



EnergyAustralia

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Gas Market Reform Group
c/o Australian Energy Market Commission
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Dear Dr Vertigan

Lodged electronically: gas@environment.gov.au

GMRG, Standardisation Related Reforms and the Capacity Trading Platform, 7 September 2017

EnergyAustralia is one of Australia's largest energy companies with over 2.6 million electricity and gas accounts in NSW, Victoria, Queensland, South Australia, and the Australian Capital Territory. We also own and operate a multi-billion dollar energy generation portfolio across Australia, including coal, gas, and wind assets with control of over 4,500MW of generation in the National Electricity Market and an annual gas portfolio of over 100PJ.

We appreciate the opportunity to respond to the Consultation Paper on the proposed standardisation related reforms and the capacity trading platform (the Consultation Paper). EnergyAustralia is represented on the Gas Market Reform Group (GMRG) Advisory Panel, and has also been represented on the working groups for both standardisation related reforms and the capacity trading platform. As such, we have been engaged in the development of the positions in the Consultation Paper and broadly support the direction taken.

We have some additional comments on the options outlined in the Consultation Paper, and have provided some feedback through the template provided by the GMRG (attached to this submission). One of the key issues in responding to the Consultation Paper, is that the mechanisms are heavily reliant on the form of day-ahead auction that is developed in the third GMRG work stream. This means that the benefits of the reforms outlined in the Consultation Paper may vary depending on the outcomes of that working group.

In general, we support the direction taken in regards to both the standardisation reforms and the capacity trading platform. We note that the implementation of the standardisation reforms may increase costs for market participants, and depending on the final design and its interaction with the day-ahead auction, there could be limited use of the standardised contractual arrangements being proposed. Some consideration of whether the benefits of the proposal would outweigh these costs should be undertaken as part of this process.

We are also concerned that the engagement through the working groups and the September public forum have not adequately involved the full spectrum of industry participants that may be affected by the proposed reforms. Larger businesses and self-contracting users have not provided much feedback on the work to date, and we consider their assessment of the

proposals is necessary to ensure there is strong support and a requirement for the services being developed.

In addition to the specific answers in the attached template, we are happy to provide further expansion of our points if this is useful for the GMRG.

EnergyAustralia is keen to continue engaging on the above issues, to ensure the best outcomes for the market and customers. If there are further specific questions or details that EnergyAustralia can assist with, then please contact me on Chris Streets on (03) 8628 1393, chris.streets@energyaustralia.com.au.

Regards

Melinda Green

Industry Regulation Leader

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?	We do not consider that primary GTA's need to be standardised. However the concept of MDQ transfer under a shippers existing GTA should facilitate secondary trade without having to enter into a new operational transfer agreement.
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?	No – Bare transfers are less common and market participants are moving away from these.
3.3	Standard terms and facility specific terms	
3.	Do you think the standard terms and the proposed scope of the facility specific terms: <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 Error! Reference source not found.? If not, please explain why. 	<p>We consider that this will become clear over time, however we do not believe that the measures proposed will restrict or inhibit the intended objectives of facilitating more trading of secondary capacity.</p> <p>Ensuring the capacity products are listed will reduce search costs although when trying to trade capacity now it is all the administration and time taken to ensure the product can be utilised in the short term trading markets which inhibits trade. (ie for capacity trades less than 3 months in duration.</p> <p>The anonymity and short duration trades being offered will increase the liquidity in the market.</p>
4.	Do you think the balance between the standard terms and facility specific terms is appropriate, or do you think: <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>No – the standardisation group assessed each GTA term in detail and the terms which were not standardised were debated at length but in all cases consensus was reached that the specific term or clause were unable to be standardised owing to operational and contractual arrangements.</p> <p>We consider the level of standardisation is at the right level.</p>
5.	Do you agree with the proposed approach to the <u>secondary shipper's</u> liability for off-specification gas? If not:	We consider there should be limits on liability and that liability should not extend to loss of profits.

