

Capacity Trading Platform – Integration with GSH

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Integration: Leverage existing GSH systems to list pipeline capacity products



List capacity products on the **GSH exchange** under the existing **Exchange Agreement governance framework**

Leverage existing AEMO systems and processes:

- Products to be listed on the GSH exchange.
- Utilise GSH prudential and settlement framework.
- Utilise GSH trade confirmation and delivery obligation reports.

Integration design principles:

- Ease-of-use for traders.
- Flexibility to adapt over time.
- Minimise risk and process errors.
- Minimise implementation and ongoing costs.

GSH exchange



- **Trayport** is an off-the-shelf exchange platform that AEMO uses to run the Gas Supply Hub.
- System is flexible and supports products being added and removed quickly and at low cost.
- Trading is continuous with bids and offers matched on price.

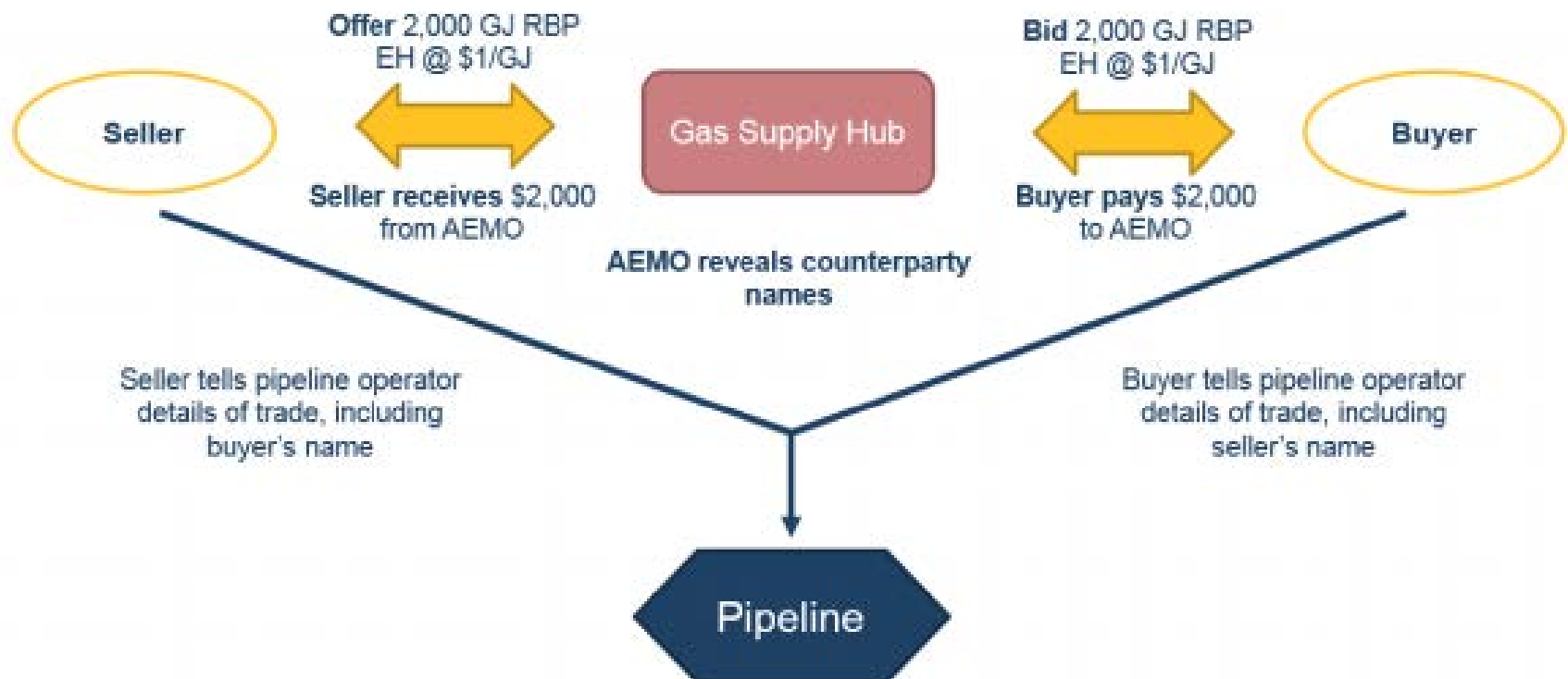
	WAL Min Price -\$100/GJ				SEQ->WAL Min Price -\$100/GJ				SEQ Min Price -\$100/GJ			
	Qty	Bid	Offer	Qty	Qty	Bid	Offer	Qty	Qty	Bid	Offer	Qty
⊕ Tue 28/03/17 Non-Netted	2,000	4.00	12.00	2,000					1,000	7.00	10.00	5,000
	2,000								2,000	4.00	12.00	2,000
⊕ DA Wed 29/03/17 Non-Netted	2,000	7.50	10.50	5,000	2,000	-2.00	2.00	2,000	5,000	4.00	12.00	2,000
	2,000	4.00	12.00	4,000								
⊖ DA Wed 29/03/17	3,000	7.50	11.75	1,000	3,000	-2.25	2.00	1,000	1,000	7.00	9.75	4,000
	2,000	4.00	13.00	1,000	2,000	-2.00	6.00	1,000	1,000	5.50	10.00	1,000
			15.01	1,000			2.00	2,000	5,000	4.50	12.00	2,000
			12.00	4,000								
⊕ Thu 30/03/17	2,000	4.00							1,000	7.00	9.65	10,000
									5,000	4.50	10.00	1,000
⊕ Fri 31/03/17	2,000	4.00										
⊖ ⊕ Sat 01/04/17	2,000	4.00	12.00	2,000								
⊕ Wk 02/04 - 08/04	2,000	2.00	14.00	2,000								
⊖ ⊕ Wk 09/04 - 15/04												
⊕ Mth 01/04/17 - 30/04/17												
⊕ Mth 01/05/17 - 31/05/17												
⊕ Mth 01/06/17 - 30/06/17												

