



24 August 2017

John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Submitted online: www.aemc.gov.au

Dear Mr Pierce

Improvements to the Natural Gas Bulletin Board – Draft Determination

Origin Energy Limited (Origin) welcomes the opportunity to provide comments on the Australian Energy Market Commission's (AEMC) Improvements to the Natural Gas Bulletin Board (BB) Draft Determination.

Origin is broadly supportive of the AEMC's proposal to improve the operation and relevance of the BB for participants in the east coast gas market. This includes amending the funding arrangements to provide for a more equitable allocation of costs. But Origin has provided some additional comments on a number of aspects of the existing and proposed framework that we believe require further consideration. These issues are discussed in further detail below and could potentially be addressed through amendments to the associated BB Procedures.

Aggregation of information

Under the AEMC's proposal the Australian Energy Market Operator (AEMO) will be responsible for the aggregation of information to be published on the BB, with the aggregation methodology to be determined by AEMO and outlined in the BB Procedures. This approach is intended to overcome information gaps that have emerged over time under the current model and also allow for changes in the methodology to be more readily implemented in the future.

Given this approach will require BB pipelines to report actual flows, nominations and forecast information by receipt and delivery point on a disaggregated basis, it will be important to ensure the methodology allows for the information to be aggregated in a meaningful way while also avoiding the disclosure of commercially sensitive information. In this respect, the explicit inclusion of Draft Rule 194(4)(b), which prohibits AEMO from publishing pipeline nomination information that could be used to infer the position of a gas-fired generator in the National Electricity Market (NEM) is important. But it is essential that AEMO consults with relevant parties, including shippers, to ensure the final methodology is appropriate and achieves its stated purpose.

Consolidating reporting requirements

Under existing reporting arrangements, shippers are required to provide the below breakdown of information to pipeline operators. It is also on this basis that aggregated shipper nominations are presented for BB pipelines.

- Forecast pipeline nominations (from D+1 to D+6), rolling 7-day outlook, updated daily.

- Firm nominations (for the gas day D), on a daily basis.
- Intra-day renominations, within the gas day as required.

Origin agrees with the overarching rationale for capturing this information, which is essentially to provide transparency around forecast nominations and ensure firm nominations for the current gas day are accurately reported. But these reporting arrangements lead to an unnecessary level of information duplication, given they essentially require shippers and pipeline operators to re-submit multiple iterations of the same information across different timeframes. This issue arises because in general, firm nominations for the current gas day match those already provided in the weekly forecast.

To address this issue and reduce the overall reporting burden for both shippers and pipeline operators, Origin believes the current reporting requirements could be consolidated such that shippers (and by extension pipeline operators) are only required to:

- provide nominations spanning gas day D to D+6, generally on a weekly basis; and
- update their nominations (including where there are renominations within the gas day) if there is a change.

Origin does not believe this would detract from the overall level of market transparency in any significant way. Under this approach, the BB could present a single rolling outlook of nominations for each BB pipeline rather than disaggregating nominations into the specific categories of forecast, firm and intra-day renominations. The underlying assumption here is that nominations presented for the current gas day would be considered firm.

Information timeframes

The BB is currently calibrated to the calendar day rather than the gas-day, which generally represents a 24-hour period commencing at between 6:00am and 8:00am (AEST), depending on the market/region. As a result, changes in specific parameters (e.g. pipeline nominations) that may occur after 12:00am, but still within the current gas day, cannot be submitted and are not reflected on the BB. Given significant variations in parameters can occur within that timeframe, addressing this issue would improve the accuracy of information provided to market participants.

Consideration should also be given to reducing the current time lag associated with the publication of actual flows with a view to improving the timeliness of information provision. Under existing arrangements, facilities reporting actual flows are effectively required to report daily flow data by 12:00pm on D+2. For example, if a particular gas day ends at 6:30am local time on 1 July, the actual flow data is to be sent to AEMO by 12:00pm local time on 2 July. This creates a time lag of almost two days and impedes the ability of market participants to assess the validity of forecast flows.

If you wish to discuss any aspect of this submission further, please contact Shaun Cole at shaun.cole@originenergy.com.au or on 03 8665 7366.

Yours Sincerely,

A handwritten signature in blue ink, consisting of a series of connected loops and a vertical line at the end, resembling the name 'Steve Reid'.

Steve Reid
Manager Wholesale Regulatory Policy