	Questions	Feedback
	<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? 	
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>Where the service provider had no control over the off-spec delivered the shipper should have to claim against the responsible 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>Yes- Uncapped liability could act as barrier to entry.</p> <p>Yes – A monetary cap based on the percentage of the value of the remaining contract is one possible option</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? 	
9.	<p>Is it appropriate to have differing liability regimes for the service provider and secondary shipper?</p>	<p>No – However it is rare that the shipper ever obtains this position. Generally the cap from pipelines is 10% of contract value.</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 Error! Reference source not found.?</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>Yes</p> <p>We consider that 25% of the MDQ may be suitable, because the overrun charges and imbalance charges are rarely more than 10% of the invoice but the service provider is more affected by the liability of off-spec gas. The higher this value is though the greater the barrier to entry. The larger barrier to entry will be the prudential that need to be posted if the product is traded through the exchange. This needs to be looked at in a similar manner to the Trading Hubs.</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>Yes</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>We do not consider that compression services should be offered and the services traded should be as generic as possible to increase liquidity. There should be a limit on the number of services offered.</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>If you think in-pipe trading should be reflected in the standard terms, what changes would need to be made to the standard terms.</p>	<p>Yes</p>

	Questions	Feedback
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?	Changing planned maintenance with 7 Days' notice could be deemed a little restrictive. The real issue is how far in advance the amendment can affect maintenance.
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?	Company must pass KYC test (anti-money laundering etc)
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?	The standards should not be negotiable.
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, and the service provider should not have discretion to resist and terms should be "not be unreasonably withheld"
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
20.	What principles do you think should be included in the NGR to guide any future amendments to the Operational GTA Code?	An appropriate governance model should be formalised and provide for a consultation process similar to any the rule change process used for the NGR
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?	Giving the AEMC a formal role in the process will provide more clarity and consistency in proposed changes.
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.	Yes
3.5.2 Service provider obligations		

	Questions	Feedback
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?	
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?	
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.	Yes
3.5.3 Principles governing facility specific principles		
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? 	Yes and we agree with the suggested reference points
3.5.4 Capacity transfer procedures		

	Questions	Feedback
27.	Do you think AEMO should have the power to make capacity transfer procedures? If not, please explain why.	Yes
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: <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? 	<p>Yes</p> <p>(i) secondary shippers only</p> <p>Agree – combination of these costs</p>
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)?	
31.	<p>Do you think the AER should be able to review the costs that service providers seek to recover?</p> <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 & Yes

	Questions	Feedback
Standardised Operational GTA		
	Do you have any other feedback on the contract terms?	
4.2.1 Receipt and delivery point zones		
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>One possible refinement would be to reduce the number of trading zones and locations to maximise liquidity. However, we understand that each of these zones are listed for a reason based on participants wanting to buy and/or sell within these zones.</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>	<p>Yes (like Wallumbilla Notional point, MAP IPT)</p> <p>Yes</p>
34.	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?	Yes
35.	Do you think these principles should be included in the NGR?	Yes
4.2.2 Secondary firm rights		
36.	Do you agree with the project team's observations about the level of risk associated with secondary firm rights at	Yes

	Questions	Feedback
	receipt and delivery points? If not, please explain why.	
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?	No
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?	N/A
39.	How do you think renomination rights should be treated <i>vis-à-vis</i> secondary firm rights under the zonal model?	Renomination rights should receive priority over secondary firm rights. The risk is minimal.
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
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?	Yes
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
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?	Yes
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	Yes

	Questions	Feedback
	not prepared to pay for any shortfall)? If not, please explain why.	
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 (However if there is possibility to lower these times the liquidity should improve). Often other solutions will be sought if 20 business days is taken to provide an answer to a request.
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
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		
49.	How significant an impediment to trade do you think allocation agreements are?	Not significant, as all primary shippers are already party to allocation agreements. Therefore all secondary shippers will need to be a party to them if the method of trade is operational transfer. A bare transfer wouldn't require joining an allocation agreement.
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.	No
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?	No

