



20 March 2014

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

Lodged online: <http://www.aemc.gov.au>

Project reference: **GRC0023**

Proposed National Gas Amendment (STTM Settlement and Surplus Shortfall) Rule 2014

Dear Mr Pierce

AGL wishes to submit the following in relation to the above rule change proposed by the Australian Energy Market Operator (AEMO). The rule change being proposed reflects the outcome agreed to at the STTM Consultative Forum (STTM-CF) of 12 November 2013.

AGL agrees with AEMO that this matter can be progressed as an expedited rule change. In view of that, we raised no objections to this treatment by the due date of 6 March 2014.

AGL is fully supportive of the rule change advanced by AEMO on behalf of the STTM-CF. It represents the outcome of the discussion and debate held at the 12 November 2013 meeting. All of this is set out in the minutes of that meeting. We fully support the reasons advanced by AEMO for favouring the distribution of settlement shortfalls on the basis of withdrawals rather than on deviations. Settlement shortfalls arise from a number of events and design features of the market and it not always the case that cost can be attributed to a cause or causer. This is particularly true of counteracting MOS that is seen from time to time in the Sydney and Adelaide hubs. That being the case, distribution of shortfalls on withdrawals is seen to be the least objectionable and least discriminatory approach to adopt.

We are comfortable with the wording proposed by AEMO for r464(2A) as a guide to the allocation of settlement surplus and shortfalls. We do not believe that the alternative

wording for r464(2A), advanced by the AEMC in Appendix B, is to be favoured over AEMO's wording.

AGL does not have a particular view about the merits or otherwise of a transitional provision. We are comfortable for this to be referred to people who are expert in drafting legislation. The main requirement from industry's perspective is that this rule change and the rule change on deviations, made in June 2013, be rolled out together, in both a regulatory and operational sense.

Should you have any queries in relation to this submission, I can be contacted on (03) 8633 6239 or at gfoley@agl.com.au.

Yours sincerely,



George Foley

Manager Gas Market Development