

Our Ref: 55144 - D15/112105
Contact Officer: Kate Murphy
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13 August 2015

Owen Pascoe
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Electronic submission

Dear Mr Pascoe 

Enhanced Information for Gas Transmission Pipeline Capacity Trading

The Australian Energy Regulator (AER) welcomes the opportunity to respond to the Australian Energy Market Commission's (AEMC) consultation paper on enhanced information for gas transmission pipeline capacity trading (the consultation paper). The AER provided a submission to the Council of Australian Governments (COAG) Energy Council Officials' consultation paper on enhanced pipeline capacity information on 18 July 2014.

The AER is supportive of proposals that increase transparency in the gas markets and facilitate trade in transmission pipeline capacity. In our submission to the COAG consultation we noted that having greater access to timely information on capacity data is important to facilitate trade of unutilised capacity.

With the ongoing development and growth in the east coast gas markets, participants are increasingly becoming reliant on Bulletin Board information to monitor changes in production and market conditions. The provision of additional information would give greater scope for forward planning. Extending the range of information available to market participants and other key stakeholders will enable relevant parties to make more informed decisions and effectively respond during this period of rapid change.

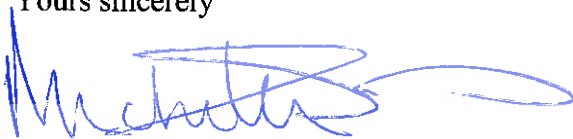
Ensuring participants are providing accurate, complete and timely information to the Bulletin Board has been a focus of the AER's compliance work program in 2015. We have endeavoured to improve information transparency in consultation with industry and other stakeholders and also sought to improve compliance with relevant obligations by undertaking targeted compliance reviews and enquiries.

While beyond the scope of the rule change, we consider it may also be timely to give wider consideration to whether the current approach to penalties for failure to comply with Bulletin Board provisions is appropriate given the growing significance the Bulletin Board is playing in the development of the east coast gas markets. Currently, the Bulletin Board provisions are not classified as civil penalty provisions and therefore the current regime may only offer limited deterrence against non-compliance. With participants becoming more reliant on Bulletin Board information for their planning and decision making, a failure to meet registration or reporting obligations could potentially impact market outcomes. The appropriateness of the existing penalties regime should be explored further, perhaps as part of the AEMC's Stage 2 of the East Coast Gas Review.

Finally, we note the proposal that the AEMO monitors compliance with the Bulletin Board registration and reporting requirements. It is appropriate for AEMO, as the market operator, to monitor and review relevant data provided to it to determine whether registration and reporting obligations are met. However, the interaction between the proposed provisions regarding AEMO's monitoring role and the AER's existing enforcement and compliance functions under the National Gas Law should be clear. Particularly, it should be clarified that under the new provisions AEMO will be required to notify the AER if it identifies potential breaches to enable the AER to investigate whether a breach has occurred.

If you have any queries relating to this submission, please contact Kate Murphy on 02 6243 1086.

Yours sincerely



Michelle Groves
Chief Executive Officer
Australian Energy Regulator