



Attachment 2 APLNG’s Stakeholder feedback

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

PART A – Standardisation Reforms

	Questions	Feedback
3.2	Contracts to be standardised	
1.	Given the objective of the standardisation reforms is to facilitate more secondary capacity trading and the majority of trade is expected to be conducted using operational transfers, do you think it is sufficient to standardise terms for operational GTAs, or do you think primary GTAs also need to be standardised?	Yes, over time primary GTAs should be standardised to assure equal third party access as much as possible.
2.	Do you think there is any value in carrying out more work to standardise the CTA for bilateral trades that are given effect through a bare transfer? If so, what amendments do you think need to be made to the contract that AEMO has developed?	Not at present, but perhaps a standard form could be developed for the parties to the CTA to notify the service provider of the transfer?
3.3	Standard terms and facility specific terms	
3.	<p>Do you think the standard terms and the proposed scope of the facility specific terms:</p> <ul style="list-style-type: none"> ○ will achieve the stated objectives of facilitating more secondary capacity trading by making capacity products more fungible and reducing search and transaction costs? If not, please explain why. ○ are fit for purpose and embody the principles set out in section 2.3? If not, please explain why. 	<ul style="list-style-type: none"> ○ The work of the GMRG has already started to facilitate more swaps trades even ahead of issuing the standard terms and platform just by focusing attention on the issue. As per announcements, trades have already started to be executed, mainly in the form of swaps. Unfortunately, these swaps are in the form of a bare transfer so not transparent. ○ Yes, the standard terms and facility specific terms are fit for purpose and include the principles included in the report.



	Questions	Feedback
4.	<p>Do you think the balance between the standard terms and facility specific terms is appropriate, or do you think:</p> <ul style="list-style-type: none"> ○ a greater level of standardisation is required? If so, please specify which provisions you think should be standardised. ○ a lower level of standardisation is required? If so, please specify which provisions you think should not be standardised. 	<p>APLNG believes that a greater level should be developed to further limit the differences between the capacity products. These could include</p> <ol style="list-style-type: none"> 1) Imbalances Allowances and Charges- In all cases where a shipper's imbalance may impact the integrity of the pipeline, an imbalance should be charged and imbalance charges should also serve as an incentive against incurring a large imbalance. However imbalance allowances and charges vary widely across different pipelines, which can cause additional operational burden on shippers. Where the pipeline is not being fully utilised, imbalance charges can serve only as an additional revenue source to the service provider. 2) Compression Services that relate to the transport from the receipt point to the delivery point should always be included in the standard terms. Compression Services in the facility specific terms should only relate to the specific areas where compression can be offered separately (i.e. Wallumbilla Hub) 3) Charges – APLNG agrees in principle that Charges are a facility specific term payable by the secondary shipper, but has several questions: <ol style="list-style-type: none"> a. How will a secondary shipper know exactly what specific charges the primary shipper is currently paying? Will these be detailed on the platform? b. What if the service provider charges different amounts to different primary shippers for the same specific additional charge? c. Will all the Other Services also be detailed on the platform? d. Not much is specified about the Administration Charge for providing the operational GTA. Will this be negotiated between secondary shipper and service provider or a take-it-or-leave-it charge? Will it be a onetime charge or charged each time the operational GTA is utilised?
5.	<p>Do you agree with the proposed approach to the <u>secondary shipper's</u> liability for off-specification gas? If not:</p> <ul style="list-style-type: none"> ○ Do you think there should be limits on the secondary shipper's liability for off-specification gas? If so, what do you think the limits should be? ○ Do you think the secondary shipper should be liable for the service provider's loss of profits caused by the secondary shipper supplying off-specification gas? 	<p>APLNG believes that secondary shipper's liability for off-specification gas should carve out consequential loss.</p>



