



## Attachment 2 Stakeholder feedback template

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
<b>3.2</b>	<b>Contracts to be standardised</b>	
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?	<p>Standardisation of terms for Operational GTAs is sufficient to facilitate more secondary capacity trading. Standardisation of primary GTAs will not promote the objective and will lead to unintended consequences and impact the efficiency of the market.</p> <p>A primary GTA is often amended from the pipeline standard position to a user specific GTA which meets the operational and risk requirements of the user. Currently when a primary user is seeking to complete a secondary capacity trade they will remain liable to the service provider for the primary GTA rights and obligations and will therefore seek to back to back these to effectively manage any risk with a third party user. The bespoke operational and risk position in the primary GTA may not be acceptable to a third party user and this will limit the ability to complete the secondary capacity trade.</p> <p>The operational GTA utilised through the capacity trading platform will mean a primary user will no longer remain liable to the service provider under the primary GTA to the extent capacity has been sold to a third party user which will remove this constraint when considering secondary capacity trading, except for liability for firm charges.</p> <p>If a primary GTA were standardised this will provide no further advantage to the promotion of secondary capacity trading and will decrease user flexibility in requesting specific operational and risk terms which would lead to inefficient market outcomes.</p>



	Questions	Feedback
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 comment
<b>3.3 Standard terms and facility specific terms</b>		
3.	<p>Do you think the standard terms and the proposed scope of the facility specific terms:</p> <ul style="list-style-type: none"> <li>○ 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.</li> <li>○ are fit for purpose and embody the principles set out in section <b>Error! Reference source not found.</b>? If not, please explain why.</li> </ul>	<p>Yes</p> <p>The ability to utilise the standardised GTA through the capacity trading platform will facilitate more secondary capacity trading as this will remove the requirements to back to back a bare transfer for the sale of secondary capacity which is currently required in most cases.</p>
4.	<p>Do you think the balance between the standard terms and facility specific terms is appropriate, or do you think:</p> <p>a greater level of standardisation is required? If so, please specify which provisions you think should be standardised.</p> <p>a lower level of standardisation is required? If so, please specify which provisions you think should not be standardised.</p>	The balance between standard terms and facility specific terms appears appropriate.
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"> <li>○ 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?</li> <li>○ 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?</li> </ul>	Yes



	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"> <li>○ 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?</li> </ul>	Yes
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"> <li>○ Do you think the uncapped liability will act as a barrier to entry?</li> <li>○ 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?</li> </ul>	Yes
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"> <li>○ 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?</li> <li>○ How do you think the term 'consequential loss' should be defined?</li> </ul>	Yes
9.	Is it appropriate to have differing liability regimes for the service provider and secondary shipper?	Yes. The Shipper is able to control the risks it takes in relation to its upstream/downstream contracting to minimise its exposure.
10.	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>Subject to point below - Yes</p> <p>EESA does not support Clause 21.3(a)(iii) which requires the service provider to make an assessment of the credit worthiness of the secondary user. Service providers do not have the resources or capability to make this determination and continue to monitor this throughout the term of the operational GTA. This provision is also prone to dispute</p>



	Questions	Feedback
		which will increase the cost of entering the operational GTA for both parties. It is recommended that this provision is deleted.
11.	<p>Do you think the amount of credit support should be a function of the value of the MDQ as outlined in section <b>Error!</b> <b>Reference source not found.?</b></p> <ul style="list-style-type: none"> <li>○ If not, please explain why and set out what other option you think should be used to determine the level of credit support.</li> <li>○ 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.</li> </ul>	<p>EESA agrees that the value of the credit support should be a function of the value of MDQ and this should be linked to 100% of the value of the MDQ.</p> <p>The value of the MDQ is a reasonable proxy for the potential liability of the secondary user to the service provider for other costs such as excess imbalance or unauthorised overrun charges.</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>The timeframes provided appear 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>EESA considers that a compression service, which includes pressure services, will require a more tailored set of terms.</p> <p>EESA provides a pressure service where specific delivery point pressures are required above the standard operational pressure of the pipeline.</p> <p>Specific provisions for a stand-alone service include:</p> <ul style="list-style-type: none"> <li>- Alternate maintenance and interruption rights where provision of a service decreases the level of equipment redundancy;</li> <li>- Increase throughput cost where the service will accelerate the maintenance intervals or system use gas requirements</li> </ul>



