



Attachment 1 Stakeholder feedback template

The template below has been developed to enable stakeholders to provide their feedback on the questions posed in this paper and any other issues that they would like to provide feedback on. The GMRG strongly encourages stakeholders to use this template, so that it can have due regard to the views expressed by stakeholders on each issue. Stakeholders should not feel obliged to answer each question, but rather address those issues of particular interest or concern. Further context for the questions can be found in the consultation paper.

PART A Day-Ahead Auction of Contracted but Un-Nominated Capacity

	Questions	Feedback
3.1	Transportation products auctioned	
1.	<p>Do you agree with the proposal to include the following products in the auction:</p> <ul style="list-style-type: none"> ○ forward haul transportation services (with separate products offered in both directions on bi-directional pipelines)? If not, please explain why. ○ compression services? If not, please explain why. 	<p>We agree with the proposal to include forward haul products (with both directions included for bi-directional pipelines) and compression services.</p> <p>We strongly support broad coverage of the auction as we believe this is required to maximise the benefits of these reforms. The Gas Supply Hub (GSH) trading locations and Short Term Trading markets are all connected by key bi-directional pipelines. By including both directions on bi-directional pipelines, the auction will improve short-term allocative efficiency by linking key commodity markets enabling gas to flow to where it is valued most.</p> <p>Compression services that are used to facilitate flow between pipelines, and are separately contracted for (from pipeline capacity), should be included in the auction. Without these services, shippers are not able to flow gas between pipelines at key interconnection points e.g. Moomba and Wallumbilla. If these services are not included, then the benefits of having a combinatorial auction with linked bids would be undermined.</p>
2.	<p>Do you agree with the proposal to include an interruptible backhaul service in the auction for single direction pipelines? If not, please explain why.</p>	<p>We agree with the proposal to include a backhaul service in the auction for a single direction pipeline. As articulated in the consultation paper, there are clear efficiency benefits from including backhaul and, in addition, the price transparency provided for backhaul legs may be an important market signal.</p>



	Questions	Feedback
3.2	Priority of the auction product	
3.	<p>Do you agree with the proposal to adopt a second priority firm auction product? If not:</p> <ul style="list-style-type: none"> ○ please explain why you think this option should not be selected; and ○ please set out the option you think should be adopted and why you think it is more consistent with the AEMC's recommendations and the assessment framework set out in section 2.3 than the second priority firm auction product. 	<p>The secondary firm priority product has several drawbacks that should be considered. Under a secondary firm priority product, a shipper with a firm renomination right will retain all rights to its capacity. Consequently, the shipper's incentive to sell that capacity ahead of time on the secondary capacity trading platform are likely to be muted. Furthermore, a buyer will have less certainty of its capacity position if the product can be interrupted by the behaviour of the incumbent shipper and may therefore discount or be unwilling to purchase the auction product. This dynamic could potentially undermine the auction and secondary product. In particular, a lack of firmness may deter use of the product by new entrants or smaller players who do not have a large portfolio position. AEMO is concerned that the proposed design also elevates implied (not contracted) renomination rights to a point where they are firmer than the auction product. As these rights are not specifically contracted, the implication is that any firm shipper could potentially renominate up to quantity unknown to auction participants and interrupt the auction.</p> <p>AEMO also notes that the secondary firm priority product as described cannot utilise uncontracted pipeline capacity. This has at least two implications:</p> <ol style="list-style-type: none"> 1. As available and interruptible product will have priority over the auction product where the full contracted allocation of pipeline capacity has been sold through the auction and uncontracted capacity remains. This is because under the proposed model, as available and interruptible capacity is permitted to utilise the uncontracted component of the pipeline and auction capacity is not. 2. Auction capacity may be interrupted even if there is spare capacity available on the pipeline. This is not a short-term efficient use of the asset. <p>We understand that similar concerns informed the European Commission's approach to adopt a partially fully firm use it or lose it mechanism. We remain concerned that the day ahead auction may not be successful under the described second priority firm auction product if buyers are unwilling to participate due to risk.</p> <p>If a secondary firm mechanism is adopted it will be important to assess its efficacy. If the mechanism is deemed to not have delivered the desired policy objectives, then there should be consideration given to implementing a hybrid/firm product design.</p>



