



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.	Do you agree with the proposal to include the following products in the auction: <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. 	Yes all products are appropriate
2.	Do you agree with the proposal to include an interruptible backhaul service in the auction for single direction pipelines? If not, please explain why.	Yes
3.2 Priority of the auction product		
3.	Do you agree with the proposal to adopt a second priority firm auction product? If not: <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 	No Please refer to response on definition of firm product Whilst an action product must remain a lower priority to firm services (including renominations and standing capacity) at all times we do not agree that this product should sit directly behind firm services. Refer to our detailed response on ranking of services.



	Questions	Feedback
	product.	
4.	Are there any other tools that you think should be available to auction participants to manage curtailment risk?	No other tools are required. The OTC market will always exist (this includes other primary shippers, secondary shippers and pipeline operators themselves) that will be able to provide services in the same way that these day to day products are dealt with right now by shippers. The promotion of interruptible auction products will actually add liquidity to this market as demand for such products will increase from the current one off events that occur now.
3.3 Other elements of the auction product		
5.	Do you think the auction product should have: <ul style="list-style-type: none"> o the same MHQ factor as that specified in the service provider's operational GTA? If not, please explain why. o a 'reasonable endeavours' renomination right? If not, please explain why. 	Product must be based on a standard MHQ in order to create standard measure of availability. Users should be able to apply standard conversion factors to use this capacity (and pipelines should use reasonable endeavours) in different ways (e.g higher MHQ, linepack, etc). Renominations should be provided by pipeliners taking into account any other contractual commitments they may have which should in principal rank higher.
6.	Do you think the auction product should have an imbalance allowance equivalent to that specified in the service provider's operational GTA? <ul style="list-style-type: none"> o 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 this issue, while also providing auction winners with some level of an imbalance allowance? o Are there any other issues that the GMRG should be aware of in relation to this proposal? 	No we do not believe the auction product should contain an imbalance allowance as you cannot be certain if such imbalance may exist as it may already be in use by the primary shipper. The operational GTA should however contain an ability for shippers to imbalance trade. We understand this product will not be able to be used for STTM services but do not believe this should be the intention.
3.4 Contract path specification		
7.	Do you think a zonal or point-to-point contract path approach should be employed in the auction?	Zonal is preferred however there are many technical aspects from this that have been omitted in the report.
8.	If you think a point-to-point approach should be employed, do you have any concerns with:	Difficult to see how a point to point will work in reality



Questions		Feedback
	<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 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?	
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?	This is a fundamental issue that has not been properly documented. Please see previous comments above in relation to this issue.
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?	As-Available and Interruptible should be taken into account as we believe the action product should sit behind all other services in terms of priority and this will avoid curtailment issues.
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 believe all action capacity should sit at the lowest priority. In the event of the use of the first price rule then we also believe that this capacity should be further ranked in priority of price.



	Questions	Feedback
13.	Are there any other factors that service providers would need to take into account when calculating the auction quantity for each product?	Yes these are significant and discussed in main submission.
14.	Are there any specific calculation issues that the GMRG would need to consider if the point-to-point approach is used?	Further investigation is required
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?	Fundamentals should be outlined in the NGR, however a one size approach will not fit all so should be developed on a case by case basis. The NGR should outline that the method determined should meet an overall defined objective. Our view is that such objective should be that auction capacity is used as a last resort and that it should promote the direct contracting of services with pipeline owners and other shippers.
4.2 Auction format		
16.	Do you agree with the proposal to utilise a partial combinatorial auction? If not, please explain why?	Not a material issue but happy for further review.
17.	<p>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?</p> <ul style="list-style-type: none"> ○ 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 costs and complexities of including this in the auction solver? ○ 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 	If a minimum is set then this should be able to be determined by each participant on a case by case basis.
18.	Do you think there is sufficient demand for substitutable routes to warrant the inclusion of the XOR set optional feature? If so,	We do not believe this is a material issue and could be parked at the beginning and revisited later.



