



31 March 2016

Mr John Pierce
Chairman
Australian Energy Market Commission
Level 6, 201 Elizabeth Street
Sydney NSW 2000

Lodged via www.aemc.gov.au

Dear Mr Pierce,

Gas Day Harmonisation

GDF SUEZ Australian Energy (GDFSAE) welcomes the opportunity to respond to the National Gas Amendment (Gas day harmonisation) Rule 2016 (the proposal) consultation paper.

The proposal emanates from Stage 1 of the East Coast Gas Review and has been advanced on the premise that harmonising the gas day would reduce compliance costs and barriers to trading across multiple hubs. Such an outcome would be consistent with the National Gas Objective.

GDFSAE agrees that the rule is likely to reduce compliance costs and barriers to trade in the long term and therefore is supportive of gas day harmonisation.

GDFSAE appreciates that these benefits may be considered relatively minor and that some participants may be reluctant to support change given the initial administrative changes that will be needed as a consequence. GDFSAE does not share this view.

GDFSAE's rationale for supporting harmonisation is that it is one of a number of pre-conditions to supporting the growing interconnectedness between gas markets, and in turn gas and electricity markets, in Australia. Therefore, to improve optimisation of gas trading and transportation between locations and readily identify arbitrage opportunities, gas day harmonisation is required.

GDFSAE's own experience suffers from the complexities of unaligned gas days. Notably, trades over jurisdictional and market boundaries are complicated by mismatched gas days between markets, and mismatched gas days between pipelines and producers. This is suboptimal and undermines gas transportation and trade.

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For instance, where hourly limitations are in place and gas days do not align, this can result in artificial constraints associated with a 'missing' half hour when transporting gas between locations where two different gas days are in use. This presents unnecessary complications that would be easily resolved by harmonisation.

GDFSAE also notes that contingency and emergency arrangements would be better managed in an environment where gas days are harmonised. It is understood that in the past, planning of contingency arrangements has revealed confusion between parties given gas days are not aligned.

As it pertains to cost, GDFSAE believes administrative inconvenience is outweighed by the benefits of harmonisation but recognises that meter reconfiguration costs will need to be carefully managed. To the extent that not all small meters will need to be configured immediately or at all, this should contain any concerns around large cost blow outs.

To further discuss these matters please contact me on, telephone, 03 9617 8415.

Regards,



Jamie Lowe
Head of Regulation
GDF SUEZ Australian Energy