	Questions	Feedback
6.	<p>Do you agree with the proposed approach to the <u>service provider's</u> liability for off-specification gas? If not:</p> <ul style="list-style-type: none"> Do you think the service provider should be liable to other shippers, or should other shippers be required to make a claim against the shipper responsible for delivering off-specification gas into the pipeline? 	<p>APLNG believes that Service provider should also give a reciprocal indemnity to the secondary shipper and to other users for off-specification gas delivered.</p> <p>The service provider should be liable to other shippers. If not, the damaged shipper would be left with the burden and cost of having to pursue the offending shipper.</p>
7.	<p>Do you agree with the proposed approach to the <u>secondary shipper's</u> liability for breach of contract? If not:</p> <ul style="list-style-type: none"> Do you think the uncapped liability will act as a barrier to entry? Do you think there should be monetary caps, or other forms of limits, on the secondary shipper's liability? If so what should the caps and limits be? 	<p>APLNG believes that the indemnity that secondary shipper gives for breach and negligence should carve out Consequential Loss and not just profits or revenue.</p> <p>APLNG believes that the uncapped nature of the secondary shipper's liability will deter some participants particularly as the standard GTA contract should be utilised for shorter terms. A cap excluding consequential loss or even a set monetary value would provide greater certainty.</p>
8.	<p>Do you agree with the proposed approach to the <u>service provider's</u> liability for breach of contract?</p> <ul style="list-style-type: none"> If so, what level do you think the monetary cap on liability (or other limits) should be set at and do you think the repair or replacement of property should be subject to a different cap? How do you think the term 'consequential loss' should be defined? 	<p>APLNG suggests that the service provider should be liable for breach. At drafted they are not. The service provider should be able to carve out Consequential Loss but their liability should otherwise be uncapped (i.e. no monetary cap) as they are better positioned to absorb this.</p> <p>APLNG considers the definition of consequential loss in 17.2(f) to be adequate. However, it should be edited as follows, because the definition needs to apply to both parties:</p> <p style="padding-left: 40px;">(f)(ii) any loss arising out of any claim by a third party (other than a claim in respect of loss or destruction of or damage to real or personal property or personal injury to or death of any person),</p>
9.	<p>Is it appropriate to have differing liability regimes for the service provider and secondary shipper?</p>	<p>APLNG understands that the service provider has a different risk profile than most shippers, and therefore it is appropriate for the liability regimes to differ slightly.</p>
10.	<p>Do you agree that if a shipper has a credit rating of BBB- and above it should not be required to provide credit support? If not, please explain why.</p>	<p>Yes.</p>



	Questions	Feedback
11.	<p>Do you think the amount of credit support should be a function of the value of the MDQ as outlined in section 3.3.3?</p> <ul style="list-style-type: none"> ○ If not, please explain why and set out what other option you think should be used to determine the level of credit support. ○ If so, do you think the level of credit support should be based on 100% of the value of the MDQ or a lower percentage given that the secondary shipper won't actually be paying the service provider for the capacity? If you think a lower percentage should be applied, please state what percentage should be applied and why you think it is appropriate. 	<p>Providing credit based on the requested contractual MDQ, pipeline reference prices for 60 days seems like the most transparent option.</p>
12.	<p>Is the proposed approach to curtailment timeframes appropriate? Does the regime appropriately balance the interests of shippers and the need to preserve pipeline integrity and ensure that shippers have sufficient time to react to a curtailment?</p>	<p>APLNG believes that the draft standard terms are appropriate.</p>
13.	<p>Are the standard terms a suitable foundation for the provision of a stand-alone compression service or will such a service require a more tailored set of terms? What specific provisions do stakeholders consider are required for a workable stand-alone compression service?</p>	<p>APLNG believes that allowing existing holders of compression service capacity (which may be embedded into their primary GTAs) to compete with the service provider for standalone compression may assist in making a workable market for these services.</p> <p>The products listed clause 7.2.2 of the report seem logical.</p>
14.	<p>Do you agree with the way in which imbalance trading and in-pipe trade services have been dealt with in the operational GTA? Or do you think:</p> <ul style="list-style-type: none"> ○ the service provider should have the option of offering either (1) imbalance trading or (2) in-pipe trading? ○ the standard terms should make in-pipe trading the standard position rather than imbalance trades? 	<p>APLNG is unsure of the difference in the accounting or operational issues between an in-pipe trade and an imbalance trade, as functionally they should accomplish the same thing.</p> <p>The service provider should be able to offer both imbalance and in-pipe trading.</p> <p>The standard terms should offer the option which is most efficient and/or least cost.</p>



	Questions	Feedback
	If you think in-pipe trading should be reflected in the standard terms, what changes would need to be made to the standard terms.	
15.	Do you think the maintenance provisions are appropriate, or do you think the maintenance information that service providers are required to publish on the BB as part of the medium-term capacity outlook is sufficient?	The standard terms allow the service provider to amend the current Maintenance Plan with 7 days' notice to Shipper (clause 9.1(c)). Unless in the case of an emergency, this is not adequate notice and is less than required in the BB. APLNG believes that the requirements under the BB Enhanced Rule change are preferable and clause 9.1 (c) should be removed or modified.
3.4 Application of the standardised operational GTA		
16.	What if any exceptions or qualifications should apply to the obligation for service providers that provide third party access to offer the standardised operational GTA?	Other than those contemplated in section 3.4 of consultation paper, exceptions to the operational GTA should be rare and approved by whichever body will govern the Operational GTA Code.
17.	Do you think the secondary shipper and service provider should be able to negotiate terms for operational transfers that are different to those in the standardised operational GTA, or do you think the terms should be compulsory for all operational transfers?	Provided the standardised operational GTA is a fall –back in the event the parties cannot agree alternate terms, non-standard terms should be permitted.
18.	Do you think the secondary shipper should have the option to request the inclusion of any secondary capacity in its primary GTA, or do you have concerns with this option (e.g. do you think it will affect the nature of the product being sold)? If you think the option is reasonable, do you think it should be left to the service provider to decide whether to approve such a request?	Yes. Including the addition of secondary capacity via an operational GTA into a primary GTA, is an efficient outcome. APLNG cannot think of any circumstances why a service provider should deny this request.
3.5 Governance of Operational GTA Code		
19.	Do you agree with GMRG's preliminary view on the governance model? If not, what model do you think should be used and why?	Yes, a Code seems reasonable with principles included in the NGR. APLNG believes that there should be several other standardisation provisions for other services (i.e. CTP, DAA and primary GTAs) which may also need to be included in this type of governance arrangement.



