

12 November 2015

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Dear Mr Pierce

### **Australian Energy Market Commission – Enhanced Information For Gas Transmission Pipeline Capacity Trading Draft Rule Determination.**

The Australian Energy Market Operator (AEMO) welcomes the opportunity to comment on the Australian Energy Market Commission's (AEMC) draft rule determination for the enhanced information for gas transmission pipeline capacity trading rule change.

As outlined in our submission to the consultation paper, AEMO supports the measures being proposed as part of this rule change. AEMO considers that the enhanced gas market information proposed in the rule change will likely improve the efficiency of the east coast gas wholesale markets and contribute to the facilitation of secondary trading of pipeline capacity. In particular, the provision of greater storage information and standardising the provision and reporting of medium term capacity outlooks will improve information symmetry across participants and enable efficient market outcomes over the short and medium term.

AEMO makes the following comments on the draft determination for the AEMC's consideration.

#### **Medium Term Capacity Outlook Reporting**

Given that the intent of the rule change is to standardise the reporting of medium-term capacity outlooks, and that the proposed rule requires the provision of a capacity figure, AEMO believes changes are required to the provision and reporting of this information to the Gas Bulletin Board (GGB). AEMO considers that the best way for the proposed medium-term capacity outlooks to be reported on the GGB is through a standard report, similar to the current reporting of short-term capacity outlooks. Such a change would require AEMO to develop a new standard report for medium term capacity outlooks, and for facility operators to provide the required information to AEMO via the Bulletin Board CSV Interface. Facility operators currently provide medium term capacity outlooks to AEMO by email. The information is then manually verified and uploaded (as PDF files) to the GGB.

Harmonising the provision and reporting of medium-term capacity outlooks with other types of Gas Bulletin Board information would improve the discoverability and useability of this information. In addition, a greater level of standardisation would be achieved and the burden on AEMO to manually verify and upload this information would be reduced. AEMO considers that this change to reporting can be achieved through changes to the Bulletin Board Procedures.

#### **Proposed changes to drafting of the draft rule**

AEMO wishes to highlight several changes to the wording of the draft rule that could be considered by the AEMC to improve the clarity of the final rule:

- *Rule 141 – Interpretation: Secondary Trade Data.* AEMO considers that definition of secondary trade data and the associated definitions of secondary pipeline capacity and secondary pipeline capacity trading platforms could use further consideration. AEMO's interpretation of the drafting is that it could exclude offers and transactions made via capacity trading platforms by pipeline operators (i.e. primary capacity offered through a capacity trading platform). AEMO has observed that a number of offers on both APA's and Jemena's capacity trading platforms have been made by APA and Jemena themselves. The current drafting of this rule could mean that such offers and any subsequent transactions may be removed prior to publication on the GBB. This could mean that the information provided on these platforms is inconsistent with the information reported to the GBB.

In addition, AEMO wishes to confirm whether other pipeline services traded via these platforms should be reported to the GBB. For example, if compression services were traded via these platforms, should their information should also be reported to the GBB? AEMO is of the view that such information should be captured however the drafting may need to be clearer.

- *Rules 164A (2), 167A (2), 170A (2) – Provision of detailed facility information. Rule 170B – Provision of information about BB shippers.* AEMO considers that greater clarity on the timing of the initial provision of this information would assist data providers. For example, are facility operators required to provide this information once they have registered as BB Facility?
- *170B Obligation on pipeline operators to provide information about BB shippers and 171A obligation on pipeline operators to provide 12 month outlook of uncontracted primary capacity.* The drafting of rules 170B (1) and 171A, presumably does not require the operators of the pipelines that make up the Declared Transmission System (DTS) to report against these rules. As market carriage pipelines, the DTS pipelines do not have "contracted primary capacity" and so these reporting requirements would not seem to be appropriate or applicable. However, for clarity, AEMO considers that a more explicit carve-out for the DTS should be considered in the drafting of these rules consistent with the drafting of 174A (4) and 174A (5), which exempts the DTS from the requirements outlined in rule 174A subrules (1), (2) and (3).

### **Implementation of the rule change**

As the Gas Bulletin Board Operator, AEMO will implement IT system changes and undertake consultation on changes to the Gas Bulletin Board Procedures resulting from this rule change. AEMO considers that it would be efficient to implement the various changes entailed by this rule change through a single process and IT change. AEMO considers that an appropriate implementation timeframe for its system changes and consultation, given the current scope of proposals in the draft rule, would be at least 9-months from the final determination.

AEMO looks forward to future engagement with the AEMC on this rule change. If you would like to discuss the contents of this submission further, please do not hesitate to contact Violette Mouchaileh on 03 9609 8551.

Yours sincerely,



Peter Geers

**Executive General Manager, Markets**