	Questions	Feedback
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"> <li>○ the service provider should have the option of offering either (1) imbalance trading or (2) in-pipe trading?</li> <li>○ the standard terms should make in-pipe trading the standard position rather than imbalance trades?</li> </ul> <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>It is important that a service provider has an option to provide either an imbalance trade or an in-pipe trade.</p> <p>EESA provides both an imbalance trade and an in-pipe trade service which are utilised for different purposes. Imbalance trades are operated consistently with the proposed position by the standardisation working group, enabling shippers to trade an opposing imbalance position at the end of a gas day.</p> <p>In-pipe trades are utilised as an allocation process to enable gas to be traded between shippers during a day and therefore is a separate process to an imbalance trade.</p>
15.	<p>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?</p>	<p>The maintenance provisions appear largely appropriate.</p> <p>The provision of an annual maintenance plan is not appropriate given the large impost this would place on the business to prepare and distribute such information. Due to system redundancy, the bulk of planned maintenance will have no impact on capacity availability and is generally carried out without any interaction with customers.</p> <p>Where capacity is impacted, customers will be notified in accordance with specific agreements. The provision of 7 days' notices is generally accepted as being a reasonable timeframe.</p>
<b>3.4 Application of the standardised operational GTA</b>		
16.	<p>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?</p>	<p>Further qualifications include:</p> <ul style="list-style-type: none"> <li>- Party is not a registered GSH member</li> <li>- Party has previously had a standardised operational GTA terminated for breach of agreement by the shipper.</li> </ul>
17.	<p>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?</p>	<p>EESA does not consider it appropriate that the shipper and service provider should be able to negotiate terms for the standardised operational GTA. Where the shipper and service provider have an existing primary GTA then there should be an ability to agree how that existing GTA may be utilised for the purpose an operational transfer which</p>



	Questions	Feedback
		would require the negotiation of various points. This should only apply to existing primary shippers.
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?	<p>Refer comment above.</p> <p>Such a request should be at the service provider's discretion. In some cases it will be pipeline specific or potentially customer specific. In these cases, this flexibility will not be possible.</p>
<b>3.5 Governance of Operational GTA Code</b>		
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?	EESA supports the use of a hybrid model, but does not support the governance arrangements as to how that model will operate. The GMRG's proposal to adopt the role envisaged for the AER in this process; approving and making alternative changes to the Operational GTA Code, is a responsibility closer to the rule making role of the AEMC than it is the regulation and compliance role of the AER. EESA's view is that in this process AEMO should have responsibility for the operational functions and AEMC should have responsibility for the oversight.
20.	What principles do you think should be included in the NGR to guide any future amendments to the Operational GTA Code?	The principles should include: reasonable terms; assessed having regard to the terms that would be negotiated in a workably competitive environment; referenced to the terms on which the services are available to other primary and secondary shippers; and industry practice. EESA does not want to see the principles replicate the terms of an Access Arrangement.
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?	Yes. As noted in EESA's answer to question 19, the AEMC should have a formal role in this process. The AEMC should have the oversight, not the AER, to advise on the broader market or gas market development as this is more aligned to the AEMC's skill set.
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
<b>3.5.2 Service provider obligations</b>		



