epicenergy

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Gas Market Reform Group
c/o Australian Energy Market Commission
PO Box A2449
SOUTH SYDNEY NSW 1235

Submitted via email: enquiries@gmrg.coagenergycouncil.gov.au

RE: Submission to the Gas Market Reform Group's *"Standardisation Related Reforms and the Capacity Trading Platform"* Consultation Paper

Epic Energy South Australia Pty Ltd (EESA) welcomes the opportunity to respond to the Gas Market Reform Group's (GMRG) *"Standardisation Related Reforms and the Capacity Trading Platform"* (consultation paper), September 2017.

As noted in the **attached** submission, EESA has a number of concerns with the reform package, including:

- **The AER's substantial oversight function**. As currently proposed, this will only reflect narrow regulatory outcomes, instead of encouraging, supporting and achieving commercial outcomes. EESA would support the AEMC in this role as the functions proposed are largely aligned to the AEMC's rule making role, rather than the regulation and compliance role of the AER.

- **The receipt and delivery point change process**. EESA's understanding is that the initial objective of the GMRG was to leave existing contracts unchanged. EESA's view is that these proposals either fall outside the scope of the reform package, or over-complicate the issues. Significantly, the proposals do not address the main issue of freeing up capacity trading.

- **Harmonising nomination cut off times**. EESA agrees that they can be harmonised across pipeline and other facilities on the basis it is no earlier than the proposed time of 3 pm (AEST)

Any earlier will likely result in greater uncertainty which may lead to inflated nominations to ensure electricity price risk can be managed, which in turn will likely result in a less liquid secondary capacity market.

- **Variable transportation charges**. EESA supports the position that the variable charge paid by the primary shipper to a service provider, based on actual volumes transported by the secondary shipper, is the best option. By maintaining variable charges with the primary shipper, the required information transfer prior to a trade is limited which should promote the secondary trade of capacity.

- **Primary shippers' renomination rights.** EESA also has a strong preference for renomination rights under the secondary operational GTA to continue to operate as is. EESA's view is that where a primary shipper holds firm renomination rights there may be an instance where a subsequent nomination may exceed delivery point capacity. In this instance, primary shippers should maintain their priority over secondary shippers.

Should you require further information regarding any of the comments made in the submissions, please do not hesitate to contact Jeff Olling, Manager, Government, Regulatory and Stakeholder Relations on (08) 8343 8154 or by email: jeff.olling@epic.com.au.

Yours sincerely,

Reynard Smith
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