

A few  
words.

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John Pierce  
Australian Energy Market Commission  
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SYDNEY SOUTH NSW 1235

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Reference GRC0036

Dear Mr Pierce

### **East Coast Wholesale Gas Market Review**

AGL welcomes the opportunity to comment on the Australian Energy Market Commission's (AEMC) Consultation Paper on the National Gas Amendment (Gas day harmonisation) Rule 2016 (Consultation Paper).

AGL is one of Australia's leading integrated energy companies and largest ASX listed owner, operator and developer of renewable generation. Our diverse power generation portfolio includes base, peaking and intermediate generation plants, spread across traditional generation fuel sources as well as renewable sources. AGL is also a significant retailer of energy, providing energy solutions to over 3.7 million customers throughout eastern Australia.

AGL has a long history of involvement in Eastern Australian gas markets and aside from delivering gas to its numerous customers, AGL also utilises gas in power generation, is a gas 'shipper' and owns gas facilities. AGL has also actively participated in the various gas market reviews including the ACCC East Coast Gas Market Review. The views expressed in this submission leverage on AGL's considerable market experience and previous contributions to the policy debate

As a concept, AGL supports alignment of the gas day across markets starting at the Sydney/Adelaide STTM time of 6:30am EST. This is currently the most widespread time amongst market participants. AGL also expresses its preference to retain staggered market settlement times (i.e. the Brisbane STTM currently settles 1.5 hours after Sydney and Adelaide).

AGL provides the following points in support of its position.

#### **Barriers to trading**

AGL does not consider that different gas day trading times are a barrier to trading, but are simply a further complication to an already complex market. AGL expects that different gas day times would impact new entrants more than existing market participants. For example, AGL does not consider it is incurring additional costs as a result of different gas day times given it was a participant during the staged introduction of the Victorian DWGM and STTM. Consequently,



AGL, like other longer term market participants, had to develop systems able to handle trading requirements for each location.

AGL has provided a more detailed view on gas pipeline capacity trading and related issues in its submission to the AEMC's East Coast Review Discussion Paper.

### **Introducing an aligned gas day**

AGL considers that gas day harmonisation is not strictly necessary, but is a sensible change and that if supported by the wider industry, should go ahead. AGL would prefer that the AEMC take a measured approach to harmonisation, and as such, is unable to indicate an implementation timeframe at this point.

Should harmonisation be introduced, AGL will incur costs in amending arrangements such as allocations agreements and nomination processes, to reflect the new gas day times. However, given most participants would be facing the same circumstances, it is not anticipated that any single participant would face specific disadvantage in this respect. The necessary system changes to give effect to harmonisation, and associated administrative costs, are not expected to be material, however it will be a time consuming process.

In terms of next steps, AGL asks the AEMC to provide further detail of how gas markets and hubs would be amended to facilitate the move to harmonisation. Industry should then be given a number of months to discuss how arrangements such as bilateral contracts would be affected and to further investigate the likely administrative and legal costs of such changes. Once the practical implications of harmonisation are better understood, AGL considers the AEMC will be better placed to seek views on the timeframe for implementation.

In conclusion, AGL notes that gas day harmonisation is a healthy step towards consistency in the national framework, and a move towards a true East Coast gas market.

If you have any queries about the submission or require further information, please contact Liz Gharghori at [lgharghori@agl.com.au](mailto:lgharghori@agl.com.au) or on 03 8633 6723.

Yours sincerely,

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

Simon Camroux  
Manager Wholesale Markets Regulation