	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?	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?	No comment
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.	Only monitor if there is a valid reason. If the facility specific terms do not meet the overarching principles, then there should be no requirement to monitor how a service provider meets those principles
<b>3.5.3 Principles governing facility specific principles</b>		
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"> <li>○ 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.</li> <li>○ 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?</li> <li>○ To what extent do you think the terms in existing secondary shipper gas transportation agreements (whether in an operational GTA or incorporated in a</li> </ul>	<p>EESA agrees with the principles for the facility specific terms on the basis that primary GTAs are the same as standard GTAs and are therefore utilised as a reference point.</p> <p>Utilisation of previous Access Arrangements or utilising another equivalent pipeline with an Access Arrangement will introduce increased complexity into the operation of the pipeline by introducing new operational requirement which are not consistent with standard operational procedures.</p> <p>Where terms relate to charges, the utilisation of Access Arrangements is not appropriate. As with all agreements, the entire package of terms must be considered, the utilisation of certain elements of the Access Arrangements will not take into account other provisions. For example an access arrangement may have a low charge for an overrun but have a low threshold in which the charge is incurred. Where a pipeline has a higher threshold in which charges are incurred it is not appropriate to link this with the lower charge under the Access Arrangements.</p>



	Questions	Feedback
	primary GTA) are an appropriate reference point for determining whether the facility specific terms are reasonable?	
<b>3.5.4 Capacity transfer procedures</b>		
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?	AEMO should be required to complete appropriate consultation in developing the procedures.
<b>3.6 Cost recovery</b>		
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"> <li>○ If not, please explain why.</li> <li>○ If so, do you think: <ul style="list-style-type: none"> <li>– 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"> <li>(i) secondary shippers?</li> <li>(ii) primary shippers?</li> <li>(iii) secondary shippers and all primary shippers?</li> </ul> </li> <li>– the costs should be recovered using a combination of a monthly administrative fee and a per trade (or per GJ) fee, or another mechanism?</li> </ul> </li> </ul>	<p>Yes – EESA considers that for simplicity the cost should be imposed on a single party and therefore (iii) is not appropriate. EESA's view is that the secondary shipper should be responsible for payment of costs as a mix of monthly administrative fee and a per trade fee.</p> <p>EESA's view is that the secondary shipper be responsible for payment to ensure the ultimate user of the capacity is liable for the costs. These costs should also be clearly identified when completing a transaction with a primary shipper.</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)?	There is still a lot of uncertainty around how the pricing principle in Rule 569 of Part 23 NGR will work to achieve the objectives of Rule 546(1). EESA's view is that the charges should be cost reflective and reflect the outcomes of a workably competitive market.



Questions		Feedback						
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"> <li>○ If not, please explain why.</li> <li>○ 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?</li> </ul>	<p>EESA does not think it is necessary for the AER to conduct a review of the costs recovered by service providers. The concern is that the AER would revert to regulated principles and this approach would not encourage, support or achieve commercial outcomes in a workably competitive market. If there was to be some level of oversight, EESA would support option (2), but have the AEMC conduct the review of the charges.</p> <p>EESA does not support the AER conducting its own compliance review of a service provider's charges. This would give the AER too much power and as its primary function is as a regulator, there would be a risk that the AER would use regulatory standards as a benchmark for the review. This would not lead to outcomes that reflect a workably competitive market.</p>						
<b>Standardised Operational GTA</b>								
	Do you have any other feedback on the contract terms?							
<b>4.2.1 Receipt and delivery point zones</b>								
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"> <li>○ 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</li> <li>○ minimising the risk that secondary shippers will not be able to access capacity at a receipt or delivery point within the zone?</li> </ul>	<p>EESA seeks further direct engagement on the indicative zones.</p> <p>For the Moomba to Adelaide Pipeline, the primary uses of services will typically be Moomba to Adelaide STTM or other delivery zones currently listed in the loop line receipt zone. Recommended amendments are presented below.</p> <table border="1" data-bbox="1144 1043 2123 1227"> <thead> <tr> <th></th> <th>Receipt point zone</th> <th>Delivery point zone</th> </tr> </thead> <tbody> <tr> <td>MAP</td> <td>Moomba (MAPS inlet)</td> <td>Adelaide STTM (Metro Mainline) Mainline rural Whyalla lateral Angaston lateral</td> </tr> </tbody> </table>		Receipt point zone	Delivery point zone	MAP	Moomba (MAPS inlet)	Adelaide STTM (Metro Mainline) Mainline rural Whyalla lateral Angaston lateral
	Receipt point zone	Delivery point zone						
MAP	Moomba (MAPS inlet)	Adelaide STTM (Metro Mainline) Mainline rural Whyalla lateral Angaston lateral						



