

30 April 2018

Dr Michael Vertigan
Independent Chair
Gas Market Reform Group

By email enquiries@gmrg.coagenergycouncil.gov.au

Dear Dr Vertigan

Capacity Trading Reform Package Legal and Regulatory Framework - Consultation

Thank you for the opportunity to comment on the draft legal and regulatory framework as part of the Capacity Trading Reform package. Overall, we do not have significant concerns with the proposed legal and regulatory framework. However, we do wish to once again raise the proposed approach to exemptions.

In respect of question 6, we support the proposal to change the single end-user criterion to a single shipper criterion. However, we remain concerned that the exemption criteria overall, and the pipelines likely to be covered as a result, do not appropriately balance the costs and benefits. Under the proposed rules, facilities with more than 10 terajoules (TJ) of nameplate capacity but with significant spare capacity will still require the ability to trade capacity, even though these functionalities will likely never be used.

As an example the Illabo-Tumut pipeline has 17 TJ per day of nameplate capacity, but utilisation of less than 3 TJ per day in 2017. Access to capacity on this pipeline is clearly not constrained and therefore capacity trading on this pipeline is not required. As noted in our letter of 5 March 2018, the costs associated with establishing nomination, reporting and information technology systems will not be outweighed by the benefits to customers on this pipeline.

For these reasons we continue to believe it would be appropriate for a utilisation criteria to be included, at say 50 per cent, below which the capacity trading reforms would not apply.

Once again, I would like to thank you for the opportunity to comment on the capacity trading reform legal and regulatory framework. Should you require any additional information please contact Drew Pearman, Manager Policy and Government Relations on 08 9223 4341 or email drew.pearman@agig.com.au.

Yours sincerely



Craig de Laine
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