



3 December 2014

Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Submitted electronically

Dear Sir/Madam,

Re: GRC0028 Contingency Gas Evidentiary Changes

Lumo Energy welcomes the opportunity to respond to the Australian Energy Market Commission's (the Commission) consultation paper in relation to the Australian Energy Market Operator's (AEMO) rule change request on contingency gas in the Short Term Trading Market (STTM).

We are 100% owned by Snowy Hydro Limited. We sell gas and electricity in Victoria and New South Wales and electricity in South Australia and Queensland. We are currently one of the largest second tier retailers.

AEMO has submitted a rule change that requests an amendment to the National Gas Rules (NGR) to facilitate a revision to the contingency gas confirmation and settlement processes in the STTM procedures.

The Commission has published a consultation paper that considers some key issues raised regarding the supply of contingency gas in the STTM in response to AEMO's rule change. This follows its own independent review of the rule change request submitted by AEMO.

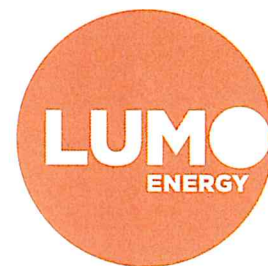
We are pleased to inform the Commission that we support the changes proposed to the National Gas Rules (NGR) in this rule change including the related procedure changes as proposed by AEMO.

Overall, the rule change is consistent with the National Gas Objective (NGO).

It provides the STTM with a more efficient supply of contingency gas. In addition, it improves the accountability and transparency of the evidentiary requirements that apply to contingency gas in the STTM.

In relation to the specific amendments proposed in this rule change, we support the revisions to:

1. the NGR that allow trading participants to confirm or revise individual quantities of gas in specific price steps within a contingency gas offer or bid, rather than just the total quantity.



The current arrangements provide for a trading participant to confirm the total quantity of gas rather than individual quantities in each price step. So, if a source of contingency gas is unavailable at the confirmation stage, the trading partner bears the cost of a lower price for some proportion of the contingency gas.

This rule change will also require that a trading participant provide information relating to its confirmed price steps to AEMO in good faith.

2. the evidentiary requirements that apply to contingency gas in the STTM so that:
 - a. the requirement to provide evidence under the current rule 449 (2) of the NGR would need to incorporate both the time and the day that contingency gas was delivered.
 - b. the evidence provisions that apply to contingency gas would apply to both STTM shippers and users. Currently, even though STTM shippers are able to provide contingency gas they are not subject to the evidence provisions.
 - c. AEMO is granted the ability to extend the time for it to publish its report relating to its contingency gas trigger event under rule 497 (1) of the NGR. This will allow it to consider a trading participant's evidence in its report.

We thank the Commission for the opportunity to respond to this rule change. Should you have any further enquiries regarding this submission, please call Con Noutso Wholesale Regulatory Manager on 03 9976 5701.

Yours sincerely

A handwritten signature in black ink, appearing to read "Con Noutso".

Con Noutso
Wholesale Regulatory Manager
Lumo Energy Australia Pty Ltd