	Questions	Feedback
20.	What principles do you think should be included in the NGR to guide any future amendments to the Operational GTA Code?	APLNG believes that they should be as uniform as possible (more terms in the standard terms than in the facility specific terms).
21.	Do you think the AEMC should have a formal role in the change process, for example, to provide advice to the panel and/or the AER on the effect the proposed change may have on the broader market or gas market development more generally?	
22.	Do you agree with the way in which changes to the Operational GTA Code and the facility specific terms would take effect? If not, please explain why.	
3.5.2 Service provider obligations		
23.	Do you agree that the obligation of service providers to publish and offer to enter into the standardised operational GTA should be classified as civil penalty provisions?	Yes.
24.	Do you think exemptions from the obligation to publish and offer to enter into the standardised operational GTA should be available if the asset in question is not providing third party access? If not, please explain why. Are there any other exemptions that you think should be available to service providers?	Pipelines that do not offer third party access should not be required to publish or offer an operational GTA as this is an unnecessary costs.
25.	Do you think the AER should be able to monitor the compliance of a service provider's facility specific terms with the requirements in the Operational GTA Code and the principles in the NGR (for example, the imbalance provisions or the charges)? If not, please explain why.	The AER should be able to monitor and if requested by a secondary shipper investigate the compliance with a provider's facility specific terms with the requirements of the Code and NGR. Services over time could be modified and there should be a body reviewing these services.
3.5.3 Principles governing facility specific principles		



	Questions	Feedback
26.	<p>Do you agree with the proposed principles for the facility specific terms, or do you think some modifications to these principles are required?</p> <ul style="list-style-type: none"> ○ Do you think AAs are an appropriate reference point for determining whether facility specific terms are reasonable, or do you think previous AA decisions may have resulted in terms that are not reasonable? In answering this question please provide examples of terms that have been approved by a regulator that you do not consider reasonable. ○ To what extent do you think the terms in primary GTAs are an appropriate reference point for determining whether the facility specific terms are reasonable? ○ To what extent do you think the terms in existing secondary shipper gas transportation agreements (whether in an operational GTA or incorporated in a primary GTA) are an appropriate reference point for determining whether the facility specific terms are reasonable? 	<p>APLNG agrees with the principles for the facility specific terms.</p> <ul style="list-style-type: none"> ○ APLNG believes there should be a reasonableness test but perhaps AA's may not be the best reference point. In addition, there are only a minority of pipelines subject to an AA, thus this may not be a very wide pool of agreements. APLNG prefers that the reasonableness of a facility specific term be assessed based on other primary and secondary agreements (not foundation agreements) and industry practice. ○ APLNG believes that primary GTAs are a good reference point so long as they are not foundation agreements which can include very unique terms. ○ See above – these should be the primary reference for the facility specific terms.
3.5.4 Capacity transfer procedures		
27.	Do you think AEMO should have the power to make capacity transfer procedures? If not, please explain why.	AEMO should have the power to make any procedures required to facilitate the standard contract and the CTP.
28.	Is any guidance required in the NGR on the matters AEMO should consider when developing these procedures?	
3.6 Cost recovery		
29.	<p>Do you agree that service providers should be able to recover the incremental establishment and capacity trading costs from shippers?</p> <ul style="list-style-type: none"> ○ If not, please explain why. ○ If so, do you think: 	<p>Yes so long as they are reasonable.</p> <ul style="list-style-type: none"> ○ Costs should be recovered from primary shippers that sell their capacity and the associated secondary shipper as both will benefit from the transaction.



	Questions	Feedback
	<ul style="list-style-type: none"> – the costs should be recovered from secondary shippers and primary shippers that sell their capacity, or do you think they should only be recovered from: <ul style="list-style-type: none"> (i) secondary shippers? (ii) primary shippers? (iii) secondary shippers and all primary shippers? – the costs should be recovered using a combination of a monthly administrative fee and a per trade (or per GJ) fee, or another mechanism? 	<ul style="list-style-type: none"> ○ APLNG prefers that the costs are recovered on a per GJ trade fee basis. The use of the secondary capacity market could be seasonal which would make the monthly administrative fee unreasonable to some participants.
30.	Do you think the costs that service providers seek to recover from shippers should be subject to the same pricing principle that applies under Part 23 of the NGR, or do you think a more stringent pricing principle should be applied (e.g. the prudent service provider acting efficiently test in Part 9 of the NGR)?	The pricing principle under Part 23 of the NGR has yet to be proven, however APLNG prefers this pricing principle as it seems that the pricing principle under Part 9 was proven by Dr. Vertigan’s report to not be effective.
31.	Do you think the AER should be able to review the costs that service providers seek to recover? <ul style="list-style-type: none"> ○ If not, please explain why. ○ If so, do you think the proposal that the AER could initiate its own review if it was concerned about the level of charges (or if another interested party raised concerns) would work, or do you think another approach would be more effective? 	Yes as service providers have no competition for their services.
Standardised Operational GTA		
	Do you have any other feedback on the contract terms?	
4.2.1	Receipt and delivery point zones	



