

Minutes

Capacity Trading Platform Project Team Meeting No. 6

Date/Time: Tuesday, 30 May 2017, 11 am – 4 pm

Location: AEMO Bondi Room, Level 2, 20 Bond St, Sydney

Attendees: *CTP Project Team*
Trent Leach, DBP
Andrew Zancanaro, Jemena
Lino Fusco, CQ Partners^
Ishara De Silva, EnergyAustralia
Jennifer Tarr, Stanwell
David Lawrence, Pacific Markets Consulting
Daniel Hamel, specialist technical advisor
Trent Morrow, AEMO

GMRG
Warren Vosper, analyst
Katherine Lowe, senior technical advisor
Sandra Gamble, facilitator

^ via telephone

Apologies: Kieran O'Leary, AGL
Craig Memory, PIAC

Purpose: Capacity trading platform product design

Reference: CTP.1.20170530

	Agenda Item	Discussion	Actions	Preliminary views
1	Recap on previous meeting / updates on the GMRG	The capacity trading platform project team approved the minutes from the previous meeting subject to some minor modifications.		
2	Confirm in principle agreement for product design	<p>Building on from the work of the previous meeting, the project team discussed in further detail the products they would like to see available on the trading platform.</p> <p>The team was supportive of the following products:</p> <ul style="list-style-type: none"> • Firm transportation services (in both directions if the pipe is bidirectional) • Park services (if offered by the pipeline) • Loan services (if offered by the pipeline) • Compression service for hub services (already sold on the Gas Supply Hub) <p>The possibility of a ‘redirection’ hub service was mentioned, but there was uncertainty from the team about how this would work in practice and it was noted that this was not a firm right. The team was reminded that any list of products was not exhaustive, and that products could be added or removed at a later date.</p> <p>The team discussed the contract tenor of transportation services and the following points were raised:</p> <ul style="list-style-type: none"> • Contract tenor should be aligned with the Gas Supply Hub where possible • The trading window for the ‘day ahead’ product needs to fit with the timing of the day ahead auction • The policy intent was focused more on the short term – participants might prefer to privately negotiate long term deals. • The use of the same prudential arrangements for a 12 month product as shorter term products may be too onerous – however a modified approach to prudentials could be adopted. • If there is less ‘risk’ in the trade of capacity compared to commodity, maybe an 		

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		<p>entirely different approach to prudentials is worth considering</p> <p>In relation to the maximum daily quantity (MDQ) for transportation products, the team discussed possibility of a 1 TJ/day, 0.5 TJ/day and 0.1 TJ/day option. It was noted that smaller shippers might prefer a smaller minimum quantity. The group agreed broader consultation with other shippers on this issue was worthwhile.</p> <p>The team discussed various contract paths for transportation products and concluded that more bespoke contract paths (including laterals) should be dealt with 'off screen' through the listing service and cleared the same way as exchange based products through the pre-match service. A list of the contract paths and the team's current view on other elements of the standardised product is provided in Appendix A.</p>		
3	Capacity trading zones	<p>The team was updated on the capacity trading zone options considered by the standardisation team. The team generally supported the use of zones for receipt and delivery points and made the following observations about this work:</p> <ul style="list-style-type: none"> • Further work is needed on how capacity can be moved from one zone to another, how to prioritise the use of receipt points in a way that acknowledges those who have funded receipt points • Further, the group noted that while these issues could occur and require consideration, it is unlikely for them to arise regularly • Care must be taken to ensure there are no unintended consequences – for example, impacts on how users operate in the markets currently or distortions to pricing signals • If zones are capable of being changed by pipeline operators over time, then a change management process will need to be developed because it will affect the products on the exchange. 	<p>The team noted some of the issues may have already been explored and resolved in the United States and New Zealand. The team agreed it would be worth understanding the different approaches.</p>	
4	AEMO presentation	<p>AEMO gave a presentation on Trayport, fees, the exchange</p>	<p>GMRG to distribute the slides</p>	

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		<p>agreement, operational transfers (fully anonymous and partially anonymous) and locational swaps, and integration with the Short Term Trading Markets and the Declared Wholesale Gas Market and communications between AEMO and the pipeline operators (manual vs automated). AEMO agreed to distribute the slides after the meeting.</p> <p>There were comments from the team about:</p> <ul style="list-style-type: none"> • Governance – where the exchange agreement fits with the National Gas Law and Rules. The arrangements of the Gas Supply Hub arrangements were discussed. It was noted these issues will be explored further later in the process. • Fees – the team discussed the magnitude of fees and the impact on smaller participants. AEMO noted it is currently consulting on changes to the structure and the introduction of a rebate <p>There was a lot of discussion regarding locational swaps and the integration with the STTM and DWGM. Some participants expressed strong support for locational swaps and the team agreed to consider the information further and provide feedback at the next meeting.</p>	<p>Team members to consider the detail of the slides with their broader organisation and provide feedback to the team at the next meeting.</p>	
5	Next meeting	Tuesday 13 June 2016 – in Melbourne, hosted by Energy Australia	Traders to be invited to provide technical advice	

Appendix A

Contract Paths	
RBP	Wallumbilla to Brisbane
	Wallumbilla to Kogan (+/-)
QGP	Wallumbilla to Gladstone
SWQP/QSN	Wallumbilla to Moomba (including Ballera)
	Moomba to Wallumbilla (including Moomba)
CGP	Ballera to Mt Isa
MSP	Moomba to Sydney (+/-)
	Moomba to Culcairn (+/-)
	Culcairn to Sydney
MAPS	Moomba to Adelaide (+/-)
SEAGas	Port Campbell to Adelaide
TGP	Longford to Hobart
	Longford to Bell Bay
EGP	Longford to Sydney (incl. MSP connection point)
NGP	Tennant Creek to Mt Isa
Amadeus Pipeline	Still to be determined