	Questions	Feedback
4.	<p>Are there any other tools that you think should be available to auction participants to manage curtailment risk?</p>	<p>If a non-firm auction product is implemented it will be critical that robust market conduct rules are in place to mitigate against the risks of gaming. Under the proposed design, renominations by firm shippers have the ability to significantly disrupt auction purchasers. As identified in GMRG's paper, if these renominations go unchecked there may be an incentive for contract holders to renominate to interrupt the auction or may overnominate to withhold capacity from the auction. If this was allowed to occur it would seriously undermine the auction with flow on effects to the secondary market and broader reform package.</p> <p>Given the issues outlined above, we consider that market conduct rules for the auction are required. The AER should be given oversight of renominations where these renominations interrupt auction capacity or where an initial nomination followed by a renomination down results in an unnecessary reduction in auction volume. Furthermore, we consider that renominations that lead to interruption be publicly reported in addition to public reporting on the auction quantity that was interrupted. These measures would aid auction buyers in managing some of the risks with a non-firm auction and should provide appropriate incentives for firm contract holders who make renominations to support operational requirements.</p>
3.3 Other elements of the auction product		
5.	<p>Do you think the auction product should have:</p> <ul style="list-style-type: none"> ○ the same MHQ factor as that specified in the service provider's operational GTA? If not, please explain why. ○ a 'reasonable endeavours' renomination right? If not, please explain why. 	<p>It would seem to be sensible to have a consistent MHQ factor between the auction and capacity trading products on each pipeline.</p> <p>A reasonable endeavours renomination right could be made available provided it does not interrupt another service.</p>
6.	<p>Do you think the auction product should have an imbalance allowance equivalent to that specified in the service provider's operational GTA?</p> <ul style="list-style-type: none"> ○ What, if any, effect do you think this would have on a MOS provider's ability to provide balancing services in the STTM? If you think it will be problematic, are there any measures that you think could be employed to address 	<p>AEMO considers that there are potential issues with this proposed approach. Under this model, the incumbent shipper will forfeit its imbalance allowance for any unnominated quantity (which could potentially be its entire imbalance allowance).</p> <p>This model could be problematic for the STTM. We understand that some shippers use their imbalance accounts to provide MOS offers to the STTM. Given that MOS is allocated to STTM shippers on an ex-post basis, under the current market design, it would not be possible for such a shipper to know ahead of time how much of its</p>



	Questions	Feedback
	<p>this issue, while also providing auction winners with some level of an imbalance allowance?</p> <ul style="list-style-type: none"> ○ Are there any other issues that the GMRG should be aware of in relation to this proposal? 	<p>imbalance account is required to meet its potential MOS obligations and when this quantity is not nominated it would be relinquished.</p> <p>Instead, it would be more practical for the original shipper to retain its imbalance tolerance/account and for standard arrangements to be in place for auction purchasers to manage imbalances. If a pipeline operator permits an auction purchaser to accrue an imbalance (e.g. the participant has flowed additional gas on the day) then there should be standard tolerances and charges in the operational GTA to deal with any overruns or imbalances. Furthermore, the operational GTA could also create a standard mechanism for clearing imbalances similar to the arrangements for the secondary product. This would be a less disruptive approach than transferring imbalance tolerances to auction purchasers.</p>
3.4 Contract path specification		
7.	Do you think a zonal or point-to-point contract path approach should be employed in the auction?	<p>AEMO considers that a case-by-case approach would be most appropriate. For some pipeline legs, notional/zonal approaches may be more practical. For other locations, for example where there are large capacity differences between closely located delivery points, a point-to-point approach may work better. Where a notional point or zone is implemented, there should be standardised arrangements in place from taking gas away from/delivering gas to the zone. We expect there to be a requirement for a combination of “zonal” and point-to-point auction legs.</p> <p>A consultation process will need to be undertaken over the coming months to define an appropriate set of legs. It is therefore important that the higher level legal framework is sufficiently flexible to enable a range of options to be implemented including notional points/zonal approaches.</p>
8.	<p>If you think a point-to-point approach should be employed, do you have any concerns with:</p> <ul style="list-style-type: none"> ○ the proposal to use different approaches for the trading platform and auction? If so, please explain why. ○ the potential for the publication of information on contracted but un-nominated capacity at delivery points servicing market generating units to adversely affect 	<p>The scenario outlined for NEM generators highlights a situation where a notional point (or zone) that aggregates capacity across several similar delivery points may be more desirable. For a notional point auction, participants would acquire capacity to/from the notional point and then move gas to their preferred physical point. Standardised arrangements (including charges) could be put in places for moving gas to or from the physical points associated with the notional delivery point. Under a notional point model, the GPG’s un-nominated capacity would not be directly revealed as its delivery point would not be specifically included as an auction product.</p>