	Questions	Feedback
32.	<p>What, if any, refinements do you think could be made to the indicative zones set out in Table 4.1 to maximise the pool of prospective buyers and sellers, while also:</p> <ul style="list-style-type: none"> ○ ensuring that capacity can be transferred between points within the zone on a one-for-one basis if there is physical capacity at the relevant point; and ○ minimising the risk that secondary shippers will not be able to access capacity at a receipt or delivery point within the zone? 	<p>APLNG thinks the indicative receipt and delivery points attempts to minimise the number of zones while providing the flexibility to secondary shippers.</p>
33.	<p>Do you think that:</p> <ul style="list-style-type: none"> ○ pipelines that are connected to another pipeline should be required to define a transit point delivery zone to minimise the risk that gas cannot be transported between the two pipelines? ○ pipelines connected to an STTM should be required to define an STTM delivery to minimise the risk that gas cannot be supplied into the STTM? <p>Are there any other special cases that you think would require more careful consideration to be given to the bounds of the zones?</p>	
34.	<p>Do you agree with the principles that have been suggested by the Standardisation project team should guide the development of zones, or are there other principles you think should be considered?</p>	<p>APLNG agrees with the principles.</p>
35.	<p>Do you think these principles should be included in the NGR?</p>	
4.2.2 Secondary firm rights		



	Questions	Feedback
36.	Do you agree with the project team's observations about the level of risk associated with secondary firm rights at receipt and delivery points? If not, please explain why.	APLNG agrees with the level of risk associated with the secondary firm rights but believes the benefits of secondary firm outweigh these risks.
37.	Apart from defining the zones more narrowly or utilising the point-to-point model, do you think there are any other ways that the risk associated with the zonal model could be reduced?	
38.	If you are a potential user of the capacity trading platform would the risk discourage you from using the exchange, or do you think the risks are manageable?	The risk are manageable based on historical available data.
39.	How do you think renomination rights should be treated <i>vis-à-vis</i> secondary firm rights under the zonal model?	The renomination rights from the primary shipper should transfer to the secondary shipper along with the MDQ, thus slightly reducing the chance of interruption as the primary shipper will not be utilising its capacity.
4.2.3 Governance for the zonal model		
40.	Do you agree with the proposed governance arrangements for the zonal model? If not, please explain why.	Yes, market participants should be able to influence zones now and in the future.
41.	Do you think the rules should specify the principles a pipeline operator, Industry Panel and/or AER would be required to consider before making a change to the zonal definition?	
4.3 Receipt and delivery point change process		
42.	Do you agree with the proposal to amend the NGR to provide shippers and service providers with greater guidance on the rights shippers have to seek a change; the circumstances in which a service provider can withhold its consent, the time service providers should have to respond and the level of any charges that can be recovered from shippers? If not, please explain why.	Yes the proposal seems reasonable.



	Questions	Feedback
43.	Do you agree that service providers should be able to withhold their consent if the change is not technically feasible or if the change would adversely affect other shippers' access to services?	A service provider should be able to withhold consent if the change would adversely affect other shipper's shippers. However if the change only limits the overall capacity of the pipeline, and there is spare capacity available, the change should be allowed for as long as there is spare capacity,
44.	Do you agree with the proposed limitation of commercial considerations (i.e. consent can be withheld if the service provider receives less revenue under its contract with the shipper or incurs additional costs and the shipper is not prepared to pay for any shortfall)? If not, please explain why.	As the service provider will continue to receive the capacity charges from the primary shipper, there should be very limited commercial considerations for not being able to change receipt and delivery points. So long as there is available unused capacity service providers should not be allowed to reject a proposed change unless it somehow would increase their operating costs.
45.	Are there any other reasons why you think consent should be able to be withheld by a service provider?	No.
46.	Do you think the timeframe that has been proposed for service providers to respond to requests to transfer receipt or delivery points: <ul style="list-style-type: none"> ○ within a zone is appropriate (i.e. within five business days)? If not, please explain why. ○ across a zone is appropriate (i.e. within five business days for an initial response and up to 20 business days for a final response)? If not, please explain why. 	Yes.
47.	Do you think provisions should be included in the NGR to override any contractual limitations on shippers seeking changes to receipt and delivery points?	Yes, as identified limitation and restrictions on receipt and delivery changes should be removed and any charges associated with investigating a potential change should be also restricted and only charged due to complications.
48.	Are there any other steps that you think could be taken to reduce the impediments to secondary trading currently posed by the receipt and delivery point change process?	
5.1 Allocation agreements		



