

31 March 2016



Ms Kate Reid
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Dear Kate,

AEMC reference: GRC0036

Australian Gas Networks Ltd (AGNL) appreciates the opportunity to provide comment on the rule change proposal lodged by COAG Energy Council in relation to the harmonisation of the gas day start time in the east coast gas markets.

AGNL makes the following comments in response to the AEMC Consultation Paper questions.

Responses to AEMC Questions:

Question 5

Implementation costs of the proposed solution

(a) If the STTM and GSH gas days are amended to start at 6am EST, what changes would be required to business':

- (i) infrastructure and IT systems;**
- (ii) procedures and processes; and**
- (iii) contractual arrangements?**

What is the estimated cost of making these changes and who will bear that cost?

(b) Would the proposed gas day start time have an ongoing business cost? What is the estimate of this cost and who will bear that cost?

(c) Would the proposed change to the STTM and GSH gas day impact on businesses that are outside of these facilitated markets? What are these impacts and their estimated costs? Who will bear these costs?

(d) What is an appropriate method to manage transitional arrangements leading up to, and on, the day that the new gas day start time would commence?

(e) Given the level of liaison and cooperation that will be required between pipelines, shippers and market participants is there a need for a market institution to provide oversight of implementation and market readiness?

Implementation of the change of gas day start time will require AGNL to reprogram every large volume customer interval meter in Queensland, South Australia and New South Wales, including those outside of the STTM. In Qld and NSW where the Network Operator is also responsible for the custody transfer meters at each sub-network gate station, flow computers will require reprogramming. In SA, custody transfer meters on the Riverland Pipeline (owned by AGNL) will need to be reprogrammed.

Much of this work cannot be performed remotely and most sites will require a site visit by technicians to complete the reprogramming. There are some 80 sites in Qld, 30 in NSW and 150 in SA, and some are in remote locations. It is anticipated that this task would take approximately 4 weeks to complete.

In addition, the reconfiguration of meter data reporting systems and the testing of data processing and market reports will be required.

Some minor work in contract renegotiation may be required.

The estimated total one-off cost to AGNL is in the order of \$140,000. There are no direct benefits to the network. There would be no significant additional ongoing costs to AGNL. AGNL suggests that a full cost benefit analysis should be undertaken before a decision is made to change the gas day start time.

Transition to a new gas day start time across SA, Qld and NSW will be problematic. It is difficult to envisage how a clean transition can be achieved as all interval meters cannot be physically visited and reprogrammed on the same day. Due to the time consuming nature of the process, the work will need to be staged across a number of weeks. It is not possible either to reprogram all interval meters in advance in order to be 'switched on' on a cut-over date. Therefore, during the transition period while the work is performed, different interval meter sites would be reporting on different gas day start times. This would be very difficult for the Network Operator to manage from a meter data reporting perspective and it is not expected that AEMO's market systems could manage such a scenario either. It is not clear if the transition arrangements put in place will generate additional costs.

AGNL expects that AEMO would need to co-ordinate the transition process.

Question 6 Implementation timeframe

(a) If the proposed rule is made, what are the necessary steps to implement it? What is an appropriate period for implementation to occur?

If the proposal were to proceed, AGNL would need to establish a national project to scope, plan, resource and implement the change. A 12 month lead time before the go-live date would be required. An implementation timeframe would need to be confirmed, and would be dependent on scheduling within the overall IT implementation program.

Yours sincerely



Andrew Staniford
Chief Operating Officer

