



22 August 2017

Our Reference: APLNG - COR - 0008404
Your Reference: GRC0040

Mr John Pierce
Chairman
Australian Energy Market Commission
Level 6, 201 Elizabeth Street
Sydney NSW 2000

Draft Rule Determination - National Gas Amendment (Improvements to Natural Gas Bulletin Board) Rule 2017

Dear John,

Australia Pacific LNG Pty Ltd (APLNG) is pleased to be able to provide this submission regarding the Australian Energy Market Commission's (AEMC) Draft Rule Change for Improvements to the Natural Gas Bulletin Board. APLNG is an incorporated joint venture among ConocoPhillips, Origin and Sinopec, with respective shareholdings of 37.5 per cent, 37.5 per cent, and 25 per cent. APLNG has invested an estimated \$30 billion to date in developing one of Australia's leading coal seam gas to liquefied natural gas businesses and we expect to invest a further \$2 billion per year for the life of the project. As Queensland's largest gas producer, APLNG supplies a large percentage of Queensland's domestic needs as well as exporting LNG under contract to China and Japan.

APLNG continues to support regulatory changes that will assist in the development of a competitive and transparent wholesale east coast gas market to achieve COAG's Vision and the National Gas Objective (NGO). APLNG supports all the recommended rule changes as presented in the Draft Rule Determination – Improvements to the Natural Gas Services Bulletin Board (Rule Change). As suggested by the AEMC guidance, the Gas Bulletin Board (GBB) should serve a wider purpose of benefiting the entire gas industry. This includes addressing historical issues with reporting, while clarifying and simplifying reporting obligations. APLNG offers some additional comments related to two of the proposed rule changes:

1. GBB cost recovery

It is a positive step that the cost recovery provisions for the GBB are removed from the National Gas Rules and instead allow AEMO the ability to incorporate the GBB costs into its broader fee methodology process. When doing this, APLNG recommends that AEMO take into account the wide industry use of the GBB and consider the breadth of parties that benefit from the GBB information. Many of these parties are not providing any information to the GBB or receive this benefit of use at no cost. At a minimum, the costs should be allocated on a more equitable method based on its wide industry use rather than the current method based only on pipeline flows model.

2. Material intraday change based on a “net “ change in nomination/capacity

Regarding the proposed requirement for the GBB facility to report material intraday changes in nominations and short-term capacity outlooks to the GBB facility, APLNG recommends that such reporting be required only where those take into account changes that affect the facilities' net position to the market (rather than the gross facility impact). For example, APLNG's mainline pipeline has a certain amount of line pack capacity that can be utilised to absorb some of these

intraday changes, thus when the line pack is utilised the change could no longer be material to APLNG's sales or to the market. This is a similar situation to some shippers that have rights to a portion of a pipeline's line pack. Therefore a shipper should be able to nominate in/out of its line pack balancing account, and as the resulting change is no longer material, there is no need report to the market. APLNG believes this will prevent intraday reporting with little impact on the market.

Thank you for the opportunity to make this submission on the Rule Change – Improvements to the Natural Gas Bulletin Board and share APLNG's views. If you require further information relating to our submission, please contact Deidre McEntee, Senior Gas Commercial Negotiator, (07) 3021 3303.

Yours sincerely,



Warwick King
Chief Executive Officer
Australia Pacific LNG Pty Ltd