



### \*\*\*Preface - Alinta Energy Note\*\*\*

The views expressed in Alinta Energy's feedback below are provided expressly in the context that the proposed GMRG workstreams are to be implemented within NEM state jurisdictions only, and not within other Australian jurisdictions such as Western Australia.

In Alinta Energy's view the non-NEM jurisdictions have fundamentally unique gas markets, and as such the reforms proposed within this GMRG workstreams cannot be applied against the non-NEM jurisdictions on a like for like basis.

If the GMRG panel proposes to the COAG energy council that GMRG workstreams should be applied to jurisdictions other than NEM state jurisdictions, Alinta Energy's views expressed below should be dis-regarded.



# 1. Consultation Paper questions

	Questions	Feedback
<b>3.4 Questions on the overall legal and regulatory framework</b>		
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?	
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?	
5.	Are any other transitional rules not currently included in Schedule 5 required? If so, what are they and why are they required?	<p>Alinta is encouraged that transitional arrangements exist for part 24 which ensure the AER has appropriate flexibility to grant a transitional exemption on its own initiative, in lieu of the standardised exemption process being established. Given the tight timeframes for implementation of the reform package, Alinta considers transitional exemptions for part 24 will be of a key concern for eligible exemption participants.</p> <p>Alinta would appreciate clarity / guiding documents from the AER about how these transitional arrangements would operate in practice.</p>
<b>4.1.1 Exemptions</b>		
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"> <li>▪ Apply the same exemption criteria to the obligation to publish a standard operational agreement and the auction? If not, why?</li> <li>▪ Replace the single end-user facility criterion, with a single shipper criterion? If not, why?</li> </ul>	<ul style="list-style-type: none"> <li>▪ Yes, Alinta believes the same exemption criteria for the obligation to publish a standardised operational agreement and the criteria for the auction exemption should apply.</li> <li>▪ Yes, Alinta strongly supports the addition of the single shipper criterion in the GMRG's reform package. In Alinta's view if there is only one shipper using the facility and no other shipper is seeking access, there is no additional value with being covered under the auction or obligation to publish, instead there will be</li> </ul>



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		<p>significant and on-going costs associated with complying. As such Alinta strongly supports the addition of the single shipper criterion.</p> <p>In addition, Alinta thinks it would be beneficial if considerations were made to allow existing part 23 NGR exemption holders to potentially qualify for an automatic exemption for the day-ahead auction, or if not, a potential fast tracked exemption process with the AER. Alinta is of the view that there will be significant administrative benefits for both the AER and participants under such an arrangement.</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><b>Part 24 compression service facility</b> 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>	
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>No, it is Alinta's understanding that many pipeline operators in East coast markets whose gas pipelines flow less than 10TJs/day are often small participants with limited resources. For these smaller participants, 60 business days to develop and offer a standard operational agreement would represent a significant challenge.</p> <p>For example, establishing a standardised operational agreement entails significant work including flow modelling, detailed engineering analysis, risk assessment and financial modelling, all of which would represent a challenge for resource constrained smaller participants. Alinta is of the view that a time frame of 6 months would strike a more appropriate balance of obligations for single shipper facilities and potential access seekers.</p>



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9.	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>Alinta notes the consultation paper’s drafting that in the event that a single shipper exemption is removed that <i>‘The NGR therefore provides these facilities four months to carry out these activities’</i>.</p> <p>Alinta has some concerns around the four-month allowance to enter into an operational TSA. For a participant like Alinta, where transporting gas is not our core business, the proposed 4-month time period represents an exceptionally tight timeframe to go through the required legal, risk and commercial analysis that producing an operational TSA would require. Alinta suggests a 6-month timeframe may be more appropriate.</p> <p>Additionally, Alinta would encourage the GMRG to put in place sufficient safeguards to ensure that any requests to enter into an operational TSA are genuine and binding. This would prevent potential gaming issues arising. Alinta suggests that meeting a certain offer threshold criteria or paying of a deposit could ensure that operational TSA requests made are in fact legitimate.</p>
<b>4.1.2 Governance model for the Code</b>		
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.	Alinta is of the view that the proposal to allow the AER to modify the code on its own initiative following consultation with the OTS and AEMO is a departure from existing practise which requires careful consideration. Alinta would encourage the GMRG to ensure that appropriate checks and balances exist to ensure the AER is not able to progress material modifications in a way that circumvents industry participation. A threshold for allowable AER modifications could go some way to ensuring balances exist.
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	



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	the changes you would suggest be made to the composition of the OTS Code Panel.	
<b>4.1.3 Measures to address contractual limitations in facility agreements</b>		
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
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?	
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?	
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: (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 (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.  If not, why?	
<b>4.1.4 Governance arrangements for the specification of zones</b>		
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.	Yes,



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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.	
19.	Do you agree with the information disclosure obligations that service providers would be subject to under the NGR?	
20.	Do you think any additional guidance on the specification of zones is required in the NGR?	
<b>4.1.5 Other matters</b>		
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 think should be employed.	
<b>5.1.1 Grandfathered rights</b>		
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
23.	Do you think the proposed two-year transitional period for grandfathered rights is appropriate? If not, please explain why.	Yes, however Alinta is of the view that grandfathered rights should have the ability to be extended past the two-year transitional period if it becomes apparent though the implementation stage that significant or residual issues exist which require further time/resources to resolve. An ability to extend the grandfathered rights by one additional year could be a potential option.
24.	Are there any other limitations that you think should be placed on the availability and/or use of grandfathered rights?	
<b>5.1.2 Contract path specification</b>		
25.	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: <ul style="list-style-type: none"> <li>▪ set out the approach you think should be employed; and</li> </ul>	



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	<ul style="list-style-type: none"> <li>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.</li> </ul>	
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	
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?	
<b>5.1.3 Methodology used to calculate auction quantity limits</b>		
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?	
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.	
<b>5.1.4 Other matters</b>		
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"> <li>What benefit do you think it would provide?</li> </ul>	Yes. Improving transparency would be of benefit to potential auction participants and the broader market. In Alinta's view participants want to have confidence and a level of transparency in the auction products they are bidding for. Alinta agrees that it is pragmatic for only material intra-day curtailments to be subject to the BB publishing obligations.



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	<ul style="list-style-type: none"> <li>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%)?</li> </ul>	
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?	
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?	
<b>7.1 Allocation arrangements</b>		
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?	Alinta has no concerns
36.	Is there other information regarding allocation arrangements that should be published to ensure these agreements do not act as a barrier to trade?	
<b>8.1 Transitional arrangements</b>		
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?	
38.	<p>With regard to the information required to be published by facility operators:</p> <ul style="list-style-type: none"> <li>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?</li> <li>Is the 30 June 2019 cut-off date for publication appropriate? If not, when should this information be required to be published and why?</li> </ul>	



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<b>9.1 Key timings</b>		
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?	<p>Yes. Alinta has some concerns over the implementation timeframes of the various GMRG workstreams. Whilst supportive of many of the initiatives the GMRG is progressing, the broad timeframes as they are currently proposed are in some circumstances exceptionally tight and do not leave much margin for error if any implementation issues arise.</p> <p>Alinta would suggest that the GMRG consider undertaking regular qualitative assessments as key implementation timeframe dates approach, which would allow for the ability of implementation deliverables to be delayed as reasonably required by industry / service providers.</p>
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"> <li>- 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?</li> </ul>	