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12 November 2015

Mr John Pierce
Mr Neville Henderson
Dr Brian Spalding
Australian Energy Market Commission

Dear Commissioners

Lodged electronically: www.aemc.gov.au (GRC0033)

AEMC, Enhanced Information for Gas Transmission Pipeline Capacity Trading, Draft Rule Determination, 1 October 2015

EnergyAustralia welcomes the opportunity to make a submission on the Enhanced Information for Gas Transmission Pipeline Capacity Trading Draft Rule Determination.

We are one of Australia's largest energy companies with over 2.5 million electricity and gas accounts in NSW, Victoria, Queensland, South Australia, and the Australian Capital Territory. We also own and operate a multi-billion dollar portfolio of energy generation and storage facilities across Australia, including coal, gas, and wind assets with control of over 4,500MW of generation in the National Electricity Market

We are supportive of the additional information to be provided through the Gas Bulletin Board. The improvements to the medium term capacity outlook will give a clearer understanding of constraints that will affect gas flows. The information will be used by our business to better understand gas flows and optimise our position within the market. There are only two concerns we would like to highlight in this submission.

Firstly, we believe it may be premature to introduce an obligation on pipeline operators to provide secondary trade data. To be clear, our only objection to this information being published is the uncertainty in a successful cost/benefit test. As stated by the AEMC in the draft determination, "the benefits of this information are unlikely to exceed the costs in the short term." This is due to the current low volume of secondary capacity trading.

The East Coast Wholesale Gas Market and Pipeline Frameworks Review currently being undertaken is examining mechanisms to improve the way capacity is traded. Reform in this space may displace current pipeline operator trading platforms. This would cause rule 170C to become redundant in the near future. We recommend it be re-examined and considered as part of this review.

Secondly, LNG export facility outages will create significant volatility in expected gas flows and market prices yet currently there is no visibility as to the timing of planned outages. The LNG facility operators are currently seeking authorisation from the ACCC[1] in order to discuss

[1] http://registers.accc.gov.au/content/index.phtml/itemId/1190309/fromItemId/278039

and optimise maintenance schedules between themselves. The application explains the potential need to repurpose excess gas during outages including on-selling to third parties. The application also signals that commercial sensitivity of outage schedules is not an issue given that it will be shared with direct competitors.

We agree that there are efficiencies to be gained by collaboration. However, parties to this agreement will have access to information not generally available to the market which could have a material effect on the price of gas. We recommend that the AEMC provide a mechanism for this information to be provided to the market. This will remove the information asymmetry and assist participants in organising their portfolios to utilise the excess gas.

If you any have further questions please contact me on (03) 8628 4518 or at Ben.Hayward@EnergyAustralia.com.au.

Regards

Ben Hayward

Wholesale Regulation