	Questions	Feedback
49.	How significant an impediment to trade do you think allocation agreements are?	APLNG has not experienced issues with allocation agreements identified in the report but recognises that their opaqueness is an impediment to capacity trading. Allocation agreements should be standardised to the maximum extent possible at each receipt and delivery point.
50.	Are there any other impediments to trade posed by allocation agreements and/or contribution agreements that have not been identified in this consultation paper? If so, please explain what they are and how you think they could be addressed.	
51.	Do you think that deeming secondary shippers to be a party to the allocation agreement is a workable solution, or can you foresee issues with this solution?	Yes, and any disagreements worked out beforehand.
52.	Do you think that providing greater transparency about who to contact to become a party to an allocation arrangement will be sufficient to reduce the impediments to trade posed by allocation agreements, or do you think that other measures (including those outlined in Table 5.1) are required to facilitate access to these agreements?	Greater transparency on the contact party will be a good first step.
53.	What effect are differences in allocation rules at points where pipelines interconnect having on shippers at these locations? Is the effect material and do you think a common allocation rule should be adopted across the east coast?	There should be limited points where a standard prorate allocation is not adopted.
54.	Do you think there is any value in standardising allocation agreements?	Yes, especially if GMRG receives submissions verifying that they have been restricting the ability to trade capacity.
55.	Have you experienced any difficulties accessing receipt or delivery points that are controlled by a shipper? How prevalent an issue do you think this is and how do you think it could be addressed?	No.



	Questions	Feedback
56.	Can contribution agreements, or the charges levied under these agreements, act as a barrier to trade?	
5.2 Imbalance clearing		
57.	<p>Do you think the capacity trading platform should facilitate the trade of imbalances?</p> <ul style="list-style-type: none"> ○ If so, do you think this should be done through the listing service or exchange? ○ If not, please explain why. 	In the longer term yes, but as imbalances trades can be rather dynamic, the platform initially may not be active enough to be efficient for this purpose.
58.	Are there other options you think could be made available to shippers to facilitate the clearing of an imbalance (e.g. extending in-pipe trading services to other pipelines)?	Balancing Agreements offered by each service provider would prevent the daily need to correct imbalances and provides the market certainty that nominations will be delivered as scheduled. We suggest that service providers should review providing this service.
59.	Are there any other impediments to a shipper clearing an imbalance (for example, are there provisions in GTAs that prohibit shippers from trading imbalances)?	
5.3 Harmonisation of gas day start times and nomination times		
60.	<p>Do you think there is value in bringing forward the harmonisation of gas day start times in the facilitated markets?</p> <ul style="list-style-type: none"> ○ If not, why not? ○ If so, do you think it should be brought forward to 1 October 2019, or another time? 	<p>Yes, standardisation will simplify east coast transportation. APLNG believes there is value in harmonising the gas day across all agreements not just for facilitated markets. APLNG is currently assessing the cost and timing required to prepare its operations. APLNG believes that April to October 2019 is achievable but would like it conditional upon:</p> <ol style="list-style-type: none"> 1) The changes being given effect through the NGL and NGR across all agreements 2) The change includes gas day start and pipeline nominations deadlines 3) The rule change is agreed at least 12 months in advance of the required date of change.



	Questions	Feedback
61.	<p>Should all facilities (i.e. production facilities, pipelines, compressors and storage facilities) in the east coast to be subject to a common gas day start time?</p> <ul style="list-style-type: none"> ○ If not, why not? ○ If so, do you think that this should be given effect through a provision in the NGL and NGR, or is it a matter for the facilities to negotiate with users? 	<p>Yes, a common gas day start time for all facilities is preferred (see answer 60). A change to the NGL and NGR to give effect to the standardised gas day start time is the only way to implement this change, as it can be implemented more efficiently and with greater certainty than adopting a negotiated outcome between counterparties.</p>
62.	<p>Do you think there is merit in harmonising nomination cut-off times across pipelines and other facilities that will be subject to the capacity trading reforms (e.g. compressors)?</p> <ul style="list-style-type: none"> ○ If not, why not? ○ If so: <ul style="list-style-type: none"> – Do you think it should be harmonised to 3 pm (AEST) or another time? – Do you think that it should be given effect through a provision in the NGL and NGR, or is it a matter for the facilities to negotiate with users? 	<p>Yes, there is merit in standardising the nomination cut-off times along with the gas day (see answer 60 and 61) Implementing the changes all at once would minimise the overall disruption. 3pm (AEST) seems reasonable cut-off given the day ahead auction process to follow afterward. As above, effecting the change with a NGL and NGR rule change would be more efficient and provide a certain outcome.</p>
63.	<p>Are there any other costs or benefits associated with the harmonisation of gas day start times and nomination cut-off times that you think the GMRG should take into account?</p>	<p>As provided in our AEMO submissions, APLNG had estimated that the cost of adjusting our 3800 gas and water wells would be \$10 million. There may also be operational and organisational changes required to support the standardisation. There is however benefit is adjusting the nominations cut-off time at the same time, and potential savings to APLNG by giving effect through a provision in the NGR /NGL rather than leaving the changes to a negotiated outcome with all related gas sales and transport arrangements. APLNG will require at least 12 months to implement these changes once the rule change has been agreed to adjust its business priorities.</p>



