



Attachment 2

Stakeholder feedback template

The template below has been developed to enable stakeholders to provide their feedback on the questions posed in the Consultation 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.

1. Consultation Paper questions

	Questions	Feedback
3.4 Questions on the overall legal and regulatory framework		
1.	Do you believe the proposed amendments to the NGL, Regulations and NGR implement the design of the capacity trading reforms effectively? If not, why not?	
2.	Do the market bodies have adequate powers to do what they need to do to facilitate the outcomes sought by the reforms?	Please refer to our later comments regarding the AER powers and composition of the OTC panel.
3.	Do you agree with the GMRG's recommendation with regard to which rules are classified as civil penalty and/or conduct provisions (see Appendix A)? If not, why?	
4.	Are there any changes to the NGL, Regulations or NGR that you consider are necessary to ensure parties are unable to game or undermine the intended objective of the reform package?	Please refer to our later specific comments on pipeline costs, services, compression facilities.
5.	Are any other transitional rules not currently included in Schedule 5 required? If so, what are they and why are they required?	
4.1.1 Exemptions		
6.	<p>Having regard to the objectives of the capacity trading reforms and the Energy Council's approval of the GMRG's recommendation on coverage of the auction, do you agree with the proposal to:</p> <ul style="list-style-type: none"> Apply the same exemption criteria to the obligation to publish a standard operational agreement and the auction? If not, why? 	Yes. The same exemption criteria should apply to the obligation to publish a standard operating agreement and the auction. AGL understands that the 10 TJ



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	<ul style="list-style-type: none"> Replace the single end-user facility criterion, with a single shipper criterion? If not, why? 	<p>threshold is consistent with the revised threshold that will apply to the Bulletin Board from 30 September 2018 – AGL considers the 10TJ threshold to be too low for the purposes of the auction and BB.</p> <p>Yes, however, this has the effect of entrenching the position of a shipper who has fully contracted the capacity on a pipeline even where historically access issues have been raised (incoming shipper/end user will need to initiate process to access).</p>
7.	<p>Do you think the following definition of ‘Part 24 compression service facility’ will achieve the objective of capturing stand-alone compressors, such as the Moomba, Ballera, Wallumbilla and Iona compression facilities, but excluding other compression facilities (e.g. compression facilities that form part of the pipeline that are used to provide an integrated service and upstream compression facilities)? If not, please explain what amendments you think need to be made to this definition.</p> <p>Part 24 compression service facility means a compression service facility that is or may be used to transport natural gas between a transmission pipeline operating at lower pressure and a transmission pipeline operating at higher pressure in order to facilitate the flow of natural gas between two or more receipt or delivery points where the receipt or delivery points are located on different transmission pipelines</p>	<p>The inclusion of compression facility is in the context of use for firm transport or firm compression to support firm transport. The definition does not link the facility to its use for this purpose and as such goes beyond the scope of the reforms. This definition is likely to include other compressors in addition to Moomba, Ballera, Wallumbilla and Iona. AGL requests adjustment to the definition to limit its application to firm services.</p> <p>Please note, AGL makes the above comments in the context of the services the GMRG has elected to include. Throughout this process AGL has recommended caution in auctioning compression products and that for auctioning, haulage and compression be bundled (as gas is compressed in order to be moved between point A and point B, not just to be compressed). This remains our preference.</p>
8.	<p>Do you agree with the proposal to allow facilities with a nameplate rating less than 10 TJ/day and single shipper facilities, up to 60 business days to develop and offer a standard operational agreement? If not, why?</p>	<p>Yes. However, the drafting should include obligations or controls on the requestor such that they must be capable of using the capacity and they must make the request in good faith to prevent placing unnecessary administrative burden on an incumbent single shipper.</p>
9.	<p>Do you agree with the proposal to allow a single shipper exemption to be revoked if another shipper enters into an operational TSA with the service provider? If not, please explain why.</p>	<p>Yes, subject to other exemption criteria. It is AGL’s view that a timeline for the commencement of reporting/compliance obligations for a change in status also needs to be included.</p>



