

19 November 2015

AEMC Commissioners
Australian Energy Market Commission
Level 2, 201 Elizabeth Street
Sydney NSW 2000

Iona Operations Pty Ltd as trustee
for the Iona Operations Trust Pty Ltd
c/o EnergyAustralia
L33, 385 Bourke St
Melbourne Vic 3000

Dear Commissioners,

GRC0033 – Enhanced Information for Gas Transmission Pipeline Capacity Trading

Iona Gas Storage Facility (Iona) is located in Port Campbell, Victoria and provides gas storage, processing and compression service to the eastern Australian gas markets. Iona is connected to major infrastructure pipelines that directly connect to the Victorian Declared Wholesale Gas Market (DWGM), Adelaide STTM and the Mortlake Gas Power Station.

A QIC led consortium has entered into a binding agreement in October 2015 to acquire Iona from EnergyAustralia. QIC is one of the largest institutional investment managers in Australia, with over A\$74 billion in funds under management and is a long term owner of infrastructure assets.

The information currently published by Iona on the Gas Bulletin Board is adequate to provide stakeholders an understanding of supply and demand for gas in the east coast gas market. Iona also has a requirement to notify and publish any facility constraints and work closely with AEMO to ensure that it has all the information required to efficiently operate the gas market and provide security of supply to gas consumers.

The proposed reporting information requirements will be more onerous and costly for Iona. Calculations for actual volume of gas in storage and aggregated injection and withdrawal from storage are currently performed manually.

Iona storage injections and withdrawals are dependent on our customers' usage of their gas storage services. However, our customers do not provide Iona with a forecast of storage injections and withdrawals and we do not have the tools or expertise to do so. Therefore, any forecast provided would be inaccurate and not useful for the gas market.

The AEMC has included an obligation for storage facilities to publish a 12 month outlook of uncontracted capacity stating "this reporting would be consistent with the uncontracted capacity outlooks for BB pipelines". However, pipeline capacity and storage volumes are unrelated concepts. Consistency across the gas market would require alignment of uncontracted storage with uncontracted production and park/loan services from pipelines. Any reasonable justification for uncontracted storage will apply equally to these equivalent services. The AEMC cannot make this rule without expanding on the justification of this proposal and why it should apply exclusively to storage when there has been no suggestion of inefficient levels of secondary trading of storage.

Iona has a good history of expansions to provide increased capacity and services to the gas market and providing contracts to new customers. We can facilitate storage capacity trading between customers if required, however this is not common practice as Iona's capacity is not fully sold and customers requiring gas storage services would simply arrange a firm contract with us directly.

We believe that the draft rule should not apply to storage facility operators as it will provide limited incremental benefits to the eastern Australia gas market.

Please contact Vuong Nguyen on (03) 8628 1558 or Vuong.nguyen@energyaustralia.com.au should you have any questions.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'g fwl', is positioned to the right of the 'Yours sincerely,' text.

Anthony Fowler
CEO
Iona Operations Pty Ltd