



20 October 2015

Anne Pearson
Senior Director
Australian Energy Market Commission
Level 6, 201 Elizabeth Street
Sydney NSW 2000

Online submission

Dear Ms Pearson

RE: DWGM AMDQ Allocation (Ref GRC0029)

GDF SUEZ Australian Energy (GDFSAE) appreciates the opportunity to comment on the Australian Energy market Commission (AEMC) consultation paper on the proposed rule changes to the Declared Wholesale Gas Market (DWGM) Authorised Maximum Daily Quantity (AMDQ) allocation arrangements.

GDFSAE agrees that the current national gas rules (NGR) are unclear in describing how authorised MDQ and AMDQ credit certificates (AMDQcc) should be established and allocated by AEMO and APA. As outlined in the consultation paper, this has resulted in the Australian Energy Market Operator (AEMO) and APA Gas Net (APA) establishing processes that are not entirely consistent with the NGR. Clearly it is desirable that the NGR establishes well-defined policy principles that can then be interpreted and implemented by the relevant agencies.

The AEMO rule change proposal is in large part intended to change the NGR to make it consistent with the current processes and procedures that AEMO and APA have applied in establishing and allocating authorised MDQ and AMDQcc. In general, GDFSAE would not favour a rule change on the basis that it would bring the rules into alignment with current practice. The assessment of whether a rule change should be approved needs to be based on criteria that determine the extent to which the proposed change would advance the national gas objective.

Despite the general hesitation in approving a rule change on the basis simply that it would align the rules with current practice, given that the AEMC are currently conducting a review into the east coast gas markets including the DWGM, and given that the review is considering broader issues associated with the arrangements for pipeline capacity, GDFSAE supports this rule change proposal on the basis that it offers a practical solution to the immediate rule uncertainty, and is consistent with current practice.

The support provided by GDFSAE for this rule change proposal should not be interpreted as endorsement by GDFSAE for the current arrangements for the allocation and cost recovery of authorised MDQ and AMDQcc. In fact, GDFSAE has a number of concerns regarding the current processes including whether

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they efficiently allocate pipeline capacity, whether the risks are appropriately allocated, whether the investment signals are effective and whether the cost recovery arrangements are appropriate. GDFSAE is expecting that these issues will be properly considered in the east coast gas review, and is therefore willing to defer consideration of these issues that the review.

GDFSAE 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".

Chris Deague
Wholesale Regulations Manager