



24 September 2015

Mr Slavko Jovanoski
Director, Australian Energy Market Commission
Level 6, 201 Elizabeth Street
Sydney NSW 2000

Online submission

Dear Mr Jovanoski

RE: DWGM Operating Schedules Consultation Paper (Ref GRC0034)

GDF SUEZ Australian Energy (GDFSAE) appreciates the opportunity to comment on the consultation paper which outlines the proposed Rule change relating to the Declared Wholesale Gas Market (DWGM) operating schedules.

GDFSAE notes that the Australian Energy Market Commission (AEMC) are proposing that this National Gas Rule (NGR) change follow the expedited consultation process on the basis that it is considered to be a non-controversial rule change. GDFSAE is not opposed to this NGR change proposal being progressed under the expedited consultation process, and agrees that the proposed rule change would likely overcome the issue identified by the Australian Energy Market Operator (AEMO) in their rule change request.

In considering this rule change request, GDFSAE have identified that there may be alternative methods for overcoming the issues that AEMO seek to resolve, although these may require a more detailed consideration than an expedited consultation would allow. GDFSAE accepts that in the interests of resolving this matter quickly, it may be desirable to proceed with the AEMO proposal. Nevertheless, we offer the following comments for consideration.

Ideally GDFSAE would like to see the AEMO processes that produce the operating schedule improved so that it is able to accommodate any unusual situations that at present can cause delays in the schedule preparation. GDFSAE agrees that in any event, AEMO needs to have the flexibility to deal with infeasible solutions.

AEMO propose to change NGR clause 215(2) to remove the requirement that AEMO use an "optimisation program" in preparing the operating schedule, and include a requirement that any transmission constraints are taken into account. The AEMC have re-worded the proposed AEMO amendment, but essentially retained the same effect.

GDFSAE notes that the equivalent NGR clause that relates to the pricing schedule (clause 221(4)) also contains the requirement for AEMO to use an optimisation program, but neither AEMO nor AEMC have

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suggested changing clause 221(4). GDFSAE would recommend consistent wording between these two clauses.

GDFSAE notes that the equivalent National Electricity Rule (NER) clause 3.8.1 does not specify that AEMO use an optimisation program for the electricity market, but requires AEMO to use a “central dispatch process”. An alternative approach that would move towards greater consistency between gas and electricity arrangements would be for the NGR clauses 215(2) and 221(4) to be worded in a manner consistent with the NER clause 3.8.1.

Similarly, the NER clause 3.8.1 requires AEMO to “maximise the value of spot market trading”. Similar terminology could be used in the NGR – for example “minimises the cost of satisfying expected demand for gas over the gas day”.

The NER clause 3.8.1(c) requires AEMO to establish procedures to resolve infeasible dispatch solutions subject to defined principles. This same approach could be adopted in the NGR to allow AEMO to develop its procedures outside of the rule change process.

GDFSAE trusts that the comments provided in this response are of assistance to the AEMC in its deliberations. Should you wish to discuss any aspects of this submission, please do not hesitate to contact me on, telephone, 03 9617 8331.

Yours sincerely,



Chris Deague
Wholesale Regulations Manager