Questions		Feedback
4.1.2 Governance model for the Code		
10.	Do you agree with the proposal to allow the AER to play a more proactive role in overseeing modifications to the Code? If not, please explain why.	AGL understands the need for the AER to be proactive where it is urgent or non-material. In all other circumstances, it is important that proper consultation be conducted which includes the consideration and approval of the OTS Panel. AGL views the current drafting as not containing sufficient limitation to AER's powers.
11.	Do you agree with the proposed composition of the OTS Code Panel, which will comprise: two service providers, two shippers (one of which must be a large end-user) and AEMO? If not, please explain why not and the changes you would suggest be made to the composition of the OTS Code Panel.	No. Shippers will be the main traders of capacity and can be gas producers, retailers or end users including large industrial and commercial businesses and power generators. As the interests of shippers are diverse, the proposed composition of the panel under-represents the shippers. AGL considers that there should be at least three shippers as well as a large end user to better balance the interests of the panel. AGL also suggests that the number and composition of the panel be allowed to be varied to adjust for future changes in the market.
4.1.3 Measures to address contractual limitations in facility agreements		
12.	Do you agree with the proposal to use a request and negotiate framework, rather than a standard form agreement model or more prescriptive provisions in the NGR to overcome the limitations on capacity trading in facility agreements? If not, please explain why.	Yes. However, we would like a mechanism for dispute resolution with defined timelines.
13.	Do you think the 30 day period allowed for service providers to respond to a shipper seeking an amending agreement is appropriate? If not, why?	Yes.
14.	Do you agree with the principles that service providers will be required to give effect to when amending the facility agreement in rule 642?	Yes, however it does not mention the end of a trade and how a party will clear/pay and imbalance at the end of the trade.
15.	Do you agree with the proposal to require service providers to comply with the change in receipt and delivery point provisions in rule 643?	Yes. AGL supports the requirement to provide of delivery points on request, however it has some concern over the ability to transfer entitlement between points – capacity at these points should be second to any firm shipper seeking an entitlement at a delivery point.
16.	Do you agree with the proposal in rule 643(6) to restrict the ability of service provider's to make its consent on a receipt or delivery point change conditional on obtaining the consent of a third party but only:	AGL agrees that the service providers' right to reject subject to the consent of a third party should be restricted, however, the need for a third-party consent at some points should extend beyond the date selected.



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	<p>(a) where the transportation service provider would be in breach of contract if it gave effect to the request without the consent of the third party; and</p> <p>(b) if the third party is another transportation facility user or an associate of another transportation facility user, the requirement to obtain that person's consent arises under a contractual provision entered into before 3 January 2018.</p> <p>If not, why?</p>	<p>This is because there are some valid reasons for requiring 3rd party consent:</p> <ul style="list-style-type: none"> • A shippers existing firm rights are impacted; • the injection or receipt of gas at that point impacts the facility operated at that point. (this could be new or existing). <p>Additionally, directing the service provider via regulation to breach could result in the service provider being excused from firm service obligations without remedy and consistent with the intent of this package of reforms, rights to new access and capacity should always be secondary to firm services.</p>
4.1.4 Governance arrangements for the specification of zones		
17.	Do you agree with the GMRG's proposed change to the governance arrangements for the specification of zones? If not, please explain why not and set out the arrangements that you think should be employed.	Under the proposed change, AEMO will be responsible for determining the zones. AGL supports the zonal approach but the determination of the zones could be controversial. Given this the process needs to include publication of proposed zones and full and proper consultation with stakeholders prior to approval.
18.	Do you agree with the specification of the principles that AEMO would be required to have regard to when determining the allocation of service points to zones? If not, please set out why not and any amendments you would propose to these principles.	<p>Please refer to previous point regarding consultation.</p> <p>Additionally, an assessment of the physical ability of the pipeline to be operated/performed to recommended zones should be included in any consultation process.</p>
19.	Do you agree with the information disclosure obligations that service providers would be subject to under the NGR?	Disclosure obligations need to balance confidentiality with the public interest. AEMO should have the ability to disclose or publish information disclosed in some instances. Drafting should be included to describe an appropriate test for such disclosure.
20.	Do you think any additional guidance on the specification of zones is required in the NGR?	Refer to previous comments regarding consultation on the zones.
4.1.5 Other matters		
21.	Do you think the proposed service provider cost recovery arrangements provide sufficient protection against the risk of 'gold plating' or 'cost shifting'? If not, please explain why and identify any other measures you	AGL has concerns that if costs are allowed to be simply passed through, an ex post review will not constrain the service provider from incurring excessive costs. AGL supports an ex ante review where the service provider seeking to recover incremental costs is required to justify the nature and level of the costs, and a