	Questions	Feedback
64.	Do you agree that provisions should be included in the standardised operational GTA to require service providers operating at the interface of markets to accommodate the differences in gas days? If so, how do you suggest that this obligation be drafted?	
5.4 Contractual limitations		
65.	Are there any other provisions in primary GTAs that may limit a shipper's ability to trade capacity? If so, please provide an overview of the provisions and the effect they have on a primary shipper's ability to trade.	None that we are aware of.
66.	How prevalent do you think these types of contractual limitations are?	
67.	Do you think the contractual limitations on capacity trading need to be addressed? <ul style="list-style-type: none"> ○ If so, should they be addressed through amendments to the NGR, or should the primary GTAs be re-opened? ○ If not, please explain why. 	Yes, if they prohibit greater utilisation of a pipeline.
Other		
	Do you have any other feedback?	



PART B – Capacity Trading Platform

	Questions	Feedback
7.1	Initial set of exchange traded products	
68.	Do you agree with the project team's view that the initial set of products should be limited to firm forward haul, firm park and firm compression services on the transportation assets connecting major supply and demand centres in the east coast? If not, what products do you think should be excluded from or added to the list?	Yes agreed, with the clarification that pipelines which are bi-directional should have both directions included and the stand alone firm compression service should only relate to the those identified on page 95 (GSHs and pressure differentials between interconnecting pipelines) and NOT as a part of the transportation capacity.
69.	Do you think there would be value in the GMRG developing the following services ahead of market start, or do you think they could be developed after market start: <ul style="list-style-type: none"> ○ backhaul services on pipelines that are not bi-directional? ○ locational swaps? ○ an imbalance exchange traded product that parties could use to clear imbalances (see section 5.2)? ○ other (non-pipeline) storage products, such as those offered by Lochard's underground storage facility, APA's Dandenong LNG storage facility? 	Based on the events of the last 2 weeks, transportation now has a critical focus, specifically north to south transportation. APLNG believes that AEMO should include locational swaps as a part of the CTP as soon as possible . Any other services that could assist with the movement of gas (including backhaul) should also be included.
70.	If you think locational swaps should be developed for market start: <ul style="list-style-type: none"> ○ Do you think they are a substitute for capacity products, or a separate product? ○ Do you think swaps could be used in place of backhaul services at market start? ○ What locational combinations do you think should be available? 	Yes. APLNG prefers assignment of the secondary transportation capacity and not the location swap, but hopes that the locational swap will be quicker to implement than potential assignment of the transport. Location swaps are NOT an equivalent to the capacity products because the primary shipper remains in control of the arrangement and it is not anonymous to the secondary participant. These put the secondary swap participant at a large disadvantage that one should not experience in a workable competitive market (similar, but worse than a bare transfer). APLNG hopes that locational swaps can be development from the market start and assist with the need to move gas from Queensland to



Questions		Feedback
		<p>southern markets. Over time, APLNG hopes that more critical segments of infrastructure can be offered to the market for use.</p> <p>Combinations of swaps that would assist with the moving gas from Queensland to southern markets are:</p> <ol style="list-style-type: none"> 1) Wallumbilla/Moomba receipt – Culcairn delivery 2) Wallumbilla/Moomba receipt - Sydney delivery 3) Wallumbilla/ Moomba receipt – Adelaide delivery
7.2 Standardised products		
71.	Do you agree with the proposed contract tenors for the standardised products (i.e. day-ahead, daily, weekly and monthly) at market start, or do you think other tenors should be included (e.g. a quarterly product) or excluded at market start?	Yes. APLNG would support a quarterly product as well due to the seasonal nature of gas flows.
72.	Do you agree with the proposed contract sizes for the standardised products (500 GJ), or do you think a higher (e.g. 1 TJ) or lower (e.g. 100 GJ) contract size should be adopted?	APLNG supports 1TJ as it keeps it aligned with the GSH.
73.	Firm forward haul products: Do you agree with the proposed contract paths for the standardised firm forward haul products, or do you think other contract paths should be considered for market start	APLNG agrees with the contract paths. Will a market participant that does not participate in the STTM market have an issue with connecting with a buyer at the STTM Delivery Zone? Will this become part of the STTM process?
74.	Compression products: Do you agree with the proposed facilities on which this service would be available at market start?	Yes.
75.	Park products: Do you agree with the proposed pipelines on which this service would be available?	Yes.
7.3 Treatment of variable transportation charges		
76.	<p>Which option do you think should be used to deal with those cases where a primary shipper is liable to pay a variable transportation charge under its primary GTA:</p> <ul style="list-style-type: none"> o variable charge paid by secondary shipper to service provider? 	Option 2, which would allow the Primary Shipper to be aware of the volumes transported by the Secondary Shippers on a day, should be avoided (similar comment applies to any other options that could result in a similar outcome).



