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Ms Shari Boyd
Director
Australian Energy Market Commission
PO Box A2449
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22 August 2017

Dear Ms Boyd

GRC0040: National Gas Amendment (Improvements to Natural Gas Bulletin Board) Rule 2017

AGL welcomes the opportunity to make a submission on the Draft Rule Determination, *Improvements to Natural Gas Bulletin Board*, made by the Australian Energy Market Commission (AEMC).

As one of Australia's leading integrated energy companies we provide energy to customers across New South Wales, Victoria, Queensland, West Australia, and South Australia. Through our gas supply contracts with producers and transportation agreements with pipeline owners we supply 1.4 million gas customers.

As such, AGL is aware of the benefits that timely, accurate and public information can provide market participants when they are making commercial decisions in the Australian gas market.

AGL also owns and operates gas storage and production facilities in New South Wales and Queensland that would be impacted by this rule change, and therefore appreciates the opportunity to comment on the potential operational effects of this rule change.

Exemption Criteria for Reporting

AGL notes that the AEMC has proposed that the existing (complex) exemption criteria be replaced with a simpler exemption criteria, based solely on Nameplate Rating (NPR). While AGL supports the move to simplify the reporting criteria, it has made some observations, as highlighted below.

Materiality threshold

AGL is supportive of a minimum threshold for Gas Bulletin Board (GBB) reporting, however AGL considers that 10TJ/day is not material given the size of the east-Australian gas market and further, given that reporting exclusions will still exist for materials loads such as gas fields, large user facilities, liquefied natural gas (LNG) processing facilities or gas supply hub (GSH) compression facilities.

AGL considers that the proposed reduction in the threshold will impose significant costs and compliance risk on smaller producers with little benefit, as it will not materially impact the market, and therefore the change does not support the NGO's stated objective of promoting efficient investment.

AGL is of the view that the current 20 TJ/day threshold has not limited development or trading activity on the east coast and does not see alignment between the currently disconnected east and west coasts as a justification for this change.



Further, AGL considers that the materiality threshold should not be determined on a 'one size fits all' approach and that the materiality threshold should differ, by, example:

- production facilities at 20TJ per day;
- pipeline facilities at 20TJ per day; and
- storage facilities at 5PJ of storage capacity (particularly where such facilities are single user).

Sole users of storage facilities

Where a participant is the sole user of a storage facility, AGL strongly objects to any requirement which would result in the sharing of commercially sensitive information, specifically, the daily storage volume/position, as this will impact that party's ability to negotiate fair terms with potential counter-parties. This in turn could lead to inefficient market outcomes and potentially higher end-user prices, which is contrary to the intent of the GBB.

Duplication of data provision

AGL notes that there is a duplication of information in the requirements to comply with the GBB when a facility is part of the STTM, which is contrary to the efficient investment aims of the NGO. Currently AGL provides (for Newcastle and Rosalind Park) the prior day's production, forecast capacity, the expected running of both facilities (through the ex-ante and provision schedules). The proposed rule change would require AGL to send the same information to AEMO twice. AGL suggest that rather than require every participant who participates in the STTM and the GBB to duplicate workflow, that AEMC allow AEMO to use information from the STTM submissions to flow to the GBB to comply with any information requirements.

As a point of reference, AGL estimates that it would require approximately three months to make the system changes required and would incur significant up-front costs to implement the proposed changes, plus ongoing system maintenance costs. AGL would encourage AEMO to continuously consider opportunities to streamline reporting processes in order to limit the incremental cost of additional reporting requirements.

Summary of response to proposed Bulletin Board improvements

In summary, AGL suggests that the proposed rule change be amended, as follows:

- Replace the existing exemption criteria with customised reporting thresholds for production facilities at 20TJ, pipeline facilities at 20TJ and storage facilities at 5PJ of storage capacity;
- Specifically limit the reporting requirements for Storage Facilities – used by a single participant – to facility capacity information only; and
- Eliminate duplicate submission of data to AEMO for STTM/DWGM/GSH and the GBB.

Further, AGL notes that the final recommendations of the east coast gas market review were not unilaterally supported and therefore expects the AEMC to closely assess the practical impact of the proposed changes and the extent to which they meet the National Gas Objective.



AGL welcomes the opportunity to discuss our submission in more detail with the AEMC. For further information, please contact Elizabeth Perrone, Principal Commercial Adviser, Wholesale Gas on (03) 8633 6413 or Kieran O'Leary, Manager Physical Gas Trading.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Simon Camroux'.

Simon Camroux
Senior Manager Wholesale Market Regulation