



EnergyAustralia

13 February 2013

Mr John Pierce
Mr Neville Henderson
Dr Brian Spalding
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

EnergyAustralia Pty Ltd
ABN 99 086 014 968

Level 33
385 Bourke Street
Melbourne Victoria 3000

Phone +61 3 8628 1000
Facsimile +61 3 8628 1050

enq@energyaustralia.com.au
energyaustralia.com.au

Dear Commissioners,

National Gas Amendment (STTM Brisbane participant compensation fund) Rule 2013

EnergyAustralia welcomes the opportunity to comment on the National Electricity Rule (Rule) change request submitted by the Australian Energy Market Operator to the Australian Energy Market Commission (AEMC) that seeks to increase the dollar amount for the participant compensation fund (PCF) in relation to the short term trading market Brisbane hub.

EnergyAustralia is one of Australia's largest energy companies providing gas and electricity to over 2.7 million household customers. We own and operate an integrated portfolio of energy generation and storage facilities across Australia. However, we do not currently "ship" gas in a wholesale capacity in the Queensland market.

In relation to the Rule change request submitted by AEMO, we understand that AEMO seeks to:

- increase the maximum PCF amount for the Brisbane hub, from \$100,000 to \$450,000; and
- increase the maximum PCF amount for the Brisbane hub that can be recovered from participants in one year, from \$50,000 to \$225,000.

EnergyAustralia supports the Rule change submitted by AEMO as drafted. The Rule change seeks to increase the dollar amount of the PCF to reflect the the larger size of the volume of gas traded in the Brisbane hub. More specifically, we support this Rule change because:

- The PCF at the Brisbane hub was established based on the Brisbane retail market load. Demand at the Brisbane hub has turned out to be much larger than was originally forecast at the time when the PCF value was finalised in the National Gas Rules (NGR). The key reason for this was because of the inclusion of transmission connected STTM users (that is, the large industrial users) in the hub.

- Total gas withdrawals in the STTM by users at the Brisbane hub have turned out to be almost five times higher than originally forecast. As a result, it could be that scheduling errors turn out to be greater than the amount currently covered in the PCF.
- The proposed increase in the dollar amount for the PCF is based on a calculated proportion of the maximum PCF amount for the Sydney hub. Based on the forecast gas demand for 2012-13, AEMO has estimated that the Brisbane STTM is approximately 68% of the size of the Sydney STTM. Given the Sydney PCF is \$670,000 after adjusting for the size of gas demand, AEMO suggested that the Brisbane PCF should be adjusted to be around \$450,000.

We consider that this proposed Rule change to be fair and reasonable. Therefore, we do not consider that there will be much controversy surrounding the Rule change. For this reason, we support this Rule change being expedited through the fast track process under the AEMC Rule change assessment framework.

We thank the AEMC for considering our submission as part of its consultation framework. For any enquiries regarding this submission, please feel free to contact me on 03 8628 1240.

Yours sincerely

Signed for email

Con Noutso
Regulatory Manager