Questions		Feedback	
		Loopline receipt	Adelaide STTM (Metro Mainline) Mainline rural Whyalla lateral Angaston lateral Loopline delivery Moomba
		Note 1 – Angaston and Whyalla lateral subject to primary shipper holding firm capacity rights on the lateral.	
33.	<p>Do you think that:</p> <ul style="list-style-type: none"> <li>○ 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?</li> <li>○ 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?</li> </ul> <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>	All available zones are already listed, therefore a specific transit point delivery zone is not required.	
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?	The development of zones needs to take into account the physical properties of the pipeline, as well as the contractual rights of existing primary shippers. Even with the development of zones, transportation on a day will only be scheduled on a point to point basis by service providers.	
35.	Do you think these principles should be included in the NGR?	No	
<b>4.2.2 Secondary firm rights</b>			



	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.	EESA agrees
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?	Not applicable
39.	How do you think renomination rights should be treated <i>vis-à-vis</i> secondary firm rights under the zonal model?	<p>Renomination rights under the secondary operational GTA are well defined. 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.</p> <p>This is not considered to be a significant issue as delivery point constraints are typically limited to user specific delivery points such as a power station or on lateral pipelines. EESA's view is that user specific agreement should already have been reached with that primary user. Where a lateral pipeline is utilised, ensuring the secondary shipper acquires capacity from a current holder of firm lateral rights will ensure that the capacity is not constrained and each shipper has equal access to the capacity.</p>
<b>4.2.3 Governance for the zonal model</b>		
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?	No. It is important that service providers can amend the zones to take into account operational changes over time without imposing additional regulation on the change process. It should also be noted that market participants should not be able to propose a change in zones as it is the service provider's responsibility to operate the



	Questions	Feedback
		<p>pipeline efficiently and market participants will not have the necessary background to inform their position.</p> <p>Any proposed change in zone can be raised with the service provider.</p>
<b>4.3 Receipt and delivery point change process</b>		
42.	<p>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.</p>	<p>This proposal appears to be outside of the scope of the reform package considered by this paper. It should also be noted that the initial intent of the reform package was not to amend existing contracted positions.</p> <p>Despite this EESA does not consider it necessary to amend the NGR to provide for greater guidance on this subject. It was identified that the flexibility to amend receipt or delivery points was a constraint to the secondary trade of capacity. The proposed reform package including standardised operational GTA and capacity trading platform removes this constraint by enabling shippers to trade capacity and utilise any delivery point within the zone regardless of the delivery points under the primary shippers GTA. Therefore this proposal is not necessary.</p>
43.	<p>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?</p>	Yes
44.	<p>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.</p>	Yes
45.	<p>Are there any other reasons why you think consent should be able to be withheld by a service provider?</p>	No