Capacity products would be added to another tab

Different products and tenors can be implemented based on industry needs

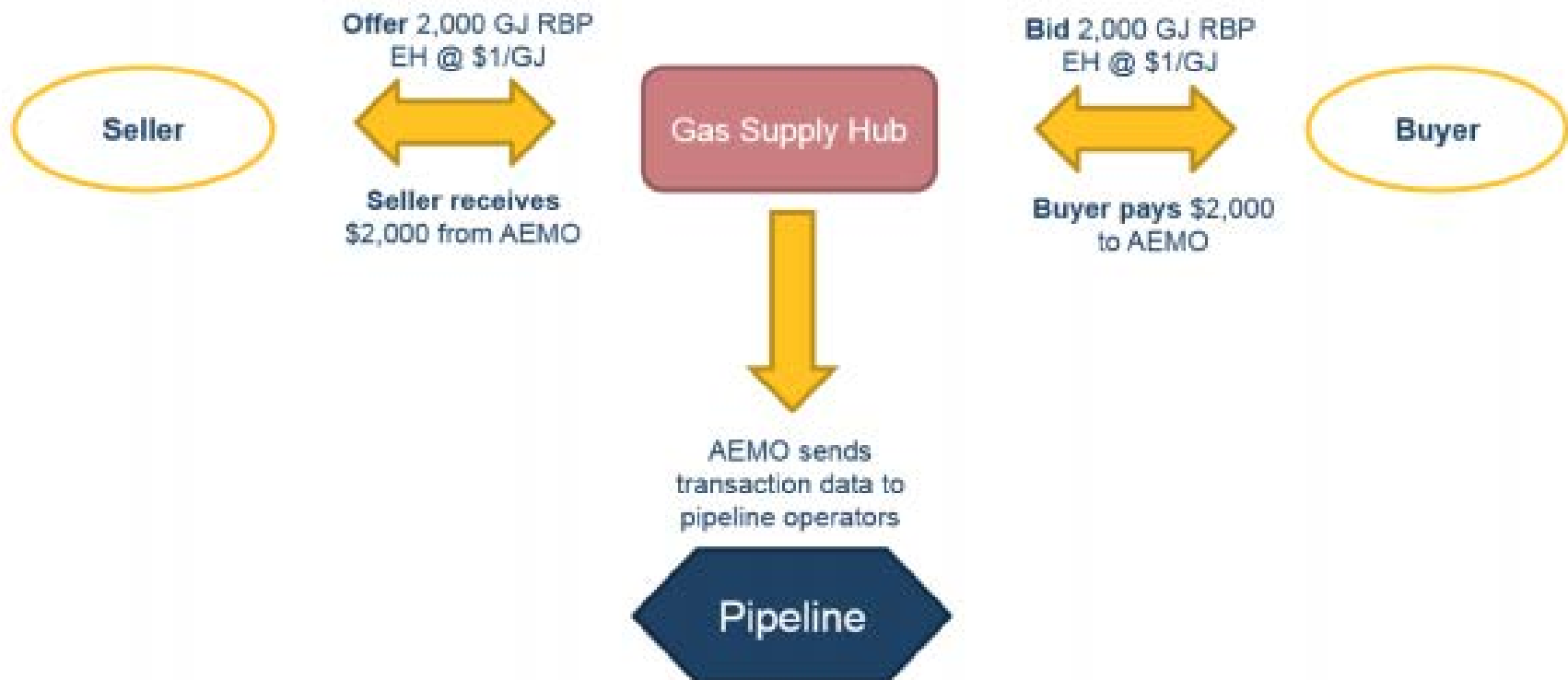
How pipeline operators could receive transaction information: partial anonymity

- **Partial anonymity:** To facilitate the transfer of capacity, AEMO would reveal counterparty names and shippers would confirm the capacity transfer with the pipeline operator separately.



How pipeline operators could receive transaction information: full anonymity

- **Full anonymity:** Under full anonymity, counterparties would not be revealed. AEMO would send the transaction information to the relevant pipeline operator to transfer the capacity.



When should MDQ be transferred?



Options that have been identified include:

1. **Gross data as trades occur:** pipeline operators would receive transaction information as trades occur and transfer MDQ soon after.
2. **Net positions at the end of each day:** Pipeline operators would receive shippers' net positions each day after the close of trading of the day-ahead product and transfer MDQ for all transactions.
3. **Net positions for D+1:** Pipelines would receive net positions of shippers for day-ahead transactions only.

Option 2 two has been identified as the preferred approach as it:

- provides parties greater scope to resolve any issues that may arise during the capacity transfer process; and
- enables pipelines to be more informed about the use of their assets.

- Shippers may wish to procure pipeline capacity to participate in the STTM/DWGM:
 - **STTM:** requires shippers to be registered with AEMO and have trading rights to buy/sell gas.
 - **DWGM:** requires shippers to be registered with AEMO and at relevant DTS injection/withdrawal points.
- Participants have generally supported a more integrated approach whereby, upon AEMO receiving confirmation from the pipeline operator that MDQ has been transferred, AEMO systems would automatically update STTM trading rights and DWGM accreditation constraints.
- While we recognise the benefits of end-to-end integration, AEMO has not yet completed a process of estimating these costs.