

12 November 2015

Mr John Pierce  
Chair  
Australian Energy Market Commission  
PO Box A2449  
SYDNEY SOUTH NSW 1235

(via e-mail to: [submissions@aemc.gov.au](mailto:submissions@aemc.gov.au))

Dear Mr Pierce

**RE: DRAFT DETERMINATION AND RELATED DRAFT RULE ON THE ENHANCED INFORMATION FOR GAS TRANSMISSION PIPELINE CAPACITY TRADING PROPOSAL (REF. GRC0033): COMMENTS FROM THE AUSTRALIAN PETROLEUM PRODUCTION & EXPLORATION ASSOCIATION**

The Australian Petroleum Production & Exploration Association (APPEA) welcomes the opportunity to provide comments on relevant areas of the Australian Energy Market Commission's (AEMC) draft determination and related draft rule on the *Enhanced Information for Gas Transmission Pipeline Capacity Trading* proposal (Ref. GRC0033).

Since 1959, APPEA has been the peak national body representing the upstream oil and gas exploration and production industry. APPEA has more than 80 member companies that explore for and produce Australia's oil and gas. In addition, APPEA's more than 250 associate member companies provide a wide range of goods and services to industry. Further information about APPEA can be found on our website, at [www.appea.com.au](http://www.appea.com.au).

In addition to the APPEA submission, a number of APPEA members have made individual submissions to the AEMC on the draft determination and draft rule. This response should be read in conjunction submissions from individual APPEA members.

APPEA's submission addresses specific aspects of the draft determination and draft rule, focussing on those areas that are important for the upstream oil and gas industry, particularly the proposal to impose additional information requirements on storage facility operators.

APPEA understands the draft rule would require the gas storage facility operators, in addition to current information provision requirements, to report:

- The actual volume of gas held in the facility.

- Aggregated injections and withdrawals and a 7-day forecast of aggregated injections and withdrawals.
- A 12-month outlook of uncontracted storage capacity.

Also the rule change proposes to remove the existing exemption for storage facilities that are used solely as part of production facilities.

APPEA understands that operators of these storages would need to provide the same data as required for other storages except for the reporting of aggregated injections and withdrawals.

While APPEA supports provision information to support the efficient operation of the gas market to ensure participants are better informed of market operations and dynamics, the additional requirements to be imposed on storage facility operators would over-reach relative to market need and cause additional reporting and compliance burdens for market participants.

In particular, reporting of production storages should be limited to those where data is not already covered by an existing GBB processing facility.

Key information on production storage is already reflected in the GBB data provided for capacity of the processing facility, which includes nameplate capacity, 7-day capacity outlook, actual production and mid-term capacity outlook. The existing 7-day processing capacity outlook considers storage capacity and inventory, providing sufficient information for short-term markets which currently only trade up to a week ahead.

The market is not in a better position to make decisions if it knows, if volumes and capacity information already provided for processing facilities are limited by fields, storage or processing constraints.

Therefore, the suggested benefits seem to largely rely on possible future market development and are therefore difficult to quantify now.

APPEA therefore recommends a delay to the decision on production storages exemption to a time when benefit and costs are clearer.

In addition:

- Production storage net flows, inventory and 7-day capacity outlook should not be published, if it represents information of a single market participant as this is commercial sensitive information (similar to shippers individual pipeline flows not being published).
- 12-month outlook of uncontracted capacity should not apply to storages which are solely used for production purposes and not offered to the market.
- Mid-term capacity outlook should not apply to production storages, if covered already by processing facility mid-term capacity outlooks.
- Monthly forecast of gas volume, withdrawal and injection capacity depends on takes of storage customers or long-term contracts which is unknown, therefore only nameplate gas

volume, withdrawal and injection capacity should be provided. This is standard in other markets like the European Union.

The upstream industry has been a key focus of and participant in reform over the past decade and stands ready to participate constructively in future gas market reform processes.

If you or your project team require any additional information about our submission, please do not hesitate to contact me on 6267 0902 or at [ddwyer@appea.com.au](mailto:ddwyer@appea.com.au).

Yours sincerely



**Damian Dwyer**  
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