	Questions	Feedback
	think should be employed.	benchmarking exercise to compare service providers' costs should be undertaken by the AER to assess if the incremental costs are reasonable. AGL suggests that the estimation of incremental costs is unlikely to be a complex exercise.
5.1.1 Grandfathered rights		
22.	Do you think the proposal to limit the availability of grandfathered rights to gas fired generators for use at their generation plant is appropriate? If not, please explain why	Yes. It is also important to ensure that this will allow renominations on multiple pipelines to facilitate the movement of gas from the location of supply when the purpose of the gas for GPG may not be evident on some pipelines.
23.	Do you think the proposed two-year transitional period for grandfathered rights is appropriate? If not, please explain why.	A transition period of more than 2 years will not be appropriate. The gas reform package should be put in place within a reasonable period of time.
24.	Are there any other limitations that you think should be placed on the availability and/or use of grandfathered rights?	Grandfathered rights holders should use their firm entitlement before their AA rights. Grandfather rights should be transferable.
5.1.2 Contract path specification		
25.	<p>Do you agree with the GMRG's proposal to use the hybrid model for forward haul and compression services? If not, please explain why and in doing so:</p> <ul style="list-style-type: none"> ▪ set out the approach you think should be employed; and ▪ why you think this approach is more consistent with the objectives of the capacity trading reform package, the NGO and the Energy Council's Vision. 	<p>AGL understands that the hybrid model is effectively a point to point bid submission that is then evaluated on a zonal basis for the CBU capacity. AGL supports this approach as:</p> <ul style="list-style-type: none"> • it should prevent over-selling of capacity at a receipt or delivery point; and • pool buyers together to create competition, reducing the risk of buyer or supplier power via low interest at specific delivery points. <p>AGL considers that, where possible, the products on the day ahead market should be designed in a similar way as the products on the capacity trading platform.</p>
26.	Do you agree with the proposal to allow AEMO to determine the backhaul receipt and delivery points to be included in the auction? If not, please explain why	<p>AGL has consistently advised against the inclusion of backhaul products as backhaul is facilitated by the shipper (as its notional against the forward flows) and is not related to the service providers movement of gas from for firm services which intended to be the subject of these reforms. This remains AGL's position.</p> <p>If those products are included, then AEMO is best placed to determine the points to be auction.</p>



	Questions	Feedback
27.	If AEMO is to determine the backhaul points to be included in the auction, do you think any principles need to be included in the NGR to guide this decision, or should it just be carried out by reference to the Part 25 objective and the NGO?	As per above notes. If those products are included, specific principles should be included in the NGR as there are differing elements and drivers to be considered for this decision.
5.1.3 Methodology used to calculate auction quantity limits		
28.	Do you agree with the proposal to require the methodology to be used to calculate the auction quantity limits to be specified in the Auction Procedures? If not, why?	Yes. To assess the risk in using the auction, participants should be able to determine the quantity limits.
29.	Do you think any additional principles need to be included in the NGR to guide AEMO's development of this methodology? If so, please specify the principles and why you think they are required.	
5.1.4 Other matters		
30.	Do you think the balance that has been struck between the various legal and regulatory instrument is appropriate? If not, what changes do you think need to be made to achieve a better balance?	
31.	Do you think there are any contractual or other legal impediments to prevent auction facility operators giving effect to the results of the auction and auction service priorities? If so, what are they and how do you think they could be addressed?	
32.	<p>Do you think information on intra-day curtailments to capacity sold in the auction should be published on the Bulletin Board during the gas day? If so:</p> <ul style="list-style-type: none"> ▪ What benefit do you think it would provide? ▪ Do you think the obligation to report this information should be limited to material curtailments (e.g. where the capacity sold in the auction is curtailed by more than 10%)? 	<p>Yes. Information on curtailment should be provided as this type of information is already required to be disclosed on the Bulletin Board.</p> <p>The benefit is to provide the market the same level of information on availability. This information may impact the price in market in multiple commodities. This promotes confidence, transparency and is in the interests of a well-functioning market.</p> <p>AGL does not believe a materiality limit should be imposed.</p>



