



13 August 2015

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

Submitted online: www.aemc.gov.au

Dear Mr Pierce

ENHANCED INFORMATION FOR GAS TRANSMISSION PIPELINE CAPACITY – CONSULTATION PAPER

Origin Energy Limited (Origin) welcomes the opportunity to comment on the Australian Energy Market Commission's (AEMC's) Consultation Paper in relation to the enhanced information for gas transmission pipeline capacity rule change request.

Origin supports enhanced gas market information where it is accurate and useful for market participants and does not reveal commercially sensitive information about market participants' portfolios. As such, we support the intention of the proposed rule change but have varying views on the different options given. Our views are summarised as follows and explained in the remainder of this submission:

- uncontracted primary capacity – we support pipeline operators providing a three-year outlook of uncontracted primary capacity;
- contact details of contracted shippers – we support pipeline operators providing a list of contacted shippers and their contact details but suggest making this list available in relative order of contracted capacities is not necessary and potentially misleading;
- secondary capacity trading – we consider further work needs to be done to scope the detail of this information to allow an informed assessment of the appropriateness of this option;
- detailed facility data – we support pipelines, storage facilities and production facilities providing more detailed information about their facilities;
- gas flow data – we support pipeline operators providing aggregated receipt and delivery point flow data;
- storage facilities – we support the additional information requirements proposed by the AEMC;
- medium-term capacity outlook – we support a medium-term capacity outlook in principle but consider further work needs to be undertaken on the details of the outlook before we can provide unqualified support;
- linepack – we do not support mandating additional linepack information as the current flag-based arrangement remains sufficient as a signal of system adequacy; and
- supply nominations for production facilities – we do not support requiring production facilities to report on supply nominations as this is commercially sensitive information.

Should you have any questions or wish to discuss this information further, please contact Lillian Patterson on lillian.patterson@originenergy.com.au or (02) 9503 5375.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Steve Reid".

Steve Reid
Manager, Wholesale Regulatory Policy

1 COAG Energy Council's proposed options

The COAG Energy Council proposes that gas bulletin board (BB) facility operators be required to provide additional information to the Australian Energy Market Operator (AEMO) for publication on the BB.

1.1 Uncontracted primary capacity

Origin supports the COAG Energy Council's proposal that pipeline operators provide a three-year outlook of uncontracted primary capacity on BB pipelines on a monthly basis as this could assist capacity seekers to understand capacity availability across the east coast gas market.

1.2 Contact details of contracted shippers

The COAG Energy Council proposes that for each BB pipeline, pipeline operators provide a list of contracted shippers and their contact details, in relative order of their contracted capacities, on a monthly basis. Origin supports the provision of a list of contracted shippers and their contact details as this could reduce the transaction costs of parties interested in buying unused capacity. However, we question the necessity of providing this information in relative order of contracted capacities. We do not agree that shippers' relative positions in the market provide an indication of which shippers are most likely to hold unused capacity. Shippers generally hold a level of capacity commensurate with their underlying portfolio requirements. A larger capacity holding generally corresponds with a larger underlying load that must be serviced and a shipper's unused capacity is ultimately dictated by the firmness of this load and the overall flexibility of its portfolio. As such, a larger capacity holding does not suggest a propensity towards more unused capacity. In addition, this relative ranking could be misleading as it would not account for sub-haulage arrangements or capacity that has already been traded on either a short-term or longer-term basis. Origin considers that providing a list of contracted shippers in alphabetical order is sufficient.

1.3 Secondary capacity trading

The COAG Energy Council proposes that pipeline operators provide secondary capacity trading information from their trading platforms. It is difficult to assess this option as there is limited detail around the type of information that will be presented on the BB. We note the COAG Energy Council's intention that the detail around this information would be prescribed in the BB Procedures and that COAG Energy Council officials would work with AEMO and pipeline operators to develop a procedural change. Given, the value of this option to market participants is ultimately within the yet to be decided detail, it would be helpful if some of this detail could be made available as part of the rule change process to assess the appropriateness of this option. In addition, market participants should be a key contributor to the procedural change process from the outset. To allow this, Origin suggests the procedural change process should commence as soon as practicable to allow sufficient consultation on the details of the information before submissions to the AEMC's draft determination close in order that feedback can be provided to the rule change process before a final decision is made.

