



Mr John Pierce
Australian Energy Market Commission
Level 6, 201 Elizabeth Street
Sydney NSW 2000
Lodged via www.aemc.gov.au

Friday, 13 January 2017

Dear Mr Pierce,

RE: Gas day harmonisation draft rule determination (ref GRC0036)

ENGIE appreciates the opportunity to comment on the Australian Energy Market Commission (AEMC) draft rule determination on gas day harmonisation (Draft Determination).

The current eastern gas market arrangements are fragmented with three different facilitated market designs that were introduced at different times in response to specific circumstances. Even a rudimentary metric such as the gas trading day differs as follows:

- 6:00 am in the Victorian Declared Wholesale Gas Market (regulated by National Gas Rule 200),
- 6:30 am in the Sydney and Adelaide Short Term Trading Markets (regulated by National Gas Rule 364),
- 6:30 am in the Moomba Gas Supply Hub (specified in the Gas Supply Hub exchange agreement),
- 8:00 am in the Brisbane Short Term Trading Market (regulated by National Gas Rule 364), and
- 8:00 am in the Wallumbilla Gas Supply Hub (specified in the Gas Supply Hub exchange agreement).

ENGIE supports the Draft Determination and draft rule to harmonise the start time of the gas day used in the Short Term Trading Market hubs and the Gas Supply Hub trading locations with the gas day start time used in the Victorian Declared Wholesale Gas Market. ENGIE notes the AEMC's comments regarding the potential for the costs to outweigh the benefits if the rule was to commence in the near term, and the subsequent decision to delay implementation of the harmonised gas day start time to 1 April 2021. Whilst ENGIE believes that this long delay in implementation is somewhat disappointing, it is acceptable to ENGIE as a cautious approach.

Australia

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ENGIE agrees that the full benefits of the east coast gas review will be reliant upon gas trading day timing being harmonised. The reform program for east coast gas market development proposes that pipeline capacity standardisation and short term secondary pipeline capacity trading and auctions are expected to be completed by mid-2021. The proposal to introduce gas day harmonisation at the same time as the broader east coast gas review changes is supported, as this will coordinate the necessary gas market changes from the east coast review with the changes that are required for gas day harmonisation.

ENGIE also supports the proposed gas day start time of 6:00 am, as this provides an appropriate amount of lead in time prior to the peak demand time which is often a few hours later in the morning.

ENGIE trusts that the comments provided in this response are of assistance to the AEMC in its deliberations. Should you wish to discuss any aspects of this submission, please do not hesitate to contact me on, telephone, 03 9617 8331.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Chris Deague". The signature is fluid and cursive, with a prominent initial "C".

Chris Deague
Wholesale Regulations Manager