

East Coast Wholesale Gas Market and Transmission Pipeline Frameworks Review



AEMC Public Forum

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GM Strategy & Regulatory

Agenda

- About APA Group
- Changing market dynamics
- Shipper requirements – APA observations
- Regulation and transmission investment
- Market flexibility and liquidity
- Pipeline information

About APA

APA Group assets and investments



Changing market dynamics

- Significant changes happening in the market right now
 - Increased LNG demand
 - Changing/variable sources of gas
 - Shorter gas sales agreements
 - Market trade and arbitrage opportunities for shippers arising from new trading hub
- Gas transmission sector has responded rapidly to meet (and pre-empt) changing customer needs
 - North to South predominate flows changing to South to North
 - Investments in bi-directionality (SWQP, MSP, RBP)
 - Significant investments in additional capacity and compression
 - Shorter terms for gas transportation agreements
 - Focus on increasing utilisation of pipelines
 - Over \$850m investment in growth capex on east coast since 2010; almost half in last 18 months
- New services are being offered by pipeline businesses
 - In pipe trades
 - Facilitated capacity trading
- New supply sources/pipelines under active consideration
 - NT link

Shipper requirements – APA observations

- Shippers are looking for firm transmission rights with added flexibility
- Emerging shipper demand for new contracts and services
 - Storage
 - Park and Loan
 - As available
 - Interruptible
 - Ranked priority firm
- Shippers are packaging services to meet their individual needs
 - Increasingly applying a portfolio approach to supply and capacity over multiple assets
 - Shippers utilise a mix of firm and non-firm capacity, and storage, in single contract to match their demand and risk profile
- Still strong (predominant) demand for ‘vanilla’ firm forward haul service
 - Particularly for industrial and retail customers
- APA sees the role of transmission as facilitating the market through provision of tailored services under contract
 - Includes provision of risk management services like storage

Regulation and transmission investment

- Recent market changes have happened over very short time horizon
 - Shift in market and need for new capacity emerging only in last 2-3 years
 - Prior to this LNG supply was assumed to be sufficient and isolated from domestic market
- APA has been able to respond quickly to market needs with new services and investments in capacity
- New services and investment provided across pipelines with different levels of regulatory oversight
 - No regulation
 - Full regulation
 - Light regulation
- The same service flexibility and investment response is not available with the DWGM
 - Single transportation service – one size fits all regardless of need
 - Limited firm capacity rights
 - Delays in securing additional capacity (investment governed by regulatory cycle)

Market flexibility and liquidity

- APA has been working to improve transmission market flexibility and liquidity to meet customer demand
 - APA facilitating the development of secondary market for pipeline capacity
- APA is offering new services, market offers and information to support the market
 - Facilitated Capacity Trading service
 - In Pipe Trades
 - Multi asset portfolio As Available services
 - Development of 'hub services' at Wallumbilla - underway
 - 'Market-maker' offers for short term firm capacity
- APA recognises importance of being able to execute capacity trade deals quickly
 - We have achieved consistency/standardisation of terms relevant to trade of capacity
 - Once facility set up in contracts, individual deals can be enacted immediately
- APA Capacity trading website
 - More information available to the market on available capacity
 - Provides a capacity listing service for shippers
- 'As Available' capacity, aka 'Day-ahead Firm', remains available on all pipelines where nominations are below capacity
 - Come talk to us



Trading Summary Information

Start Date End Date

Pipeline	Gas Day	Nameplate Capacity (GJ)	Daily Capacity (GJ)	Contracted Capacity (GJ)	Daily Nominations (GJ)	Daily Utilisation %	Available Capacity (GJ)	Capacity On Offer (GJ)	Daily Capacity Traded (GJ)	Average Annual Capacity Traded (GJ)
CGP	24/02/2015	119,000	119,000	112,000	92,690	78	26,310	00	00	0.00
MSP	24/02/2015	439,000	282,000	439,000	162,388	58	119,612	00	00	0.00
RBP	24/02/2015	233,000	197,000	233,000	118,009	60	78,991	10,000	3,000	452.05
SWQP	24/02/2015	384,000	384,000	384,000	418,200	109	-34,200	5,000	00	0.00

Information displayed on this website is refreshed every hour

Bid & Offer Summary

Pipeline	Buy / Sell	Qty. GJ/D MDQ	Price GJ/D MDQ	Start Date	End Date	Receipt Point	Delivery Point	Contact Name	Contact Number
RBP	Sell	5000	\$0.95	18/02/2015	24/02/2015	Wallumbilla3 Delivery Stream	Oakey PS Delivery Stream	Paul Alexander	07 3323 6051
RBP	Sell	5000	\$0.95	18/02/2015	24/02/2015	Wallumbilla3 Delivery Stream	Braemar PS Delivery Stream	Paul Alexander	07 3323 6051
SWQP	Sell	5000	\$1.14	18/02/2015	24/02/2015	SWQP Fairview Delivery Stream	SWQPMSP Delivery Stream	Tracey Roberts	08 8626 8427
RBP	Sell	5000	\$0.95	25/02/2015	03/03/2015	Wallumbilla3 Delivery Stream	Oakey PS Delivery Stream	Kim Dore	07 3323 6127
RBP	Sell	5000	\$0.95	25/02/2015	03/03/2015	Wallumbilla3 Delivery Stream	Braemar PS Delivery Stream	Kim Dore	07 3323 6127
SWQP	Sell	5000	\$1.14	25/02/2015	03/03/2015	SWQP Fairview Delivery Stream	SWQPMSP Delivery Stream	Tracey Roberts	08 8626 8427
RBP	Sell	5000	\$0.95	04/03/2015	10/03/2015	Wallumbilla3 Delivery Stream	Oakey PS Delivery Stream	Kim Dore	07 3323 6127
RBP	Sell	5000	\$0.95	04/03/2015	10/03/2015	Wallumbilla3 Delivery Stream	Braemar PS Delivery Stream	Kim Dore	07 3323 6127



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