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# APA Group



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12 November 2015

Mr Ben Noone  
Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

GRC0033

Dear Mr Noone,

APA Group (APA) welcomes the opportunity to comment on the Australian Energy Market Commission (AEMC) draft rule determination on the Enhanced Information for Gas Transmission Pipeline Capacity Trading Rule change proposal.

APA largely supports the new information elements included in the AEMC's Draft Rule Determination. APA considers that the AEMC has adopted a reasonable balance between the likely benefits to be derived from increased information to support the gas market and the costs of information provision.

Some comments on the elements of the draft determination are included in the accompanying submission.

Please call Alexandra Curran on 02 9275 0020, if you would like any further information.

Yours sincerely

Peter Bolding  
General Manager Regulatory & Strategy

# **DRAFT RULE DETERMINATION**

## **National Gas Amendment (Enhanced Information for Gas Transmission Pipeline Capacity Trading) Rule 2015**

### **Introduction**

APA Group (APA) welcomes the opportunity to comment on the Australian Energy Market Commission (AEMC) Draft Rule Determination on the Enhanced Information for Gas Transmission Pipeline Capacity Trading Rule change proposal.

APA supports the new information elements included in the AEMC's Draft Rule Determination. APA considers that the AEMC has achieved a reasonable balance between the likely benefits to be derived from increased information to support the gas market and the costs of information provision.

Some comments on the elements of the draft determination are provided in the following sections.

### **Discussion of specific information elements**

#### **Uncontracted primary capacity**

APA supports the AEMC draft determination to require pipeline facility operators to publish on the National Gas Market Bulletin Board (NGMBB) details of uncontracted capacity by pipeline. APA considers that this should be a relatively low cost way of improving information available to the market on available firm capacity.

#### *Consequential amendment to Rule 111*

APA is disappointed that the AEMC has not adequately considered, as a consequential amendment to this proposal, the deletion of Rule 111 applying to scheme pipelines. APA considers that the draft rule determination approach in respect of spare capacity provides a more comprehensive and useable information resource for shippers on available spare capacity than the publication regime set out under Rule 111.

In respect of reporting available spare capacity, the proposed new rule would at least duplicate those under Rule 111. Further, APA is not aware that any of the other aspects of Rule 111, for example the use of the spare capacity register by shippers to notify of available secondary capacity, have ever been used by shippers during the term of the National Gas Code or National Gas Rules. In any case, the newly created capacity listing services on the NGMBB and individual pipeliner websites services have replaced this as a potential facility for advertising available secondary capacity.

APA encourages the AEMC to consider the removal of Rule 111 as a consequential amendment to the decision to require publication of available spare capacity for all NGMBB pipelines on the NGMBB.



## **Shippers' contact details**

APA supports providing to the NGMBB a list of shippers on each pipeline. APA recommended this approach as part of the COAG Energy Council consultation process, and considers that this information will improve market transparency and may reduce search and transaction costs for secondary capacity trades.

APA supports the decision not to require pipeline facility operators to provide to the NGMBB contact details for shippers. As previously stated by APA, this information is not directly available to pipeline operators and the pipeline operator has no way of ensuring that contact information is provided to it and that it remains up to date. APA considers that the AEMC's approach in the draft determination is appropriate.

## **Secondary capacity trading data**

APA supports this initiative though notes, as it has previously, that this data will be incomplete as capacity trades using pipeliner trade facilitation services and platforms are only a subset of all capacity trades, and fail to capture bare transfers.

## **Detailed facility data**

APA supports the provision of more detailed facility data on the NGMBB. The publication of facility schematics on the Western Australian Bulletin Board assists with shipper understanding of data posted on the bulletin board, and APA considers that a similar approach should be considered for the NGMBB, on the basis of information to be provided under this proposed Rule.

## **Gas flow data**

APA supports the provision and publication of aggregated receipt point flow data on the NGMBB.

In respect of the provision of disaggregated data, APA has some concerns with the expansion of AEMO's functions into monitoring the accuracy of provided data. APA considers that monitoring compliance is appropriately a role for the AER.

It is not clear that data accuracy has been a consistent problem in respect of bulletin board data. In many areas, outdated and inappropriate zone definitions contribute to a perception that data provided is not accurate or compliant. In these cases, a review of zone definitions to allow for better and more useable information to be reported on the NGMBB would be appropriate.

Notwithstanding the above, APA believes that the provision of disaggregated flow data on a monthly basis is relevant to other AEMO functions (such as producing planning reports) and does not object to its provision for this purpose.

## **Storage facilities**

APA considers that storage facilities are an important and growing part of the east coast gas market. To the extent that information from these facilities will assist market participants in gaining a full understanding of the short and longer term gas supply balance, APA considers that this information is likely to be appropriate to publish on the NGMBB.

## **Medium term capacity outlook**

APA considers that the AEMC has reached a reasonable compromise in respect of the scope of a medium term capacity outlook, in that the proposed rule does not require a full 12 month outlook of capacity.

The AEMC states that it considers that the costs of providing calculated capacity values should be relatively minor, as it expects capacity impacts to be calculated at the time of scheduling the maintenance. This is not correct.

While APA does undertake some degree of capacity assessment at the time of planning and scheduling maintenance, that assessment does not necessarily lead to the calculation of a firm and precise revised capacity value. Capacity values can also vary over the period of maintenance depending on the daily schedule of works, and are only known with accuracy within the timeframe of the short term capacity outlook.

APA considers that the publication of a numerical value for capacity as part of the medium term capacity outlook should be recognised as an estimate arrived at using information available at the time, and one that is subject to revision. It should not, as suggested in the draft determination, be a value that is used by shippers to 'optimise portfolios'.

A further, more onerous requirement to accurately calculate capacity impacts of maintenance, a long time before that maintenance is due to be carried out, will significantly increase the compliance costs associated with this obligation and is unlikely to provide a commensurate benefit to the market. APA had proposed and still considers a flag type indicator would be a more appropriate and cost effective mechanism to give a longer term indication of capacity and more particularly indicate any potential maintenance conflicts between assets.

### **Linepack**

APA supports the AEMC conclusion that there is no clear support or need for additional linepack information reporting on the NGMBB at this time.

### **Aggregated supply nominations**

APA maintains its view expressed in its earlier submission to this process that additional information on Production facility supply nominations would be useful for a complete understanding of the market.

### **Cost recovery**

APA is disappointed that once again a discussion on appropriate cost recovery principles has been deferred to another process. The information burdens in this rule change proposal, and for reporting under the NGMBB more generally, fall largely on facility operators, where the benefits of that information provision are enjoyed by market participants and other interested parties.

The current NGMBB framework for cost recovery that limits scope of recovery to specific aggregation services is not adequate as it does not recognise the full costs of data collection and validation, including system and process costs, associated with provision of all NGMBB information. The cost recovery Rules currently act to suppress the real total costs from being recovered more equitably across the market and need to be addressed.

The general principle should be that the beneficiaries of information provision should pay for that information. It is not acceptable to repeatedly assume that additional information requirements are minor, and can therefore be delivered without compensation to those reporting the information. This issue needs to be addressed as a matter of priority.