	Questions	Feedback
46.	<p>Do you think the timeframe that has been proposed for service providers to respond to requests to transfer receipt or delivery points:</p> <ul style="list-style-type: none"> <li>○ within a zone is appropriate (i.e. within five business days)? If not, please explain why.</li> <li>○ 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.</li> </ul>	<p>In many cases the timeframes are appropriate. However changes in delivery or receipt points, whether they are within the same zone or not, may require detailed modelling and/or potentially, the determination of any capital works that may be required to accommodate the particular requirements of the shipper. In these cases the timeframes pose an unnecessary constraint in making effective decisions which is consistent with the safe and efficient operation of the pipeline system.</p> <p>As noted in question 42, this proposal seems inconsistent with the objective of this consultation paper.</p>
47.	<p>Do you think provisions should be included in the NGR to override any contractual limitations on shippers seeking changes to receipt and delivery points?</p>	<p>No refer to question 42.</p>
48.	<p>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?</p>	<p>The receipt and delivery point change process is not an impediment to trade once the standardised operational GTA and capacity trading platform is implemented.</p>
<b>5.1 Allocation agreements</b>		
49.	<p>How significant an impediment to trade do you think allocation agreements are?</p>	<p>EESA's view is that allocation agreements are not an impediment to trade.</p>
50.	<p>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.</p>	<p>No</p>
51.	<p>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?</p>	<p>Deeming secondary shippers to be a party to an allocation agreement is not a preferred outcome. It is not considered reasonable to assume customers are aware of allocation agreements and how they operate, the result of which may lead to consequences such as capacity overruns which may result in increased disputes. EESA preference is to ensure each customer subject to an allocation agreement make a positive agreement to the terms of the allocation agreement.</p>



	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 <b>Error! Reference source not found.</b> ) 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?	EESA's view is that these issues are not material.  A common allocation rule is not considered to be appropriate as this limits the ability to meet specific customer needs at specified delivery points. A standard allocation rule is pro-rata based upon nomination or in some cases based upon nomination in order of service priority. A number of other customer specific allocation rules are in place which may be related to specific user needs or particular system requirements. By removing this ability to agree specific allocation rules, the market will lose flexibility and efficiency.
54.	Do you think there is any value in standardising allocation agreements?	No
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?	Not applicable
56.	Can contribution agreements, or the charges levied under these agreements, act as a barrier to trade?	Not applicable
<b>5.2 Imbalance clearing</b>		
57.	Do you think the capacity trading platform should facilitate the trade of imbalances?  <ul style="list-style-type: none"> <li>○ If so, do you think this should be done through the listing service or exchange?</li> <li>○ If not, please explain why.</li> </ul>	Yes. EESA's view is this should be at a customer election, similar to a customer electing to buy or sell gas on the GSH.



	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)?	An imbalance could be transferred to the primary shipper.
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)?	Not applicable
<b>5.3 Harmonisation of gas day start times and nomination times</b>		
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"> <li>○ If not, why not?</li> <li>○ If so, do you think it should be brought forward to 1 October 2019, or another time?</li> </ul>	No comment
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"> <li>○ If not, why not?</li> <li>○ 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?</li> </ul>	Yes this should be provided for in the NGL and NGR to ensure service providers can implement the change with all customers.



	Questions	Feedback
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"> <li>○ If not, why not?</li> <li>○ If so: <ul style="list-style-type: none"> <li>– Do you think it should be harmonised to 3 pm (AEST) or another time?</li> <li>– 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?</li> </ul> </li> </ul>	<p>EESA agrees that nomination cut off times can be harmonised across pipeline and other facilities on the basis it is no earlier than the proposed time of 3 pm (AEST).</p> <p>Consideration should be given to shippers who require later cut-off times for the purpose of receiving electricity market pre-dispatch reports or determining an appropriate response including pipeline nominations. Earlier nomination times will result in greater uncertainty which may lead to inflated nominations on the basis to ensure electricity price risk can be managed. The result is a less liquid secondary capacity market.</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>	No
64.	<p>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?</p>	<p>EESA's view is that drafting is not required. The market currently operates with differing gas days across pipelines and this is managed with little concern raised by customers.</p>
<b>5.4 Contractual limitations</b>		
65.	<p>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.</p>	No
66.	<p>How prevalent do you think these types of contractual limitations are?</p>	Not applicable



	Questions	Feedback
67.	<p>Do you think the contractual limitations on capacity trading need to be addressed?</p> <ul style="list-style-type: none"><li>○ If so, should they be addressed through amendments to the NGR, or should the primary GTAs be re-opened?</li><li>○ If not, please explain why.</li></ul>	Not applicable
<b>Other</b>		
	Do you have any other feedback?	No