1.4 Detailed facility data

The COAG Energy Council proposes that facility operators provide detailed information on:

- pipelines – geographic location of receipt and delivery points; and production facilities, storage facilities and transmission pipelines to which they connect;
- storage facilities – each BB pipeline to which the storage facility is connected; and the receipt and delivery points at which the storage facility is connected; and
- production facilities – each BB pipeline to which the production facility is connected; and the receipt and delivery points at which the production facility is connected.

This information would be updated as soon as practicable once information previously provided is identified to be inaccurate.

Origin supports this proposal as it would allow AEMO to provide a more holistic picture of the physical layout of the east coast gas system, which could assist decision-making and analysis of market dynamics.

1.5 Gas flow data

The COAG Energy Council proposes that pipeline operators provide aggregated receipt and delivery point flow data by zone on a day-after basis. Origin supports this proposal on the basis that it is aggregated information that will not reveal individual shipper's commercially sensitive information.

2 Additional proposed options

The AEMC is also seeking views on the potential provision of four additional categories of information to AEMO for publication on the BB.

2.1 Storage facilities

The AEMC is seeking views on whether BB storage facilities could provide information on:

- actual volume of gas held in the storage facility for each gas day, provided daily;
- aggregated injections and withdrawals nominations for the current gas day and seven-day forecast, provided daily;
- twelve-month outlook of uncontracted capacity, reported monthly; and
- more detailed medium-term capacity outlook, as per the next section.

Origin supports improving information on storage facilities as described above. More dynamic information on the operation of storage facilities could assist market participants to understand the effect these facilities' operations may have in the short-term, hence enhancing their own decision-making capabilities.

2.2 Medium-term capacity outlook

The AEMC is seeking views on whether there may be value in more consistent reporting of medium-term capacity outlooks on a standardised basis. Origin supports in-principle this suggestion as it could assist BB facilities to better coordinate their respective maintenance activities and allow market participants to make portfolio changes in response to upcoming periods of maintenance. We, however, consider this proposal requires further development around the detail before we could provide unqualified support. These details include:

- the reporting interval – we note the AEMC has suggested a rolling twelve-month outlook reported on a monthly basis but there should be an informed industry discussion around whether this timeframe is suitable for industry's needs and achievable by BB facilities (e.g. this discussion could consider the appropriateness of a two-year outlook similar to the electricity market's medium term outlook);
- any triggers or thresholds for amending information; and
- the form in which information would be reported to AEMO and then presented (e.g. as a spreadsheet and/or through a graphical representation of supply adequacy).

Given there is likely to be some cost to both industry and AEMO related to an enhanced medium-term capacity outlook, an assessment of these costs against the perceived benefits should also be undertaken.

2.3 Linepack

The AEMC is seeking views on whether there is a case for mandating additional linepack information. This could be in the form of more granular flag-based indicators or numerical reporting. Origin notes linepack information was consulted on in the COAG Energy Council Officials' Consultation Paper on enhanced pipeline capacity information that informed this rule change. Given the COAG Energy Council did not then suggest improved linepack information as part of its rule change proposal, this indicates the value proposition was not met. We do not think there has been a change in circumstances that warrants reconsidering mandating additional linepack information.

Origin views linepack as a representation of system adequacy as its operational role is to allow the pipeline to deliver scheduled volumes. We see limited opportunity for opportunistic trades (as has been suggested) given linepack variations are predominantly for operational risk management purposes. As such, simply understanding when system security is potentially at risk (as occurs currently through the flag-based arrangement) is sufficient. While linepack amounts can vary, this can occur without impacting the ability to deliver gas. If more granular information about changing linepack conditions was made available to the market, it could lead to perverse outcomes as linepack information in isolation of any context given by pipeline operators could lead to a misrepresentation of actual conditions. As a result, we do not consider mandating additional linepack information appropriate or useful to market participants and could in fact be detrimental to efficient market operations.

2.4 Supply nominations for production facilities

The AEMC considers there may be merit in requiring production facilities to report on supply nominations for the current gas day and forecast production for subsequent gas days. Origin does not support this option as we do not consider this information would help improve current market operations as supply nominations can change throughout a day. In addition, this is contractual information and therefore commercially sensitive so should not be released publicly to the market (e.g. particularly in the case where the gas from a production facility is contracted to only one or two parties). The current production facility requirements for a seven-day capacity outlook reported daily and actual production data for each gas day reported on a day-after basis are sufficient for market participants' decision-making needs.