

04 March 2016

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

Dear Mr Pierce

**RE: REF GPR003 – STAGE 2 EAST COAST WHOLESALE GAS MARKETS
AND PIPELINE FRAMEWORKS REVIEW**

Orica appreciates the opportunity to comment on the Australian Energy Markets Commission's (AEMC) 'Stage 2 East Coast Wholesale Gas Markets and Pipeline Frameworks Review' ('the Review') and 'Stage 2 Draft Report: Information Provision' ('the Information Provision').

Orica is the world's largest provider of commercial explosives and blasting systems to the mining, quarrying, oil and gas and construction markets, the global leader in the provision of ground support in mining and tunnelling, and the leading supplier of sodium cyanide to the gold industry. Orica is an Australian mining services company with global operations. Orica has a diverse workforce of over 12,000 people servicing customers across more than 100 countries. In Australia, Orica manages approximately 70 sites across all states and territories except the ACT, with the largest sites at Kooragang Island (NSW) and Yarwun (QLD). Orica's Kooragang Island facility would trigger the proposed lowered 'large user facility' reporting threshold of 10 TJ/d (Section 6.3 of the Review).

Orica is a member of Major Energy Users Inc. (MEU) and is generally supportive of the MEU's submission on the Review, dated February 2016. In particular, Orica supports MEU comments in relation to the provision of information and competitiveness issues that would arise from reporting of daily gas usage data (pages 14 and 15 of the MEU submission).

This submission focuses only on those issues that are specific to Orica, or on which Orica wishes to make further comment.

- (a) **Competitiveness issues arising from disclosure of 'large user facility' daily gas consumption information.** Orica supports the concept of making the Bulletin Board more of a one-stop-shop for market-related information. However, Orica believes that the current proposal for daily reporting, even with a time lag and aggregation of data, would assist Orica's competitors in determining market sensitive production cost base and volume data. This issue has been recognised by AEMC on pages 30 to 31 of the Information

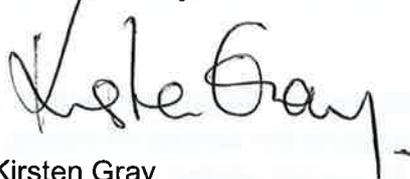
Provision. In Orica's case, the release of information (both nominations and day-after gas flow data) would affect competition in the supply of bulk explosives to the Australian east coast mining industry, by assisting competitors to determine ammonium nitrate cost base and volume information.

Orica believes that the proposed potential measures to lessen competitive impacts, such as the 5 day lag in reporting and aggregation of users on a pipeline, would still be insufficient to prevent competitors from deriving relevant plant operation information. Orica could provide further details on this issue to AMEC, if requested.

- (b) **Cost burden of additional reporting.** The proposal for reporting of 'large user facility' day-after gas flows would result in additional costs to business. Orica notes that this has been raised in other submissions (as stated on page 16 of the Information Provision). In Orica's case the additional cost would arise from Orica not currently having the requisite flow measurement equipment installed, to accurately report the data required for the Bulletin Board. Orica measures gas flows in key individual facility areas, but relies on its supplier (AGL Sales Pty Ltd) for accurate total usage information. Orica submits that reporting of daily usage data by the supplier or pipeline operator would be more efficient, in cases where the supplier or pipeline operator has the relevant flow measurement equipment already installed.
- (c) **National consistency.** Orica notes that the proposed 'large user facility' reporting threshold of 10 TJ/d is being introduced to be consistent with the reporting threshold used in Western Australia (WA) (page 55 of the Information Provision). However, we note that AMEC proposes a shorter time lag in reporting of 5 days, which is shorter than the 7 days used in WA. Orica submits that consideration of national consistency should be maintained from a large user facility reporter's perspective.

Orica welcomes the opportunity to comment on the Review. Should AMEC require further details on specific aspects of Orica's concerns, please contact Grant Rodgers on grant.rodgers@orica.com or 02 4939 5024.

Yours sincerely,



Kirsten Gray
Company Secretary and Group Executive Corporate Services