



12 January 2017

Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Attention: Ms Kate Reid

Dear Ms Reid,

Reference: GRC0036 Gas day harmonisation – Draft Rule Determination

APA Group welcomes the opportunity to comment on the draft determination published 17 November 2016.

APA supports the proposed change to harmonise gas day start times across the east coast gas markets to 6AM AEST, however we still consider that the proposed rule change is not broad enough to ensure effective implementation.

Whilst the intent of the AEMC changes to the initial proposal was to invoke 'change in law' provisions in contracts, the additional data provision requirements only apply to the STTM. This means that this rule change would only compel a change to the gas day in a subset of the total number of contracts that would require changing in order to achieve a standard gas day across the east coast. Other contracts would need to be changed through commercial negotiation, and shippers may not agree. In this case, cost pass through provisions associated with change in law provisions may not be enacted.

A rule change that led to more than one gas day applying across a single jurisdiction, and potentially to a single pipeline, would significantly increase the costs and complexity of the market rather than reduce it, contrary to the intent of this rule change. It would also significantly increase the cost and complexity of pipeline operations.

Had the rule change proposed a requirement for all data submitted the National Gas Services Bulletin Board, it would have affected a far greater number of contractual arrangements and significantly improved the chance of a successful and lower cost implementation. As previously stated, any change that results in multiple gas day start times across jurisdictions or assets will impose greater inefficiencies on the industry which will far outweigh any benefit accruing to the markets.

APA supports the proposed implementation date of 1 April 2021 to align with potential market reforms including standardisation of contractual terms. This timeframe may well allow for more substantive legislative obligations to be developed and therefore improve the chances of an effective implementation.

The current rule determination does not adequately deal with the issue of cost recovery, in particular there is no clear mechanism to ensure that the cost of the change is equitably distributed across the market. Whilst the change date has been deferred for several years this will likely have little impact on the real costs of implementation being the changes to physical metering, system changes and contract changes which will be largely the same regardless of when the change occurs.

APA would be pleased to discuss this submission and to provide further information which may assist the AEMC. APA's first point of contact is John Jamieson on 07 3323 6023.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P. Bolding', written over a light blue horizontal line.

Peter Bolding
General Manager Strategy & Regulatory

APA Group comprises two registered investment schemes, Australian Pipeline Trust (ARSN 091 678 778) and APT Investment Trust (ARSN 115 585 441), the securities in which are stapled together. Australian Pipeline Limited (ACN 091 344 704) is the responsible entity of those trusts. The registered office is HSBC building, Level 19, 580 George Street, Sydney NSW 2000.