	Questions	Feedback
	competition in the NEM? If so, please explain why and how you think this could be addressed.	
9.	Are there any other complexities associated with the point-to-point approach or technical requirements the GMRG should factor into its consideration of this issue?	The capacity definition model proposed and the example outlined on page 42 of the report implies the need for a further constraint to be used in the auction solver. In the example, the participant is looking to move gas from run 2 at Wallumbilla to the Dalby delivery point on the RBP. The participant is submitting individual bids for run 2 and Dalby delivery point capacity. However, to transport the gas between the two points the participant will also need access to the RBP i.e. there will need to be sufficient transportation capacity on the RBP itself to facilitate the transfer. Therefore, the pipeline operator will need to provide this additional piece of information to AEMO in order for the auction to deliver a feasible outcome. Furthermore, this additional transportation constraint would represent an additional level of complexity for the solver as it would need to solve for each delivery point subject to a secondary capacity constraint. The SRA solver would not be able to do this natively and so it is likely that a different solver would need to be developed.
4.1 Calculation of auction quantity		
10.	Do you agree that the calculation of the contracted but un-nominated capacity will simply involve deducting the actual nominations from the reserved capacity for each product (e.g. at receipt points, delivery points, pipeline segments and compression), or are there other complexities that service providers will need to deal with that have not yet been identified?	We believe additional information on pipeline capacity will be required as outlined in our response to question 9.
11.	Given your view on product design, do you think as available or interruptible nominations received prior to nomination cut-off should be included in the calculation of contracted but un-nominated capacity?	The approach for determining the auction quantity should consistent with the scheduling priority.



	Questions	Feedback
12.	If the auction product is defined as a second priority as available or interruptible product, do you think service providers should be required to employ a top down approach to scheduling these services, or are there technical reasons why this approach can't be employed?	We would not support these product definitions. However, if they are adopted as available and interruptible should be scheduled on a top-down basis. If the product is interruptible and services are scheduled on a bottom up basis the benefits of the auction will be severely limited.
13.	Are there any other factors that service providers would need to take into account when calculating the auction quantity for each product?	No other factors are immediately apparent. We expect that the process will be similar to that undertaken by pipelines to calculate the amount of capacity available to primary shippers on a non-firm basis through other services.
14.	Are there any specific calculation issues that the GMRG would need to consider if the point-to-point approach is used?	No further comment.
15.	Do you think the method service providers are to use when calculating the auction quantity should be specified in the NGR, or do you think service providers should be able to develop their own method and have it approved by the AER?	Robust and consistent arrangements for the calculation of auction quantity are desirable. It would therefore seem more appropriate to specify the calculation methodology in the National Gas Rules. In addition, inclusion of the auction calculation in the NGR will subject the methodology to the standard NGR consultation process which will be useful when the methodology needs to be changed. Alternatively, a separate Procedure could also be developed to capture the calculation methodology.
4.2 Auction format		
16.	Do you agree with the proposal to utilise a partial combinatorial auction? If not, please explain why?	We support a partial combinatorial auction. Aggregation risks for gas transportation capacity are significant given the fragmented structure of the network. Demand for the auction product would likely be impeded if participants face an increased risk of having stranded capacity making it impractical to use the auction product to move gas between markets.
17.	Do you think there is value in including the minimum requirement optional feature from market start, or do you think this could be added over time if required? <ul style="list-style-type: none"> o If you think it should be included from market start, please outline the benefits you think bidders will derive from its inclusion and if you think these benefits will outweigh the 	AEMO considers that there is limited benefit in including the minimum requirement optional feature at market start. As noted in the paper, the STTM and DWGM do not have a minimum requirement. A minimum parcel size is included in the for GSH products to encourage liquidity and prevent a shipper's transaction from being split across multiple counterparties – the same issue does not exist for the auction product.



