

# Minutes

## Capacity Trading Platform Project Teams Meeting No. 5

**Date/Time:** Monday, 15 May 2017, 10.00 am

**Location:** AEMC Office, Level 6, 201 Elizabeth Street,  
Sydney

**Attendees:** Trent Leach, DBP  
Andrew Zancanaro, Jemena  
Lino Fusco, CQ Partners  
Ishara De Silva, EnergyAustralia  
Jennifer Tarr, Stanwell  
Kieran O'Leary, AGL

*GMRG*

Warren Vosper, analyst  
Daniel Hamel, specialist technical advisor^  
Katherine Lowe, senior technical advisor  
Sandra Gamble, facilitator

^ via telephone

**Apologies:** David Lawrence, Pacific Markets Consulting  
Craig Memory, PIAC

**Purpose:** Capacity trading design

**Reference:** CTP.1.20170515

	Agenda Item	Discussion	Actions	Preliminary views
1	<b>Recap on previous meeting / updates on the GMRG</b>	<p>The capacity trading platform project team approved the minutes. The minutes will be finalised subject to comments from the day-ahead auction project team.</p> <p>The team was advised the standardisation project team has agreed in principle to an approach to standardising gas transportation terms and conditions.</p>	Finalise minutes subject to comments from the day-ahead auction project team.	
2	<b>Project team road map</b>	<p>The project team discussed the draft terms of reference including the roadmap of tasks for the team to achieve. The team also discussed the schedule of meetings up to September. Feedback was requested from the team.</p> <p>The team was encouraged to identify any information needs or guest speakers. The team was supportive of the suggestion that AEMO give a presentation about Trayport.</p> <p>The team discussed some of the potential inconsistencies between the AEMC's recommendations on auction and the treatment of renominations.</p> <p>The team also noted that careful consideration would need to be given to interactions with other markets, for both the auction and trading platform.</p>	AEMO to give a presentation about Trayport.	
3	<b>Product to be sold through the exchange</b>	<p>The team was invited to state which products they'd like to see available on the capacity trading platform.</p> <p><b>Exchange based products</b>  <b>Type of product</b>            There was broad support from the team for the exchange products to include:</p> <ul style="list-style-type: none"> <li>▪ firm transportation services (in both directions where a pipeline operates in a bi-directional manner).</li> <li>▪ park service, where offered on a pipeline</li> <li>▪ loan services, where offered on a pipeline.</li> </ul> <p>The team also discussed the potential inclusion of a notional backhaul service, but they</p>		The exchange products should consist of firm transportation, park and loan services on all major pipelines in the east coast and the NT when it is connected. The tenor of the products should align with the GSH (with the exception of the balance of the day product), but there may be value in a longer dated product.

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	<p>observed that the price for this service is usually based on throughput with the charge only payable if the service is used and noted that primary capacity holders would not therefore have the incentive to sell the service at a discount to what is payable to the pipeline operator. This is in contrast to firm transportation services, where the charge is usually capacity based and payable by the primary capacity holder, irrespective of whether they use the service. Similar observations were made about as available and interruptible transportation service.</p> <p>The team noted there could be value in some other products, such as a maximum hourly quantity product and an inter temporal product, but no firm views were expressed on this.</p> <p><b>Contract tenor</b> The team agreed that the tenor of the capacity products should be aligned with the GSH products (with the exception of the balance of the day product). The team also discussed the potential for an annual product that could be created through a single product or a strip of quarterly products).</p> <p>The team also noted that the park and loan services may not be capable of being sold on a day-ahead basis.</p> <p><b>Contract paths</b> The team developed the following list of contract paths, which is based on the major transmission pipelines in the east coast with NT to come on when connected:</p> <p>RBP</p> <ul style="list-style-type: none"> <li>• Wallumbilla to Brisbane</li> <li>• Wallumbilla to Kogan (+/-)</li> </ul> <p>QGP and potentially LNG pipelines</p> <ul style="list-style-type: none"> <li>• Wallumbilla to Gladstone</li> </ul> <p>SWQP/QSN</p> <ul style="list-style-type: none"> <li>• Wallumbilla to Ballera (+/-)</li> <li>• Ballera to Mt Isa</li> <li>• Moomba to Ballera</li> </ul> <p>MSP</p> <ul style="list-style-type: none"> <li>• Moomba to Sydney (+/-)</li> <li>• Moomba to Culcairn (+/-)</li> <li>• Culcairn to Sydney</li> </ul> <p>MAPS</p> <ul style="list-style-type: none"> <li>• Moomba to Adelaide (+/-)</li> </ul>	<p>Distribute the list of contract paths.</p> <p>Check if Ballera would be in Moomba zone</p> <p>To check if TGP bi-directional for storage.</p>	

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	<ul style="list-style-type: none"> <li>• Moomba to Angaston lateral</li> <li>• Moomba to Whyalla lateral</li> <li>• Adelaide to Whyalla lateral</li> <li>• Adelaide to Angaston lateral</li> </ul> <p>SEAGas</p> <ul style="list-style-type: none"> <li>• Port Campbell to Adelaide</li> </ul> <p>TGP</p> <ul style="list-style-type: none"> <li>• Longford to Hobart</li> <li>• Longford to Bell Bay</li> </ul> <p>EGP</p> <ul style="list-style-type: none"> <li>• Longford to Sydney (incl. MSP connection point)</li> <li>• Longford to Canberra</li> </ul> <p>NGP</p> <ul style="list-style-type: none"> <li>• Tennant Creek to Mt Isa</li> </ul> <p><b>Amadeus Pipeline</b></p> <ul style="list-style-type: none"> <li>• To determine</li> </ul> <p>The team did not discuss any WA routes.</p> <p>One team member noted that if a pipeline is to be subject to the auction then equivalent exchange based products should be developed for that pipeline (lateral), so that primary capacity holders can sell the capacity in advance. It was also observed that the list above does not contain all of the contractually congested pipelines.</p> <p>The team discussed combining some of the paths to improve liquidity and the potential for developing synthetic products, but this was viewed as a good first cut.</p> <p>The team agreed that further consideration and consultation should be carried out on these contract paths.</p> <p><b>Other aspects of the product</b></p> <ul style="list-style-type: none"> <li>• MDQ: the team discussed a 0.5 TJ/day minimum package for transportation services and potentially 1 TJ/day for park and loan services.</li> <li>• MHQ: the team noted that the MHQ would need to be 1/24th of the MDQ because not all pipelines offer MHQ flexibility. It was noted that if a primary capacity holder wanted to sell a product with greater flexibility it could do so on the listing service.</li> <li>• Renomination rights: the team thought the exchange products should provide for renomination rights on a best endeavours basis.</li> </ul>		

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		<p><b>Other issues</b>            During the discussion, the team also identified some potential impediments to capacity trading across the market and other issues that need to be resolved, which included:</p> <ul style="list-style-type: none"> <li>• Getting access to the Moomba processing facility for gas transported north via the MSP and for gas transported from the MSP to the MAPS.</li> <li>• Getting access to the Pelican Pt delivery point for gas transported north via the MAPS from the SEA Gas Pipeline.</li> <li>• Iona access.</li> <li>• Recovery of delivery point charges.</li> <li>• The requirement for shippers on some pipelines to provide linepack.</li> <li>• How imbalances will be settled and cleared.</li> </ul>		
4	<b>Next meeting</b>	The next meeting of the project team is Tuesday 30 May in Sydney. There will a joint meeting with all the project teams also on that day.		