

Next steps in the East Coast and DWGM Gas Reviews

Consultation program for the East Coast Review and the Victorian DWGM Review to Final Report in May 2016

The AEMC's Stage 2 Draft Report proposed a roadmap for the development of the East Coast Gas Market. The Final Report, to be delivered to the COAG Energy Council in May, will provide more detail on elements of the various reform proposals.

In order to allow for stakeholder consultation on the AEMC's further analysis of the reform package, the work program will focus on key questions and design issues that need to be addressed ahead of the final report. As such, the AEMC will be consulting on four broad workstreams as follows:

- For the East Coast Review:
 - Pipeline capacity
 - Information and Bulletin Board
- For the Victorian DWGM Review:
 - Gas balancing
 - Capacity allocation

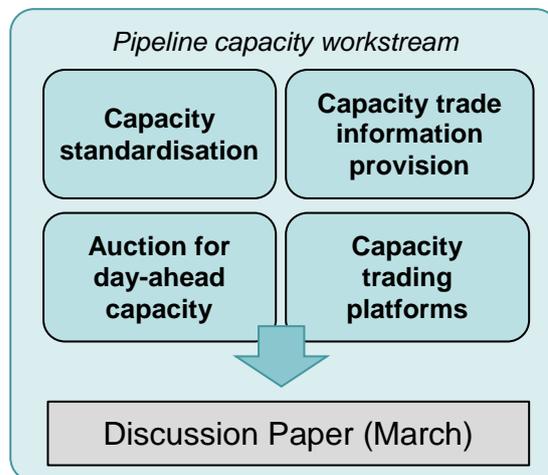
A summary of the workstreams is set out below.

Pipeline Capacity Markets

A discussion paper on point-to-point capacity trading will be published in early March 2016.

This paper will develop further the AEMC's draft recommendations in relation to point-to-point pipeline capacity outside of the Southern Hub in Victoria.

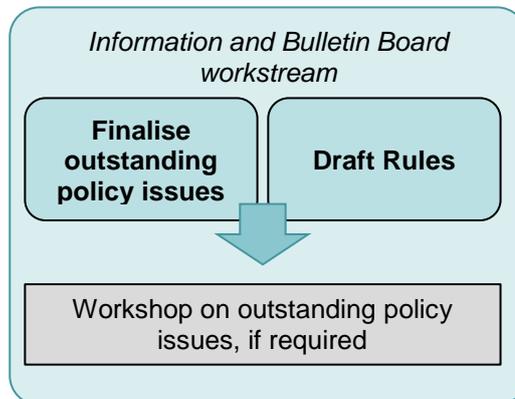
Options for the design of an auction for contracted but un-nominated capacity, capacity standardisation, information provision on capacity trades and capacity trading platforms will be considered.



The AEMC has developed a work program to further develop the detail of its draft recommendations, centred around additional formal consultation in early March 2016

Information and the Bulletin Board

Recommendations regarding information and the Bulletin Board were provided at a greater level of detail in the Stage 2 Draft Report than for other aspects of this review. Given the substantial level of detail provided in the Stage 2 Draft Report on this workstream, we expect that any additional consultation is likely to be highly targeted, for example through a workshop with key participants.

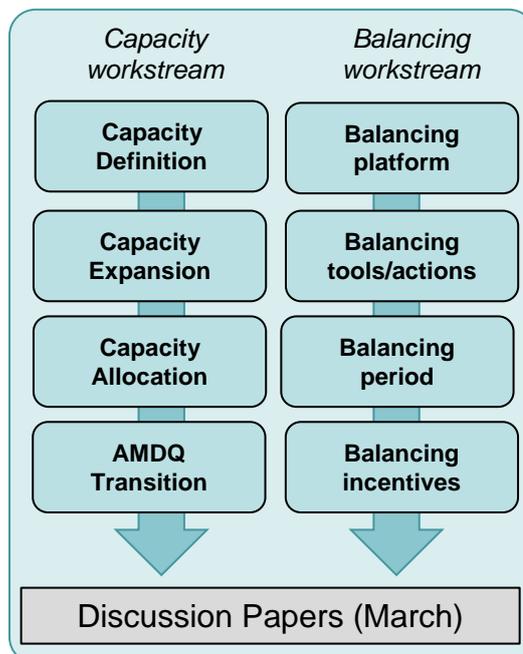


Southern Hub for Wholesale Gas Trading

Two discussion papers related to the balancing and capacity allocation arrangements at the Southern Hub will be published in early March 2016.

The first discussion paper will consider the design of arrangements to support gas balancing within the proposed Southern Hub in Victoria, including options for the balancing period and balancing incentives.

The second discussion paper will consider the design of the entry-exit system for capacity allocation at the proposed Southern Hub, including options for mechanisms to allocate existing capacity and approaches to signalling the need for new capacity.



It is expected that the consultation periods for each of these papers will be 3-4 weeks.

4 February 2016