	Questions	Feedback
	<ul style="list-style-type: none"> ○ variable charge paid by primary shipper to service provider, based on actual volumes transported by the secondary shipper? ○ primary shipper's variable charge converted to a fixed charge for that portion of capacity sold for the duration of the trade. 	
8.1.1 Partial or full anonymity		
77.	Do you agree that the fully anonymous option should be implemented? If not, please explain why.	Yes.
8.1.2 Information to be provided to service providers		
78.	Do you agree that Option 2 should be implemented? If not, please explain why.	Yes, Option 2 seems like the correct balance between simplicity and efficiency. If the market develops further and multiple churns start to happen, this can possibly be revisited.
79.	Do you think AEMO should net out shippers' positions prior to transaction information being provided to service providers to transfer capacity? If not, please explain why.	The opportunity for netting seems unlikely initially, but if it helps to streamline the process, it should happen.
8.1.3 Other information that could be collected and provided		
80.	Do you think there is value in having AEMO: <ul style="list-style-type: none"> ○ collect information from the seller on the GTA and receipt and delivery points that it wants to deduct the capacity from and to provide this to service providers? ○ collect information from buyers on the GTA they want to add the capacity to and the receipt and delivery points they intend to use? Or do you think this information should be provided directly by the counterparties to the service provider?	Yes, having AEMO provide the information seems more efficient for all parties.
81.	If you think the information should be provided by counterparties, at what point do you think they should be required to do so (e.g. as soon as practicable after the trade occurs or through the nomination process)?	
8.1.4 Data interchange		



	Questions	Feedback
82.	Do you think the BB CSV interface or STTM SIP data link should be used? Or do you think another option could be used?	APLNG prefers the BB interface as we are not a party to the STTM. The BB interface is also considered more appropriate because it is currently being used by a wide range of gas market participants for reporting to the gas bulletin board.
8.2 Transfer of capacity		
83.	Do you agree with the proposal for service providers to provide AEMO with confirmation that the transfer has occurred?	Yes, and particularly in the full anonymity model where the service provider has full visibility regarding the trading counterparties. If required, AEMO could introduce a Secondary Shipper confirmation into the capacity transfer confirmation process.
84.	Do you think the buyer should also be provided a confirmation, or should they only be notified if there is a problem with the transfer?	Only notified if there is a problem. APLNG assumes that confirmation would be implicit when the service provider notifies the Secondary Shipper that it can nominate against the transferred capacity.
85.	Do you have a view on the processes that should be put in place to deal with failure to transfer capacity for technical reasons?	
8.3.1 STTM participation and integration		
86.	Do you have any concerns about the proposal that shippers wanting to participate in the ex-ante STTM schedule would need to purchase the capacity on D-2? If so, please explain how you think this could be addressed.	
87.	Do you think there is value in trying to integrate the capacity trading platform and the STTM? If so, do you think the manual and partially anonymous, the automatic and fully anonymous or the hybrid option should be implemented? Or are there other options you think should be considered?	
8.3.2 DWGM integration		
88.	How do market participants currently manage MHQ constraints in the DWGM and how significant an issue do you think it is?	
89.	Do you think any of the options that have been identified to deal with accreditation constraints should be implemented? If so, please state which option you think should be implemented and why.	



	Questions	Feedback
90.	To minimise implementation costs for industry, could standing or blank accreditation constraints be used?	
8.4 Timing of activities on D-1		
91.	Do you agree with the proposed timing offsets for D-1 activities? If not, how long do you think should be allowed for each activity?	<p>Assuming that the gas day start times are aligned across all jurisdictions, and that the reference to specific times is consistent across all jurisdictions (ie AEST), then the relative timing between events appears generally ok.</p> <p>However, there would appear to be an opportunity to close the day ahead capacity trading process a bit later by decreasing the duration that would be available to Service Providers to confirm day ahead capacity transfers. Refer comment #93 below.</p>
92.	Do you think a uniform close of trading time should be adopted or different close of trading times?	Uniform close of trading time would appear to be the less complicated approach, at least initially as the trading system is developed. Non-standard closing times could be introduced at a later time if considered desirable.
93.	If a uniform close of trading time is to be adopted, do you think 11am is appropriate or do you think another time would be more appropriate (e.g. post the NEM pre-dispatch, which currently occurs shortly after 12.30pm)? If you think a later time would be more appropriate, how do you foresee all the activities being carried out prior to nomination cut-off time?	<p>Closing the day ahead capacity trading process later is preferable from a shipper/supplier perspective, but only on the proviso that doing so does not compromise the process.</p> <p>As noted in comment #91, there would appear to be an opportunity to constrain the time that Services Providers have available to confirm the transfer of capacity (though this would need to be tested with Service Providers).</p>
9.1 Settlement process		
94.	Do you agree with AEMO's proposal to combine the settlement amounts for capacity products and gas products? If not, please explain why.	Yes. APLNG questions why the Trading Participants are confirming the Actual Delivered Quantity instead of the pipeline operator.
95.	Do you think any changes need to be made to the settlement process to accommodate capacity products?	No. The proposed breakdown of the settlement statement between capacity traded products and gas products will be important to most (if not all) market participants and should be retained (irrespective of any feedback received otherwise).
9.2.2 Prudential exposure		