	Questions	Feedback
	<p>costs and complexities of including this in the auction solver?</p> <ul style="list-style-type: none"> o If a minimum requirement is adopted (either from market start or later), which combination of minimum requirement (global or bid-specific) and allocation mechanism (option 1 or 2) do you prefer and why? The GMRG is particularly interested in stakeholders' views on the impact on bidders and efficiency as well as potential gaming opportunities with any of these combinations 	<p>The minimum requirement feature would represent additional complexity for the auction solver and so would need to be justified.</p>
18.	<p>Do you think there is sufficient demand for substitutable routes to warrant the inclusion of the XOR set optional feature? If so, please explain why.</p>	<p>AEMO has not identified any substitutable paths where XOR bids could be required. The inclusion of XOR sets would significantly complicate the market's design and require a far more sophisticated auction algorithm than had been originally anticipated. As such, we consider that the inclusion of this feature is unlikely to be of net benefit at market start.</p>
19.	<p>Do you agree with the proposal to include the static backhaul optional feature? If not, please explain why.</p>	<p>We support the inclusion of static backhaul in the auction. There is a clear efficiency gain from enabling participants to effectively off-set flows and swap gas when they are shipping in opposite directions, this is a valuable component of the Short Term Trading Markets.</p>
4.3 Reserve price		
20.	<p>If compressor fuel is provided by a service provider, do you think the reserve price should be adjusted to reflect these costs, or do you think the costs should be recovered through the operational GTA?</p>	<p>We see it as being more appropriate to include these charges in the operational GTA.</p>
4.4 Pricing rule		
21.	<p>Do you agree with the proposal to adopt a pay-as cleared pricing rule? If not, please explain why.</p>	<p>Yes. A pay-as cleared pricing rule will be simpler to implement for a combinatorial auction format.</p>
22.	<p>If you propose an alternative pricing rule, please provide details on how this rule could be implemented and whether or not the inclusion of minimum requirements and/or XOR sets would be problematic under this alternative rule.</p>	<p>No comment, we support a pay-as cleared pricing rule.</p>



	Questions	Feedback
23.	<p>Do you agree with the proposal to set the price at the lowest accepted bid if the lowest accepted bid is fully cleared? If not, please explain why.</p> <ul style="list-style-type: none"> ○ If you propose an alternative pricing rule, please provide details on how this rule could be implemented and whether or not the inclusion of minimum requirements and/or XOR sets would be problematic under this alternative rule. 	<p>Setting the price to the lowest cleared bid in this scenario seems to be the more sensible option as the price is being set by a bid that is actually allocated capacity.</p>
24.	<p>Do you agree with the proposal to use a random tie-break mechanism in those cases where there are more than one set of prices that satisfy the pricing constraints imposed by the lowest accepted bids? If not, please explain why.</p>	<p>We are comfortable with the proposal to use a random tie-break.</p>
4.5 Method for determining winning bidders		
25.	<p>Do you agree with the proposal to determine winning bidders through the use of a profit maximising algorithm, which in this case reduces to a revenue maximising algorithm? If not, please explain why.</p>	<p>We agree with the proposed winner-determination approach.</p>
26.	<p>Do you agree with the proposal to use a random tie-break rule to determine winning bidders? If not, please explain why.</p>	<p>We are supportive of a random tie-break rule.</p>
4.6 Curtailment on the gas day		
27.	<p>Do you agree that auction winners should be able to try and procure primary capacity from the service provider if the curtailment arises as a result of a renomination and there is spare primary capacity available? If not, please explain why.</p>	<p>We understand that participants can already enter into as available or interruptible contracts that would address this scenario. Obviously this option does not assist a participant who has purchased gas on a contractually congested pipeline that is fully utilised following a renomination. This option does not make the product any firmer than the status quo.</p> <p>In this scenario, an auction shipper is being interrupted by the pipeline operator to meet a firm contractual obligation. The auction shipper is likely to be at a commercial disadvantage if it has been interrupted for example if it is using its auction capacity to</p>



