

10 January 2017

Ms Kate Reid
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Dear Kate,

RESPONSE TO AEMC DRAFT RULE DETERMINATION – GAS DAY HARMONISATION
AEMC reference: GRC0036

Australian Gas Networks Ltd (AGNL) appreciates the opportunity to provide comment on the Draft Rule Determination on the harmonisation of the gas day start time in the Short Term Trading Market (STTM) hubs and the Northern Gas Supply Hub trading locations with the 6:00am EST gas day start time used in the Victorian Declared Wholesale Gas Market.

AGNL makes the following comments.

1. Scope of Rule change

In the draft rule determination the Commission's analysis highlights that the proposed rule change only requires a consistent gas day in the Adelaide, Sydney and Brisbane STTMs and the Northern Gas Supply Hub, with no regulatory requirement for Distributors and other parties operating outside of these particular wholesale markets to change. It is understood that this is to provide upstream Producers and Pipeline Operators with the option to continue to operate on existing gas day timeframes if the costs of changing would be prohibitive.

In its initial response to the rule change consultation paper in March 2016, AGNL had assumed that the change would apply to all sub-networks on a jurisdiction wide basis, including all non-STTM regional sub-networks such as Wagga, Wide Bay, Port Pirie, Mildura, etc. It was also assumed that this requirement would be reflected in AEMO changing the gas day start times in the Retail Market Procedures for South Australia, Queensland, New South Wales and the Australian Capital Territory.

In the draft rule determination it is not clear that this is possible if the rule change is considered in a narrow sense (STTMs and Northern Supply Hub only). The draft rule determination refers to AEMO making this change to the Retail Market Procedures for the wider retail markets without specifying that this must occur.

For Distributors it would not be practical to operate on different gas day start times for STTM and non-STTM sub-networks within jurisdictions. AGNL's interval meter data collection and retail market reporting systems are programmed for a single gas day start time in each jurisdiction, and to manage two different gas day start times would require two separate systems to be run in parallel with additional costs of duplication.

AGNL recommends that the Retail Market Procedures are changed by AEMO to create a single gas day start time for all sub-networks in all jurisdictions. This will need to be agreed between AEMO and industry participants during the detailed consultation process.

2. Transition period

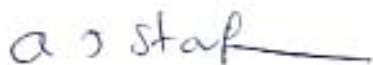
Implementation of the change of gas day start time will require AGNL to reprogram every large volume customer interval meter in South Australian, Queensland and New South Wales. In Queensland and New South Wales where the Network Operator is also responsible for the custody transfer meters at each sub-network gate station, flow computers will require reprogramming. In South Australia, custody transfer meters on the Riverland Pipeline (owned by AGNL) will need to be reprogrammed.

Whilst the implementation timeframe of April 2021 does provide adequate time to plan and prepare for a cut over that would be as smooth as possible, given that the draft rule determination proposes to cut over on one single gas day without a formal transition period where a phased change could be managed, an interim period of several weeks where some interval meters will still be programmed for the old gas day start time is likely to be unavoidable for AGNL. This is due to the resourcing challenge of having to visit multiple interval metered sites, some of which are remotely located. It would not be physically possible to visit up to 260 individual interval metered sites across 3 States on a single day to perform the manual reprogramming work required.

It is likely that manual adjustments to some interval meter data will be necessary during this interim period. Some additional cost will be incurred whilst these manual adjustments are required, until all sites have been reprogrammed.

AGNL recommends that AEMO co-ordinates a planned cutover process with all industry participants. This will need to be explored in detail during the consultation process.

Yours sincerely



Andrew Staniford
Chief Operating Officer