	Questions	Feedback
	please explain why.	
19.	Do you agree with the proposal to include the static backhaul optional feature? If not, please explain why.	We believe static backhaul is the best initial approach and should be revisited on a case by case basis. A potential here would be for a secondary action for dynamic capacity which would run after the static auction had run and would be at a lower priority,
4.3 Reserve price		
20.	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?	Such costs should be recovered through the operational GTA. If the auction design evolves to ever involve capacity that is uncontracted then the service provider should be able to levy a charge for O+M on such compressors as well as fuel gas.
4.4 Pricing rule		
21.	Do you agree with the proposal to adopt a pay-as cleared pricing rule? If not, please explain why.	Pay as cleared is our preferred approach.
22.	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.	N/A
23.	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. <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. 	Price should be set at the lowest cleared (or part-there-of) bid. If a user submits a bid with a minimum volume than cannot be cleared then the price would not be set at this rate but rather the last bid that had volume accepting against it.
24.	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	Use of 4 decimal places preferred. Can be random post this.



	Questions	Feedback
	lowest accepted bids? If not, please explain why.	
4.5 Method for determining winning bidders		
25.	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.	Do not believe this will be a fundamental issue. Winning bidders should be determined on a pipeline by pipeline basis such that other pipeline revenue does not affect the calculation of amounts only so far as it counts to if a bid will form part of the auction for that pipeline.
26.	Do you agree with the proposal to use a random tie-break rule to determine winning bidders? If not, please explain why.	Winning bids should be pro-rated based on bid quantity in that price band.
4.6 Curtailment on the gas day		
27.	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.	Yes. They could also seek the capacity of other primary/secondary shippers.
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.	Participant should be able to choose and this should form part of the auction settlement result.
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.	Compensation amount should equal the amount the auction cleared for.
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	No response



	Questions	Feedback
	alternative approach you think should be employed.	
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? ○ 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? 	Yes, all seems quite logical.
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.	No, bid stacks should be published. If there are competition issues then this will help identify this which can be used to review the suitability for a pipeline or route to form part of the auction.
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?	Would prefer cutoff times to align with 30min/hour intervals.
34.	<p>What do you think should occur if:</p> <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? 	Capacity should be zero for the day.
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	Believe it should apply to all contractual congested pipelines and any other pipeline the ACCC believes could benefit from further competition.



	Questions	Feedback
	the east coast and contractually congested pipelines in regional areas? If not, please explain why.	
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?	N/A
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?	There is a potential for this to occur. We do not believe a one size fits all approach is required and included pipelines should be reviewed on a case by case basis.
38.	Do you agree that exemptions should be available to: <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? 	Yes
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.	Yes
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.	N/A
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.	Yes. AEMO should also be encouraged to use this same algorithm for other processes it undertakes (e.g allocation of DWGM AMDQ credits)
42.	Will service providers need to put any new systems in to calculate auction quantities or to deal with information transfers	We believe a minimum of 3-6 months.



	Questions	Feedback
	between itself and AEMO? If so, how long do service providers think this is likely to take?	
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.	Yes
6.2.3 Credit risk management		
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.	Yes
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.	Yes but such costs must be carefully reviewed.
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.	Yes
47.	Do you think the cost recovery provisions should be specified in the NGR?	Yes
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?	N/A this has not been reviewed



	Questions	Feedback
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-ahead auction that have not been identified in Error! Reference source not found.?	N/A this has not been reviewed



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>Only exchange traded products should be reported upon and participants will see this by matched bids. Without knowing the underlying specific details of other trades any information gathered by this will be useless and may expose the transacting parties to other unintended commercial risks. (e.g a person procures a large amount of capacity over a fixed term as part of the negotiation of a commodity purchase with a third party that is yet to be concluded. This may place them in an unfair commercial position if this is then known by the commodity seller)</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>Only exchange traded products should be reported upon and participants will see this by matched bids</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>	<p>Only exchange traded products should be reported upon and participants will see this by matched bids. If parties wish to use the exchange they will understand the anonymity of such transactions.</p>
8.3 Reporting obligation for bilateral trades		
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. 	<p>The obligation should not exist. There is not significant benefits that have been outlined that would overcome the cost or potential detriment to the parties involved in such trades to warrant these measures.</p>



	Questions	Feedback
	<ul style="list-style-type: none"> ○ both counterparties? If so, please explain why. 	
54.	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?	As per above no cost benefit justification exists.
55.	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?	N/A
8.4 Where information should be published		
56.	Do you agree with the proposal to allow AEMO to publish information on: <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. 	Yes to exchange based trades. No to all others.
9 Governance arrangements		
57.	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. ?	N/A