Questions		Feedback
		meet another contractual obligation. It may be challenging for the auction shipper to negotiate a suitable arrangement in sufficient time to access the uncontracted primary capacity with the pipeline operator. It would therefore be more appropriate to have a standard pre-determined charge for the uncontracted capacity that gives the shipper access to the uncontracted pipeline capacity on an intra-day basis that the pipeline operator must accept. This charge could for example be set with relation to the firm rate given the participant is being interrupted to meet a firm renomination.
28.	Do you think that auction winners should be able to choose whether they are only curtailed on the product for which there is insufficient capacity or across all products? If not, please explain why.	<p>Yes, given the risk associated with stranded capacity it would make sense to give the participant the option to curtail its bids on other pipelines.</p> <p>AEMO notes that a process for communication between AEMO, shippers and pipeline operators for curtailment will need to be developed and consulted on as part of the next stage of work.</p>
29.	Do you think that the pro-rating with compensation curtailment option should be employed as the project team has suggested, or do you think the pipeline wide valuation with or without compensation option should be employed? In addressing this question, please outline how significant you think the risks of curtailment are.	No comment
4.7 Allocation of the auction residue		
30.	Do you agree with the proposal to allocate the auction residue to service providers based on the revenue achieved by individual products? If not, please explain why and set out what alternative approach you think should be employed.	Yes, we agree with the approach of allocating the auction revenue in accordance with the clearing prices on each pipeline segment as this should reflect the relative scarcity of each segment.
4.8 Information to be provided to auction participants		
31.	<p>Do you agree with the proposal to:</p> <ul style="list-style-type: none"> ○ provide auction participants with information on the products to be auctioned and the auction quantities prior to the auction? 	We agree with all three questions.



	Questions	Feedback
	<ul style="list-style-type: none"> ○ provide auction winners with information on their own winning bids and the clearing price for all the products sold through the auction? ○ publish information on auction quantities and the clearing prices on the BB website? 	
32.	Do you agree with the proposal not to publish the bid-stack in the initial stages of the auction's operation? If not, please explain why you think the gaming issues identified by NERA are unlikely to affect the robustness of the auction.	We agree with concealing the bid-stack for at least the start of the new market. The Day Ahead Auction is a voluntary market unlike the STTM or DWGM and therefore anonymity may be important to encouraging liquidity particularly when the market is small.
4.9 Auction timing		
33.	Do you agree with the proposed timing offsets for the auction related D-1 activities? If not, how long do you think should be allowed for each activity?	We are comfortable with the high level timings outlined in the paper. However, we note that it is very likely that these timings will need to be adjusted as the detailed design is worked through and the system requirements and impacts are better understood. For example, the design of the fallback/default process for the auction would be likely to affect the proposed timings. As such, it would be premature to lock these timings in at this stage.
34.	What do you think should occur if: <ul style="list-style-type: none"> ○ a service provider is unable to provide AEMO with the auction quantity within the required timeframe? ○ AEMO experiences a system failure and is unable to conduct the auction within the required timeframe? 	<p>In the event that a service provider is unable to provide AEMO with the auction quantity, an additional period of time (for example 15 minutes) could be allowed for data submission delaying the auction slightly. If the pipeline operator is still unable to submit the capacity data a fallback mechanism may be required. Fallback mechanisms could include:</p> <ul style="list-style-type: none"> • Cancelling the auction for that gas day • Cancelling the auction on the segment that was unable to submit capacity in time • Running the auction using a default quantity. For example, an average of unominated but contracted capacity offered in the auction over the preceding week. <p>If the auction system itself fails a delayed process could be allowed for to provide additional time for AEMO to attempt to recover the system and run the auction. If</p>



