

14 July 2015

Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

Lodged (online): [www.aemc.gov.au/Contact-Us/Lodge-a-submission](http://www.aemc.gov.au/Contact-Us/Lodge-a-submission)

### **Enhanced Information for Gas Transmission Pipeline Capacity Trading – Consultation Paper**

The Energy Supply Association of Australia (esaa) welcomes the opportunity to make a submission to the Australian Energy Market Commission's (AEMC) Enhanced Information for Gas Transmission Pipeline Capacity Trading Consultation Paper.

The esaa is the peak industry body for the stationary energy sector in Australia and represents the policy positions of the Chief Executives of 37 electricity and downstream natural gas businesses. These businesses own and operate some \$120 billion in assets, employ more than 59,000 people and contribute \$24.1 billion directly to the nation's Gross Domestic Product.

Flexible and transparent access to pipeline capacity is important for the development of a liquid and transparent commodity market. Where access to capacity is impeded, this creates the risk that the incremental benefits of more flexible short-term trades are missed, the value of which may grow as market dynamics continue to evolve. Given the benefits of transparency and liquidity are interrelated and reinforcing, examining opportunities to improve market transparency and access to information across the supply chain is an important initiative.

Consistent with this, the Association is broadly supportive of implementing the information requirements proposed under section 3.2 of the rule change request. These reforms were largely informed by extensive stakeholder consultation and an assessment of the costs/benefits of a suite of different options. Collectively, they will assist with improving market participants' awareness of short-term capacity trading opportunities and also support industry-led reform in this area.

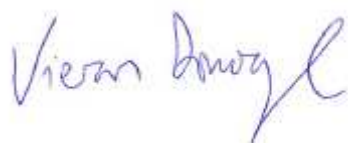
With respect to the additional information gaps outlined by the AEMC, the Association has some concerns over the breadth of the proposed reporting requirements. In particular, the additional information requirements appear overly onerous or without clear benefits in some cases and would likely result in the publication of commercially sensitive information. It is also unclear how some of the information is relevant from a capacity trading standpoint, as per the initial objective.

The esaa has provided more specific commentary in response to the rule change proposal and additional information requirements in Attachment 1. The decision to implement any of the additional information requirements should ultimately be informed by an assessment of

costs/benefits, noting the importance of avoiding unnecessary regulatory burden. It is also essential that commercially sensitive information is appropriately aggregated and protected.

Any questions about our submission should be addressed to Shaun Cole, by email to [shaun.cole@esaa.com.au](mailto:shaun.cole@esaa.com.au) or by telephone on (03) 9205 3106.

Yours sincerely

A handwritten signature in blue ink that reads "Kieran Donoghue". The signature is written in a cursive style with a long, sweeping tail on the final letter.

**Kieran Donoghue**  
General Manager, Policy

## **COAG Energy Council Rule Change – proposed solutions**

### *Uncontracted primary capacity and contact details of shippers*

The esaa is supportive of reporting uncontracted primary capacity on a forward outlook basis. This should allow market participants to easily determine the availability of uncontracted capacity on particular pipelines and over different timeframes. Publishing a list of contracted shippers and their contact details will also assist with reducing search costs for market participants. But the Association questions the need for shipper information to be made available in order of their contracted capacities, given a shipper's relative position in the market does not necessarily correlate with their propensity to hold unused pipeline capacity.

### *Secondary capacity trading*

It is noted market participants can currently access secondary capacity trading information associated with the Jemena and APA Group trading platforms through a link contained on the Bulletin Board website. To this end, it is not clear there is a significant information gap that needs to be addressed. But the proposal to consolidate this information in a central location on the Bulletin Board could assist with improving the overall useability and effectiveness of the Bulletin Board as a one-stop-shop for market participants, which is a priority outlined in the AEMC's East Coast Wholesale Gas Market and Pipeline Frameworks Review Stage 1 Final Report. The AEMC should consult with Jemena and APA Group to determine the viability and costs associated with providing this capacity trading site information to the Bulletin Board.

### *Detailed facility data*

Consistent with enhancing gas market information more broadly, the Bulletin Board could be improved through the publication of detailed facility data for pipeline, storage and production facilities. This would provide current and future market participants with a better understanding of what facilities are connected to particular pipelines and ideally facilitate more informed decision making.

### *Gas flow data*

The esaa believes there is merit in publishing aggregated receipt and delivery point data by zone on a day-after basis. This will assist with overcoming current data limitations relating to the publication of nominated and actual pipeline flow data and provide a more accurate reflection of gas flows over time. But the Association does not support the provision of commercially sensitive disaggregated receipt and delivery point data to underpin the Australian Energy Market Operator's (AEMO) proposed Bulletin Board monitoring and compliance function. It is not clear this information is necessary to drive more efficient market outcomes. Further, the Association generally considers the proposal represents an unwarranted extension of AEMO's compliance monitoring activities significantly beyond those currently required under Rule 146 and outside AEMO's market and system operation functions as prescribed in the National Gas Law.

## **AEMC – additional information requirements**

### *Storage facilities*

The Association agrees with the AEMC's view that more dynamic information on the operation of storage facilities may improve the ability of stakeholders to identify opportunities to procure storage services. On this basis, the Association is supportive of exploring the provision of enhanced storage facility data, including: the volume of gas held; aggregate injections and withdrawals nominations; forecast uncontracted capacity; and more detailed medium term capacity outlook data.

In assessing the value of this information, it is recognised not all storage facilities are the same (e.g. some are associated with gas processing and do not represent an injection point into a pipeline). But the Association considers it appropriate to amend the exemption criteria such that all storage facilities connected to a Bulletin Board pipelines are required to provide the same level of information.

### *Medium term capacity outlook*

Information relating to the outlook for operational pipeline capacity could be of greater use to market participants where it is provided in a standardised format and at regular intervals. But it should be noted the current arrangement for reporting medium term capacity outlook is a low cost option and has been given limited time to take effect (i.e. medium term capacity outlook reporting arrangements have only been in place since 8 January 2015).

To evaluate the costs/benefits of changes to medium term capacity outlook requirements, further details relating to the proposed changes are required. These include: the timeframe of the outlook period; the reporting interval; any triggers or thresholds for amending information; how the information would be presented; and the form in which the information is to be provided. These issues may potentially be best resolved through further discussions between AEMO and relevant stakeholders.

### *Linepack*

There does not appear to be consensus amongst stakeholders as to the usefulness of enhanced information on pipeline linepack. While some stakeholders have stated they consider enhanced linepack information would assist in providing a more complete picture of short term system adequacy, it is not clear the current pipeline adequacy flag system is insufficient for this purpose.

### *Supply nominations for production facilities*

Individual production facility data may provide value to market participants seeking a more accurate picture of gas supply/demand conditions. But the extent to which this information is necessary to inform capacity trading is less clear, particularly in the event more detailed pipeline capacity and flow data is made available.

Publication of this data also risks directly revealing commercially sensitive information. While this issue could be resolved in part by aggregating data at a level that avoids the disclosure of information relating to specific facilities, the level of data aggregation would still need to be carefully considered. There are circumstances under which commercially sensitive information may still be revealed. This includes cases where gas supply from a particular production facility is held by two parties only.