	Questions	Feedback
96.	Do you agree with AEMO's proposal to aggregate the prudential requirements across gas and capacity products on the GSH? If not, please explain why.	Yes.
97.	Do you think the same collateral requirements that currently apply to gas products should also apply to capacity products on the GSH? Or do you think a lower level of collateral is required in the forward period? If so, what level do you think this should be set at or do you think further quantitative work should be carried out to determine the level of collateral?	
98.	If the collateral requirement was to be reduced in the future period, would you be comfortable receiving a lower level of compensation if a default event occurs? Or alternatively, do you think the compensation level could be maintained at 25% but the collateral reduced?	
10.1 Delivery default, pre-trade verification and short selling		
99.	Are there any other circumstances in which you think delivery default could occur?	
100.	Do you think there is value in developing a registry that could be used by AEMO to verify whether sellers have capacity to sell before they enter into a trade, or do you think the costs of doing so are likely to outweigh the benefits?	No. The penalty arrangements and other prudential controls should act to prevent or discourage any uncovered speculative trading (such as short selling) from occurring.
101.	Do you think the market conduct rules will deter Trading Participants from engaging in short-selling?	
10.2 Default under primary GTA		
102.	Do you think arrangements should be put in place (other than cancellation) to mitigate the risk of termination of the primary GTA, such as options 2 and 3? If you think other options should be used:	Option 2, then Option 3 seem sensible.



	Questions	Feedback
	<ul style="list-style-type: none"> ○ Why do you think capacity should be treated differently to gas products? ○ Why do you think it is appropriate for service providers to be subject to the obligations that would come with these options? ○ Do you support options 2 and/or 3(a) or (b)? What other options are available? 	
103.	If you think option 2 should be used, how long do you think service providers should be required to honour the trade (e.g. 1-2 days, one month, or for the duration of the trade)?	Duration of the trade as the capacity should be available and as proposed the longest trade would be 3 months.
104.	<p>If you think buyers should have an option to acquire the capacity from the service provider, do you think:</p> <ul style="list-style-type: none"> ○ the buyer should have a first right of refusal, an enforceable option or a general right to initiate good faith negotiations? ○ the price at which the secondary shipper can access the capacity should be specified in the operational GTA or be regulated in some way? 	
105.	Do you agree that if the trade has to be cancelled, then the effect of the cancellation should be borne by all secondary shippers on a pro-rata basis?	
10.2 Default under operational GTA		
106.	<p>Do you agree that if default under the operational GTA occurs:</p> <ul style="list-style-type: none"> ○ after the trade is effected, the trade should be allowed to proceed? ○ before the trade is effected, the trade should be cancelled? 	Yes.
10.2.2 Default on GSH financial obligations		
107.	Do you think the arrangements that currently apply to seller defaults under the GSH should be applied to capacity products, or do you think that any	



	Questions	Feedback
	transfers of capacity that have already occurred at the time of default should be excluded from the close out and offset calculation?	
10.2.3 Short selling		
108.	If a short sale occurs, do you think the trade should automatically be cancelled, or do you think the seller should have a period of time to rectify the short sale before it is cancelled?	The seller should be provided a short period of time to rectify – say 3 business days.
109.	If seller is unable to rectify the short-sale (e.g. because there is no spare capacity on the pipeline), should the capacity of all affected secondary shippers be curtailed on a pro-rata basis?	Yes, and those parties should be able to seek compensation from the seller (on a pro rata basis) for any losses incurred as a result of such curtailment.
11 Bilateral trading obligations		
110.	Do you think that shippers offering to sell capacity on a bilateral basis should be required to offer a prospective buyer the option of using an operational transfer to give effect to the trade? <ul style="list-style-type: none"> ○ If not, please explain why. ○ If so, do you think the proposal to include a provision in the NGR to require shippers to offer this option will work effectively? 	Absolutely. Including the provision in the NGR would at least provide some incentive for all sellers to abide by this provision.
111.	Do you think it should be mandatory for shippers to advertise any secondary capacity trades conducted outside the exchange ahead of time on the listing service? <ul style="list-style-type: none"> ○ If not, please explain why and also outline whether you think the AEMC's concerns about discriminatory access could be dealt with in another way. ○ If so, how do you think the practical issues raised by the project team could be overcome? 	Yes as it is a matter of transparency of the true market price for capacity. It could be possible that most/many capacity trades are conducted using bilateral trades so without this information available, the market would not be informed. This allows for more discrimination as access may not be available on the same/similar terms for all participants. As indicated, this will add some additional time to the process, but the posting time could be minimised (48 hours) which for a multi-day/monthly product is not unreasonable.
12 Governance and transitional arrangements		
112.	Are there any other changes that you think will be required to the governance arrangements that have not been identified in Table 12.1?	No.



	Questions	Feedback
113.	How long do service providers think it will take to set up any systems that may be required and to test these systems with AEMO?	
Other		
	Do you have any other feedback?	