	Questions	Feedback
		<p>the auction is still unable to run after the final cut-off time then the market would need to be suspended at least for that gas day.</p> <p>We note that the fallback/default processes will require further development and consultation. In a similar manner to the other markets we operate, AEMO would expect to publish event reports for situations that delay or affect the operation of the market. We would also expect that AER would also undertake investigations into events (such as a failure to submit capacity) that represent a breach of the rules or procedures.</p>
5.2 Coverage of the auction		
35.	Do you agree with the proposal to apply the auction to all the transmission pipelines (excluding the Declared Transmission System) linking major demand centres and supply sources in the east coast and contractually congested pipelines in regional areas? If not, please explain why.	We agree with the proposal to take a broad approach to auction coverage. We consider that broad coverage is required to deliver the greatest efficiency benefits. For the auction product to be useful, it will need to enable participants to move gas between pipelines. Furthermore, as the auction is only applied to the contracted portion of pipeline capacity it is not clear why coverage of the auction would need to be determined by a somewhat arbitrary definition of contractual congestion.
36.	Are there any other pipelines or compressors that you think should be added to the list of pipelines and compressors that could be subject to the auction in Table 5.2?	From the definitions and exemptions provided in the paper it would appear that the Wallumbilla to Gladstone Pipeline may also be captured under this framework. In addition, as the actual auction products/legs are developed, there may be additional pipelines identified that should be included.
37.	Do you think that the efficiencies associated with a broader application of the auction will outweigh some of the dynamic efficiency losses that could occur on individual pipelines? If not, are there any other measures that you think could be employed to ameliorate the effect of any such losses?	We are not convinced that there would be a dynamic efficiency loss as a consequence of the auction. Lower levels of long-term contracted capacity do not entail a dynamic efficiency loss. If all participants were to solely rely on the auction for their capacity needs then by virtue of the auction's design there would be no capacity available for them to acquire. Further, as the auction product is proposed to be non-firm and is day ahead only, we expect that participants will continue to enter into long-term arrangements for capacity where it is appropriate and efficient for them to do so.
38.	<p>Do you agree that exemptions should be available to:</p> <ul style="list-style-type: none"> o transportation assets that are not providing third party access? If not, please explain why. o transportation assets that service a single facility? If not, please explain why? 	<p>Pipelines servicing a single facility</p> <p>Where a pipeline is exclusively servicing a single a facility there may be case for exemption particularly where the shipping entity is the same party as the facility operator (for example some pipelines that are exclusively built for GPG). However, as noted in the paper, it is important that this exemption can be revoked if circumstances</p>



Questions		Feedback
		change and there are new potential users of the pipeline. As such, the exemption framework will have to be carefully design and it may be more practical to have these pipelines included by default and exempted by application.
39.	Do you think an exemption should be available to pipelines that fall below a minimum size threshold if they are not contractually congested? Please explain your response.	Consideration should be given to the costs and benefits of including smaller pipelines particularly if the establishment costs are large for the pipeline operator. However a volumetric exemption would have the potential to disadvantage large users and/or pipelines connected to 'smaller' retail loads. If pipelines with a capacity of below 10 TJ/d are included in the auction, it may be necessary to subject them to similar Bulletin Board reporting requirements as larger pipelines.
40.	Are there any other exemptions that you think should be provided for? If so, please explain what they are and why they are required.	We cannot see a reason for any further exemptions at this stage.
6.1 Auction platform and systems		
41.	Do you agree with AEMO's proposal to use existing systems and a modified version of the SRA algorithm? If not, please explain why.	AEMO notes that the ability to use a modified version of the SRA will largely depend on the final auction design. It is possible that a new solver will be required to deliver this auction. As discussed in our response to question 9, we also consider that the product model that has been outlined may imply the need for additional constraints in the solver which would not be compatible with re-using SRA.
42.	Will service providers need to put any new systems in to calculate auction quantities or to deal with information transfers between itself and AEMO? If so, how long do service providers think this is likely to take?	No comment
6.2.2 Settlement arrangements		
43.	Do you agree with AEMO's proposal to combine the settlement amounts for the GSH and day-ahead auctions? If not, please explain why.	AEMO notes that we are continuing to work through the legal and system ramifications of this option with GMRG. It is possible that separate settlement arrangements will be required.
6.2.3 Credit risk management		



	Questions	Feedback
44.	Do you agree with AEMO's proposal to combine the credit risk management arrangements for the GSH and auction products? If not, please explain why.	AEMO notes that we are continuing to work through the legal and system ramifications of this option with GMRG. It is possible that separate prudential arrangements will be required.
6.2.4 Cost recovery		
45.	Do you agree with the proposal to recover AEMO's costs of implementing and conducting the day-ahead auction from auction and GSH participants? If not, please explain why.	AEMO supports recovering costs for the GMRG reforms through a pool of both the auction purchases and capacity trades but separate from the GSH commodity products. There is a clear inter-relationship between the auction product and the capacity trading platform. Indeed, it is possible that if the auction provides a strong incentive to trade capacity on the secondary market then very little capacity may be allocated through auction relative to the secondary market. The cost recovery structure should reflect the dynamic that these two markets are interrelated and interdependent.
46.	Do you agree with the proposal to allow AEMO to determine, in consultation with auction and GSH participants, the fee structure that would apply to the day-ahead auction and secondary capacity trades? If not, please explain why.	No comment
47.	Do you think the cost recovery provisions should be specified in the NGR?	We note that as both markets are voluntary and their uptake is uncertain that the potential for under-recovery of costs exists. As such, a catch-all/fallback cost recovery mechanism in the rules may be required in order for AEMO to recover its costs associated with establishing and operating these markets.
6.25 Other contractual arrangements required by auction winners		
48.	What changes do you think will need to be made to the Operational Code that was released for public comment in the <i>Standardisation Related Reforms and the Capacity Trading Platform Consultation Paper</i> to accommodate the auction product?	No comment
7.2 Legal and governance framework for the day-ahead auction		
49.	Are there any other changes that you think will be required to the legal and governance framework to give effect to the day-	The publication of information related to interruptions should be further considered as discussed in question in our response to question 4.



