



5 October 2015

Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

Lodged (by online): [www.aemc.gov.au/Contact-Us/Lodge-a-submission](http://www.aemc.gov.au/Contact-Us/Lodge-a-submission)

### **East Coast Wholesale Gas Market and Pipeline Frameworks Review – Information Provision Working Group Discussion Papers**

The Energy Supply Association of Australia (esaa) welcomes the opportunity to make a submission in response to the Australian Energy Market Commission's (AEMC) Information Provision Working Group Discussion Papers.

The esaa is the peak industry body for the stationary energy sector in Australia and represents the policy positions of the Chief Executives of 34 electricity and downstream natural gas businesses. These businesses own and operate some \$120 billion in assets, employ more than 59,000 people and contribute \$24.1 billion directly to the nation's Gross Domestic Product.

The esaa is broadly supportive of efforts that increase the availability of gas market information. Where appropriately targeted, enhanced gas market information can assist with improving efficiency and security of supply as market participants become increasingly aware of the value of gas at different locations and at different times. But the relevance/value of information is very much contingent on broader gas market arrangements. Given such arrangements are currently under review on the east coast, it is important the Information Provision Workstream considers the broader role/purpose of the Bulletin Board in supporting future market development and provides an appropriately targeted strategy for reform.

The benefits of transparency and liquidity are interrelated and reinforcing. Transparency improves market participant's ability to make informed decisions around resource allocation over both the short and longer-term, while liquidity facilitates competition and enhances efficiency by enabling markets to react to an increase in transparency. The Information Provision Workstream is therefore highly relevant in the context of achieving the COAG Energy Council's Australian gas market vision.

But efforts to improve gas market transparency must be carefully considered. The relevance of any identified information gaps is very much dependent on broader wholesale gas market and pipeline transportation arrangements. Information that is not appropriately targeted, either with respect to the type or frequency of reporting, can create a reporting burden for little discernible benefit. The persistence of any broader gas market impediments can also negate the benefits of enhanced transparency.

In the context of the east coast gas market, this creates some challenges. A number of initiatives have been implemented in recent years to improve short and long-term market

transparency on the east coast. The Australian Energy Market Operator (AEMO) recently undertook a process to improve the overall functionality and useability of the Bulletin Board. Consideration is also being given to providing more transparent information around pipeline capacity and flows as part of the COAG Energy Council's Enhanced Information for Gas Transmission Pipeline Capacity Trading rule change. These initiatives were largely informed by extensive stakeholder consultation and an assessment of the costs/benefits of a suite of different options.

In the absence of a consolidated view on the direction of future gas market reform, it is difficult to identify where additional information may be warranted. As discussed, the relevance of information to market participants is very much dependent on broader gas market arrangements. This is not to suggest enhanced market transparency is not appropriate on the east coast, rather that the level of information dissemination, and the objective of the Bulletin Board more broadly, must be appropriately targeted to support market development. Consistent with this, the esaa has provided comment on four key issues that should be considered in the context of delivering targeted reforms.

- *The objective of the Information Provision Workstream should be more clearly defined:* While the COAG Energy Council's Australian gas market vision includes an outline of the desired outcome for gas market information, this outline should be further refined to provide a clear statement of purpose for the Information Provision Workstream. Notional objectives of 'improving transparency and liquidity' do not sufficiently frame the work currently being undertaken and may lead decision makers to conclude there are significant deficiencies in the provision of information, which may not be the case.
- *The overarching objective/purpose of the Bulletin Board should be examined:* The role/purpose of the Bulletin Board, as defined in rule 142 of the National Gas Rules (NGR), should be examined. This objective may still be deemed appropriate, but it is worth testing whether or not this is the case given the changes currently underway in the east coast gas market. A more targeted objective could assist with clarifying the scope of the Bulletin Board and focus views on where additional information is relevant and appropriate.
- *Current information deficiencies must be clearly identified:* There is merit in the AEMC describing any deficiencies and inefficiencies that arise due to inadequate information provision, and how increasing information may assist in addressing these deficiencies. Where possible, this should include evidence of any issues currently being experienced by market participants, and potential new entrants, that necessitates changes to current arrangements.
- *Reforms must be guided by cost/benefit analysis:* Any changes to current arrangements should ultimately be informed by robust cost/benefit analysis. This will avoid the implementation of overly onerous information requirements that deliver only limited benefits.

In considering the above, it is important to note the Bulletin Board has a key role to play in supporting market development. The relevance of additional information may therefore become clearer once the AEMC has consolidated its views on the appropriateness of broader gas market arrangements.

Any questions about our submission should be addressed to Shaun Cole, by email to [shaun.cole@esaa.com.au](mailto:shaun.cole@esaa.com.au) or by telephone on (03) 9205 3106.

Yours sincerely

A handwritten signature in blue ink that reads "Kieran Donoghue". The signature is written in a cursive style with a long, sweeping tail on the letter 'e'.

**Kieran Donoghue**  
General Manager, Policy