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		AGL suggests use of a new 'Linepack Capacity Adequacy' (LCA) category where pipeline operators can update the 'flag' on their pipeline to show that curtailment is taking place to auctioned capacity holders (a sort of soft 'Amber').
33.	Do you think information on the grandfathered rights that have been scheduled ahead of the auction should be published on the Bulletin Board after the gas day? If so, what benefit do you think it would provide?	<p>Yes, provided the information is aggregated and de-identified and published ahead of time. This provides transparency on the availability of capacity without disclosing confidential information.</p> <p>The actual usage (via grandfathered rights) on a day does not need to be published. While AGL expect many participants would like to know this information, AGL do not believe this impacts any commercial decision once a participant is aware of the potential impact of grandfathered rights.</p>
34.	Are there any other types of information that you think could be published that have not already been identified, which would allow auction participants to better understand the risks?	Refer to comments on Q33.
7.1 Allocation arrangements		
35.	Do you have any concerns with allocation agents that operate at points through which gas is injected into or withdrawn from a Part 24 facility being required to provide AEMO with the information set out in Table 7.1?	No.
36.	Is there other information regarding allocation arrangements that should be published to ensure these agreements do not act as a barrier to trade?	
8.1 Transitional arrangements		
37.	Are the provisions in the NGL and Part 26 of the NGR sufficient to trigger change of law provisions and enable changes required to existing contracts to implement the harmonisation of the gas day start time and, as applicable, the nomination cut-off time? If not, why?	AGL supports the harmonisation of the gas day. However, AGL is concerned about the implications of a 3pm haulage 'cut-off' and how it may increase the risk to gas users given that haulage may need to be 'firmed up' before any gas supply is confirmed. In addition, this has the potential to increase the supplier's market power at this time.
38.	With regard to the information required to be published by facility operators:	AGL defers to the operators and AEMO on this timeline. AGL would surmise that any arrangements could be completed within 6 months after they begin.



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	<ul style="list-style-type: none"> ▪ Do you think transitional rule 4, Part 6 (Schedule 5) will facilitate coordination between interconnected facilities and AEMO without being overly burdensome on facility operators? If not, why? ▪ Is the 30 June 2019 cut-off date for publication appropriate? If not, when should this information be required to be published and why? 	
9.1 Key timings		
39.	Do you have any concerns with the timings outlined Chapter 9? If so, what are they and how do you suggest the timings are adjusted?	Yes. AGL is concerned about the introduction of the full package on 1 March 2019. AGL proposes that the day ahead market be delayed until the capacity trading platform and the application of zones has been proven to operate effectively for at least 3 months. Shippers should have period of time to offer capacity on the trading exchange prior to the capacity being auctioned off without any compensation.
40.	<p>In the event the capacity trading reforms are applied in the Northern Territory, do you believe the timings set out in Table 9.4 are appropriate? For example:</p> <ul style="list-style-type: none"> – Part 18 of the NGR uses 'NT application date', defined as the date falling 90 days after the date on which the first NT interconnector is commissioned, to determine when Part 18 applies to facilities in the NT. Following this 90 day period, BB facilities that are also NT facilities have 20 business days to apply to AEMO to register under Part 18. In practice, this means that NT auction facilities may be subject to the capacity auction (which commences on the date falling 80 business days after commissioning), prior to publishing information on the Bulletin Board. Should the Part 18 obligations come into effect for NT auction facilities prior to the commencement of the auction? 	AGL does not have a view on this, other than the view that any connected pipeline should adhere to the same requirements. The GMRG should not create or add to the inconsistency or duplication of arrangements (i.e. the existing multiple gas markets and capacity trading platforms with different rules).