	Questions	Feedback
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 Error! Reference source not found.) are required to facilitate access to these agreements?	Yes
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?	
54.	Do you think there is any value in standardising allocation agreements?	Potentially – It could be explored.
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
56.	Can contribution agreements, or the charges levied under these agreements, act as a barrier to trade?	Yes
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. 	<p>Yes (MOS stack)</p> <ol style="list-style-type: none"> 1. The OTA (zero MDQ contract will have imbalance charge mechanism). This charging mechanism will have a cost associated with holding an imbalance after a certain time period. 2. A Secondary Shipper may have an imbalance that is difficult to correct. It should be therefore the shipper option to; <ol style="list-style-type: none"> a) Attempt to clear it by receipting less gas or more gas when transporting on the next occasion. b) Attempt to trade it with in-pipe trading which may be bi-lateral or exchange listed and that can be deemed allocation so imbalance can be removed exactly. c) If shippers can't trade they pay the pipeline imbalance charges or can choose to cash-out using a MOS type stack. When they choose to trigger this on the day the MOS providers (often larger shippers) will be paid or pay to clear the imbalance.

	Questions	Feedback
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)?	See answer above
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.	Do you think there is value in bringing forward the harmonisation of gas day start times in the facilitated markets? <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? 	Yes Yes = the earlier it occurs the better (subject to costs not being prohibitive).
61.	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? <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? 	Yes
62.	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)? <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? 	No – Differences in timing across jurisdictions can benefit shippers and pipelines from a resourcing perspective.
63.	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?	Yes

	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?	Yes
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.	No
66.	How prevalent do you think these types of contractual limitations are?	N/A
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. 	No
	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
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? 	Yes – there is value in other products and these could be added later on as the market develops
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? 	It is a valuable and effective service to be offered. However it is quite different to the capacity trading market and therefore would require further work. The locations should include GSH Locations, Moomba Gas Plant, the STTMs, DWGM, Longford, Culcairn, Iona Underground Storage
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?	Agree with the products and tenors proposed
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?	Yes
73.	Firm forward haul products: Do you agree with the proposed contract paths for the	Yes

	Questions	Feedback
	standardised firm forward haul products, or do you think other contract paths should be considered for market start	
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.	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: <ul style="list-style-type: none"> ○ variable charge paid by secondary shipper to service provider? ○ 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
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.	Yes
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? 	

	Questions	Feedback
	Or do you think this information should be provided directly by the counterparties to the service provider?	
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	
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?	
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
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?	Yes
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.	No – we consider it would be better if we can get closer to the D+1 bid/offer cut off time, however understand that transferring TRN and registering could take time.
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?	Use the Automatic and Fully Anonymous option
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?	Yes
92.	Do you think a uniform close of trading time should be adopted or different close of trading times?	Yes
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?	There is benefit of having the cut-off times after the release of NEM PD.
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.	Agree
95.	Do you think any changes need to be made to the settlement process to accommodate capacity products?	
9.2.2	Prudential exposure	
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?	Same
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	Yes

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	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?	
101.	Do you think the market conduct rules will deter Trading Participants from engaging in short-selling?	There is potentially merit in seeking to establish a penalty regime
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: <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)?	
104.	If you think buyers should have an option to acquire the capacity from the service provider, do you think: <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	

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	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? 	
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 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?	
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?	
11	Bilateral trading obligations	
110.	<p>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?</p> <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? 	
111.	<p>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?</p> <ul style="list-style-type: none"> ○ If not, please explain why and also outline whether you think the AEMC's 	

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	<p>concerns about discriminatory access could be dealt with in another way.</p> <ul style="list-style-type: none"> ○ If so, how do you think the practical issues raised by the project team could be overcome? 	
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?	
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?	