal is an example of the way the scope of the BB will continually expand if the AEMC does not appropriately constrain AEMO's role in the BB to data provision rather than analytics and extra features. Analytics and extra features will add to BB costs which will be paid for by shippers and ultimately added to customers bills. AEMO's implementation of bespoke requests is also likely to be inefficient given the diverse range of BB users.
- The extra data provided by an intra-day SCADA feed on certain pipelines is unlikely to be of benefit. At this stage in the evolution of the market, daily forecasts and actual flows are sufficient.

### **Chapter 3: Reporting and compliance frameworks**

*The Commission's draft recommendations are that the following changes be made to the Bulletin Board reporting and compliance frameworks:*

• *The reporting framework should be improved as follows:*

— *the link between zones and the obligation to report in rule 149(5)(b) should be removed;*

- Stanwell supports this proposal although, as explained in our letter, we are concerned that even with aggregation, the intentions of gas fired generators may be revealed which would adversely affect their opportunities in the electricity market.

- *the current requirement in the NGR for pipeline flow information to be aggregated using the zonal model should be removed and AEMO accorded responsibility for determining how to aggregate this information through the Procedures;*

- This appears sensible providing AEMO consults on the proposed aggregation method. This will provide participants with the opportunity to ensure the aggregation method does not inadvertently reveal commercially sensitive information.
- As discussed above, Stanwell supports publication of disaggregated gas usage data as soon as practicable after the end of the gas and NEM day.

— *the exemption criteria in rules 149-151 should be replaced by a simple minimum reporting threshold, which will be set at 10 TJ/day;*

- This is a sensible initiative which will ensure all important facilities report.
- Stanwell questions the usefulness of the data of regional and non connected assets. Perhaps this data could be included at a future date should the network become more interconnected.

— *facilities that were commissioned prior to 1 July 2008 that were not identified as BB facilities at this time should be treated in the same manner as other facilities and required to register if they satisfy the minimum reporting threshold;*

- the registration provisions in Division 3 of the NGR should be redrafted so that market participants have greater clarity about what the purpose of registration is and when the obligation to report arises;
- the declaration power in rule 153 should be removed;
- the BB facility definition be expanded to include large user facilities, LNG processing facilities, compressors used in the provision of hub services and, depending on stakeholder feedback, distribution pipelines that are connected to production or storage facilities; and
- a reporting standard should be introduced into the NGR and be based on the same ‘good gas industry practice’ standard that applies in the STTM.
- The compliance framework should be amended as follows:
  - notes should be added to the relevant areas of Part 18 of the NGR to identify those provisions that could, if breached, also lead to a breach of s. 223 of the NGL, which is a civil penalty provision; and
  - the obligation to register should be classified as civil penalty provisions in the Regulations and notes added to the NGR to this effect.

- Stanwell supports each of these initiatives

#### **Chapter 4: Funding arrangements and future developments**

*On market participant cost recovery for the Bulletin Board that:*

- cost recovery provisions should not be introduced in relation to the provision of any information to be published on the Bulletin Board; and
  - the existing cost recovery provisions (as set out in rules 197 and 198) for pipeline operators for performing 'aggregation and information services' should be removed from the NGR.
- On AEMO cost recovery provisions, that the current rules (rules 188-196) on the recovery of the costs of AEMO's Bulletin Board activities should be removed from the NGR. This will allow AEMO to incorporate its Bulletin Board costs into its broader fee methodology process.*

- Stanwell agrees with each of these initiatives

*In relation to the future development of the Bulletin Board, that AEMO:*

- be provided with clearer and more direct responsibility to maintain the relevance of the Bulletin Board over time by requiring AEMO to 'update' the Bulletin Board. This would involve making amendments to s. 91A of the NGL. It may also require amendments to s. 219 of the NGL and rule 144 of the NGR; and

- As discussed earlier, Stanwell is concerned that this change provides no constraints on the breadth of the BB. There are conceivably an infinite number of ways that the BB could be improved and updated in response to a request from an “interested stakeholder”. Stanwell believes the BB should provide data in an easy to access manner and that analytics and extra features be the provided by private software developers to those parties willing to pay for them.

- publish a biennial report on the Bulletin Board, including relevant information such as a summary of the Bulletin Board work program, performance and usage statistics, compliance and enforcement activities and also identifying any aspects that potentially require amendment. The report is to be prepared in consultation with market participants, Bulletin Board users and the AER and AEMC.

- A biennial publication is probably about right however it is likely to be a burden on AEMO to produce and participants would not want it produced unnecessarily. Perhaps the frequency of the publication could be at AEMO's discretion in consultation with participants.

## Chapter 2 questions

1. *How should the reserves reporting obligations for producers be established to achieve the publication of relevant and timely information on the Bulletin Board?*

- Stanwell does not oppose this recommendation however question whether significant value will be derived given that much of this information is already publicly available.

2. *Is there any value in requiring producers to report their uncontracted reserves on the Bulletin Board?*

- This information is unlikely to be useful to Stanwell and could potentially jeopardise the commercial position of small producers.

3. *Will large users be capable of providing AEMO with their metered gas data on the day after the gas day (D+1)?*

- Yes, however Stanwell is comfortable with the pipeline reporting this information to AEMO on Stanwell's behalf.

4. *In what circumstances could the release of pipeline nominations and/or actual flow information on single shipper pipelines affect competition in another market?*

- As discussed earlier in this submission, nominations and forecast flows relating to connections points or small groups of connection points may expose commercially sensitive information relating to participants in the NEM.

5. *Are any specific measures in the NGR required to delay the release of information on single shipper pipelines where it can be demonstrated that the release of this information would affect competition in another market?*

- Any specific measures introduced must be consistent with measures put in place to limit the disclosure of commercially sensitive gas fired generator nomination data.

6. *Is there any benefit in conducting a trial on a select number of pipelines to determine the costs and benefits of moving to a real time or intra-day reporting model, or should such a trial be deferred until there is greater demand for this type of information?*

- Stanwell does not support a trial.

7. *Is there any benefit in implementing an alert system to inform market participants of any changes to nominations or the capacity of BB facilities during the gas day?*

- Displaying the information prominently on the BB is adequate, no alert system is necessary. Stanwell supports alerts, analytics and extra features to be provided by private software developers. This proposal is an example of the scope creep that will occur on the BB if the AEMC does not adequately constrain the BB to the provision of data only.

## Chapter 3 questions

8. *Is there likely to be any benefit in extending the reporting obligations to:*

- regional pipelines?
- facilities in northern Queensland that are not connected to the broader system?
- facilities in the Northern Territory?

- This information is currently unlikely to be useful to Stanwell, however phasing in of reporting obligations is likely to be required before these markets are connected.

9. *If facilities in the Northern Territory and northern Queensland were not to be included initially, should there be a trigger in the NGR to allow them to be captured by the reporting framework if they do become connected to the east coast market (or for another reason that is appropriate they be included in the Bulletin Board)?*

- This seems sensible

10. *Should production and storage facilities that are located within a distribution network be required to report if the distribution pipeline that services these facilities is not required to report on the capacity and use of the pipeline? If not, are there any specific matters that the Commission would need to consider before extending the reporting obligation to distribution pipelines that service these facilities?*

- If these facilities meet the threshold test then they should be included to ensure information is obtained on all important facilities. Information on the distribution pipeline is unlikely to be useful to Stanwell.