## PART B – Capacity Trading Platform

	Questions	Feedback
<b>7.1</b>	<b>Initial set of exchange traded products</b>	
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"> <li>○ backhaul services on pipelines that are not bi-directional?</li> <li>○ locational swaps?</li> <li>○ an imbalance exchange traded product that parties could use to clear imbalances (see section 5.2)?</li> <li>○ other (non-pipeline) storage products, such as those offered by Lochard's underground storage facility, APA's Dandenong LNG storage facility?</li> </ul>	<p>The services listed will increase complexity and therefore should not be developed ahead of market start.</p> <p>The exception to the above is the ability to post imbalances available for exchange subject to this service being optional for shippers.</p> <p>The services listed will require further consideration and consultation. A backhaul service for example is an interruptible service and further consideration should be given to the ability to offer this on the capacity trading platform.</p>
70.	If you think locational swaps should be developed for market start: <ul style="list-style-type: none"> <li>○ Do you think they are a substitute for capacity products, or a separate product?</li> <li>○ Do you think swaps could be used in place of backhaul services at market start?</li> <li>○ What locational combinations do you think should be available?</li> </ul>	Not applicable
<b>7.2</b>	<b>Standardised products</b>	
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?	No comment



	Questions	Feedback
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?	EESA agrees with the proposed contract size.
73.	<b>Firm forward haul products:</b> 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	Yes
74.	<b>Compression products:</b> Do you agree with the proposed facilities on which this service would be available at market start?	Yes
75.	<b>Park products:</b> Do you agree with the proposed pipelines on which this service would be available?	Yes
<b>7.3 Treatment of variable transportation charges</b>		
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"> <li>○ variable charge paid by secondary shipper to service provider?</li> <li>○ variable charge paid by primary shipper to service provider, based on actual volumes transported by the secondary shipper?</li> <li>○ primary shipper's variable charge converted to a fixed charge for that portion of capacity sold for the duration of the trade.</li> </ul>	<p>A variable charge paid by a primary shipper to a service provider, based on actual volumes transported by the secondary shipper is the preferred 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.</p> <p>A customer with primary capacity contracts will be aware of any variable charges and can include these in their offer for transport on the capacity trading platform.</p>
<b>8.1.1 Partial or full anonymity</b>		
77.	Do you agree that the fully anonymous option should be implemented? If not, please explain why.	Yes
<b>8.1.2 Information to be provided to service providers</b>		



	Questions	Feedback
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
<b>8.1.3 Other information that could be collected and provided</b>		
80.	<p>Do you think there is value in having AEMO:</p> <ul style="list-style-type: none"> <li>○ 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?</li> <li>○ collect information from buyers on the GTA they want to add the capacity to and the receipt and delivery points they intend to use?</li> </ul> <p>Or do you think this information should be provided directly by the counterparties to the service provider?</p>	<p>The information should be provided to AEMO when bids are submitted. This information can then be provided to service providers at the time of notification to ensure capacity is re-allocated efficiently to enable subsequent nominations to be submitted and scheduled.</p> <p>Any changes of this information after the trade can be advised to the service provider if required.</p>
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)?	As soon as practicable to ensure scheduling can be completed as soon as possible.
<b>8.1.4 Data interchange</b>		
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?	EESA does not have a preference. But we note that STTM SIP data link is more secure and reliable.
<b>8.2 Transfer of capacity</b>		
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?	EESA's view is that the buyer should be notified.



	Questions	Feedback
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?	Trade would be voided if the capacity could not reasonably be transferred.
<b>8.3.1 STTM participation and integration</b>		
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.	Not applicable
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?	Not applicable
<b>8.3.2 DWGM integration</b>		
88.	How do market participants currently manage MHQ constraints in the DWGM and how significant an issue do you think it is?	Not applicable
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.	Not applicable
90.	To minimise implementation costs for industry, could standing or blank accreditation constraints be used?	Not applicable
<b>8.4 Timing of activities on D-1</b>		
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?	EESA's view is that the proposed timings are acceptable. We would seek to adjust them slightly to align with our nomination cut off times. Our view is that at least one hour should be provided between when a set of data becomes available and any expectation for a service provider to execute an action based on that data.