	Questions	Feedback
	ahead auction that have not been identified in Error! Reference source not found.?	



PART B – Reporting Framework for Secondary Trades

	Questions	Feedback
8.1	Types of trades to be reported	
50.	<p>Do you agree with the proposal to specify that the reporting framework will apply to the following types of secondary trades:</p> <ul style="list-style-type: none"> ○ all exchange traded products listed on the capacity trading platform; and ○ bilateral trades involving forward haul, backhaul, park, park and loan, and/or compression services that are given effect through either a bare transfer or an operational transfer? <p>Or do you think that there are other types of secondary capacity trades that should be reported?</p>	<p>We agree that the framework should be applied to these types of trades.</p>
8.2	Information to be reported	
51.	<p>Do you agree that the information set out in Table 8.1 should be reported for exchange based capacity trades and bilateral capacity trades? Or do you think that:</p> <ul style="list-style-type: none"> ○ additional information should be reported? If so, please set out what additional information you think should be reported and why. ○ less information should be reported? If so, please set out what information you don't think should be reported and why. 	<p>If non-standard terms are not identified, comparing and understanding the trade data will be extremely challenging. Given the number of bespoke deals that occur in the capacity trading space, this could undermine the value of this recommendation.</p> <p>We recommend that at a minimum a standard list of terms be developed and that where a trade deviates from these terms by a material amount it is flagged in the trade reporting. This would at least enable users of the data to understand whether a bilateral trade is standard or non-standard without necessarily revealing the minutiae of every term.</p>
52.	<p>Do you think any additional measures are required to protect the anonymity of counterparties? If so, please explain what they are and how this would be consistent with the overarching objectives of the reporting requirements.</p>	
8.3	Reporting obligation for bilateral trades	



	Questions	Feedback
53.	<p>Do you agree that the obligation to report bilateral trades of secondary capacity should fall on the seller? Or do you think the obligation should fall on:</p> <ul style="list-style-type: none"> ○ the buyer? If so, please explain why. ○ both counterparties? If so, please explain why. 	AEMO notes that to achieve this end, all shippers on transmission pipelines selling capacity would be required to be registered Bulletin Board participants to be able to submit this data.
54.	<p>Do you agree with the proposal that bilateral trades of secondary capacity should be reported by the earlier of one day after the trade is executed or the day prior to the trade commencing? Or do you think sellers require a longer period of time to report trades?</p>	We agree with these timeframes. Allowing further time would significantly reduce the relevance of the information to the market.
55.	<p>Do you agree that shippers should be given flexibility to engage someone to report on their behalf, or should all shippers be required to gain access in their own name to the reporting systems?</p>	
8.4 Where information should be published		
56.	<p>Do you agree with the proposal to allow AEMO to publish information on:</p> <ul style="list-style-type: none"> ○ exchange based trades on the GSH and the BB website? If not, please explain why. ○ bilateral trades on the BB website? If not, please explain why. 	AEMO considers that exchange based trades should be published at the end of the gas day on the Bulletin Board. We are not convinced that there is a need for a near-real time reporting system (or a ticker) outside of the gas supply hub platform at this stage. This could be considered further once the new markets have launched based on market activity and participant interest. Similarly, reporting in tabular format is not supported on the gas supply hub platform.
9 Governance arrangements		
57.	<p>Are there any other changes that you think will be required to the governance arrangements that have not been identified in Error! Reference source not found.?</p>	No comment