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

Dear Mr Pierce

East Coast Wholesale Gas Market and Pipeline Frameworks Review – Information and Bulletin Board Workstream

Thank you for the opportunity to participate in the Information and Bulletin Board workstream section of the East Coast Wholesale Gas Market and Pipeline Frameworks Review.

The Australian Pipelines and Gas Association (APGA) has welcomed the development of the National Gas Market Bulletin Board (Bulletin Board) and maintained a consistent position on the requests made of our members. APGA does not regard the provision of information for publication on the Bulletin Board as a 'cost of doing business', and supports cost recovery mechanisms for information providers.

COAG Energy Council Australian Gas Market Vision

APGA wishes to highlight the progress made by pipeline owners, such as Jemena and APA Group in the provision and development of in-house pipeline capacity trading platforms. This is an example of a market driven response from pipeline owners, consistent with the COAG Energy Council's Australian Gas Market Vision of December 2014.

Stream two of that vision, Enhancing Transparency and Price Discovery, includes the intended outcome of, 'increased flexibility and opportunity for trade in pipeline capacity'.

The provision of these online trading platforms facilitates communication between willing buyers and sellers of pipeline capacity, assisting to provide efficient market outcomes. APGA believes these facilities should not be overlooked in the policy response to the Information and Bulletin Board workstream.

Maintaining the relevance of the Bulletin Board

Working paper No. 4 for the Information Provision Working Group refers to the possibility of changes to market structures and the ongoing relevance of the Bulletin Board. It is not possible for APGA to foresee its exact impact on the Bulletin Board and its functions under different market scenarios. The possible structural change to a common set of physical or virtual hubs and balancing markets would have to be further developed before pipeline owners could provide meaningful estimates of the likely compliance costs.

Cost recovery principles

Some gas market participants consistently call for enhanced levels of, and more detailed information pertaining to, gas pipeline capacity and associated contractual information. From their point of view, this would assist the commercial aims of their respective businesses.

However, the cost of this information provision is largely borne by pipeline operators while the benefits of such information availability accrue to other market participants. APGA maintains it is therefore appropriate for pipeline operators to recover the commercial costs of such data provision.

As a principle, market participants that incur costs associated with information provision should be entitled to recover those costs. This is particularly the case when the obligations are frequent or intrusive and not arbitrated by existing market mechanisms.

The nature of the gas transmission business dictates that each shipper provides the pipeline owner with its daily nominations. This information is aggregated by the pipeline owner and provided to the Australian Energy Market Operator (AEMO). This process is more efficient than shippers individually notifying AEMO of daily nominations but the pipeline owners incur a cost. APGA supports this system remaining in place, on the proviso that costs can continue to be recovered.

Increasing the granularity or frequency of data can add significant cost and complexity to the collection and provision of the information provided to the Bulletin Board. APGA questions the value this adds to information on the Bulletin Board and cautions that these costs need to be carefully assessed against any benefits that the provision of this information may provide.

Other considerations include whether the information requested relates to data routinely collected by a pipeline operator and whether such a requirement requires upgrades to physical infrastructure or computer systems or software. There are limitations to the usefulness of data currently collected.

For example, the hourly data collected by many pipeline operators is generally not collected in real time and is not of billable quality. Significant changes to systems would be required to systems in order to collect such data. Some operators do not collect hourly data as standard procedure, so hourly data collection and reporting would have varying cost implications.

Given the uncertainty generated by the current review processes and the possible cost implications for pipeline owners, APGA believes it is critical that policy makers continue to work closely with pipeline owners and operators on any reform proposals. Our industry is keen to assist policy makers in their deliberations.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'C. Cartwright', with a long horizontal stroke extending to the right.

Cheryl Cartwright
Chief Executive