	Questions	Feedback
92.	Do you think a uniform close of trading time should be adopted or different close of trading times?	EESA's view is different closing trade off times are appropriate.
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?	
<b>9.1 Settlement process</b>		
94.	Do you agree with AEMO's proposal to combine the settlement amounts for capacity products and gas products? If not, please explain why.	No comment
95.	Do you think any changes need to be made to the settlement process to accommodate capacity products?	No comment
<b>9.2.2 Prudential exposure</b>		
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.	No comment
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?	No comment
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?	No comment
<b>10.1 Delivery default, pre-trade verification and short selling</b>		



	Questions	Feedback
99.	Are there any other circumstances in which you think delivery default could occur?	No comment
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?	Costs are unlikely to outweigh the benefits as primary shippers are obliged to manage their own capacity within their contractual boundaries.
101.	Do you think the market conduct rules will deter Trading Participants from engaging in short-selling?	Yes
<b>10.2 Default under primary GTA</b>		
102.	<p>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:</p> <ul style="list-style-type: none"> <li>○ Why do you think capacity should be treated differently to gas products?</li> <li>○ Why do you think it is appropriate for service providers to be subject to the obligations that would come with these options?</li> <li>○ Do you support options 2 and/or 3(a) or (b)? What other options are available?</li> </ul>	Option 1 or Option 3(b) appears to be the most appropriate as it removes any risk that the capacity was transacted as a bundle at a potential low price. Service providers should not be obliged to continue to supply the capacity where the risk of supply potentially outweighs to capacity price obtained.
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)?	Not applicable
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"> <li>○ the buyer should have a first right of refusal, an enforceable option or a general right to initiate good faith negotiations?</li> <li>○ the price at which the secondary shipper can access the capacity should be specified in the operational GTA or be regulated in some way?</li> </ul>	<p>It is important to consider the potential for queuing obligations held by the service provider. Where a GTA is terminated for default there may be existing shippers or potential shippers waiting in que to contract capacity. It is not considered appropriate that this access is delayed by virtue of a secondary capacity trade.</p> <p>Good faith negotiations should include this consideration and where no customers are currently in que there should be limited circumstances where this capacity would be withheld.</p>



	Questions	Feedback
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?	Yes
<b>10.2 Default under operational GTA</b>		
106.	Do you agree that if default under the operational GTA occurs: <ul style="list-style-type: none"> <li>○ after the trade is effected, the trade should be allowed to proceed?</li> <li>○ before the trade is effected, the trade should be cancelled?</li> </ul>	Yes
<b>10.2.2 Default on GSH financial obligations</b>		
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?	No comment
<b>10.2.3 Short selling</b>		
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?	Yes
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
<b>11 Bilateral trading obligations</b>		
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"> <li>○ If not, please explain why.</li> <li>○ If so, do you think the proposal to include a provision in the NGR to require shippers to offer this option will work effectively?</li> </ul>	Yes



	Questions	Feedback
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"> <li>○ 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.</li> <li>○ If so, how do you think the practical issues raised by the project team could be overcome?</li> </ul>	No comment
<b>12 Governance and transitional arrangements</b>		
112.	<p>Are there any other changes that you think will be required to the governance arrangements that have not been identified in Table 12.1?</p>	<p>The objective of this reform package is, as noted in Chapter 1, to improve the efficiency with which transportation capacity is allocated and utilised on contract carriage transmission pipelines and to foster development of a more liquid market for secondary capacity.</p> <p>EESA has highlighted throughout these submissions the key areas for further consideration. EESA is concerned that the timeframe for the proposed changes is too quick given the changes proposed will be substantial.</p>
113.	<p>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?</p>	<p>EESA's view is that at least 6 months should be allowed for system development with an additional 1 month of industry testing once all of the requirements of the system are published.</p>
<b>Other</b>		
	<p>Do you have any other feedback?</p>	No