



## 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>Stanwell agrees with the GRMG's position that there is likely to be little value in standardising primary GTAs if operational transfers become the primary means by which trades are conducted.</p> <p>We also agree that while standardisation of primary GTAs is not required to meet the AEMC's objectives, the standards developed for operational, prudential and other legal provisions in the operational GTA will drive standardisation of primary GTAs over time.</p>
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?	Stanwell agrees with the GMRG that there is little value in carrying out any more work on developing a standardised CTA for bare transfers. If changes are required in the future, participants can always work through AEMO's Gas Market Reform Group or the Australian Financial Markets Association (AFMA) to agree any changes.
<b>3.3</b>	<b>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</li> </ul>	



	Questions	Feedback
	<p>more fungible and reducing search and transaction costs? If not, please explain why.</p> <ul style="list-style-type: none"> <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>	
4.	<p>Do you think the balance between the standard terms and facility specific terms is appropriate, or do you think:</p> <ul style="list-style-type: none"> <li>○ a greater level of standardisation is required? If so, please specify which provisions you think should be standardised.</li> <li>○ a lower level of standardisation is required? If so, please specify which provisions you think should not be standardised.</li> </ul>	
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>	
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>	
7.	<p>Do you agree with the proposed approach to the <u>secondary shipper's</u> liability for breach of contract? If not:</p>	



	Questions	Feedback
	<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>	
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>	
9.	Is it appropriate to have differing liability regimes for the service provider and secondary shipper?	
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.	
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</li> </ul>	



	Questions	Feedback
	think it is appropriate.	
12.	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?	
13.	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?	
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>	
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?	
<b>3.4</b>	<b>Application of the standardised operational GTA</b>	
16.	What if any exceptions or qualifications should apply to the obligation for service providers that provide third party access	



	Questions	Feedback
	to offer the standardised operational GTA?	
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?	
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?	
<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?	
20.	What principles do you think should be included in the NGR to guide any future amendments to the Operational GTA Code?	
21.	Do you think the AEMC should have a formal role in the change process, for example, to provide advice to the panel and/or the AER on the effect the proposed change may have on the broader market or gas market development more generally?	
22.	Do you agree with the way in which changes to the Operational GTA Code and the facility specific terms would take effect? If not, please explain why.	
<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?	
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.	
<b>3.5.3</b>	<b>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>	



	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.	
28.	Is any guidance required in the NGR on the matters AEMO should consider when developing these 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>	
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)?	



	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>	
<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>	
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</p>	



	Questions	Feedback
	more careful consideration to be given to the bounds of the zones?	
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?	
35.	Do you think these principles should be included in the NGR?	
<b>4.2.2 Secondary firm rights</b>		
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.	
37.	Apart from defining the zones more narrowly or utilising the point-to-point model, do you think there are any other ways that the risk associated with the zonal model could be reduced?	
38.	If you are a potential user of the capacity trading platform would the risk discourage you from using the exchange, or do you think the risks are manageable?	
39.	How do you think renomination rights should be treated <i>vis-à-vis</i> secondary firm rights under the zonal model?	
<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.	
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?	



	Questions	Feedback
<b>4.3</b>	<b>Receipt and delivery point change process</b>	
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.	
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?	
44.	Do you agree with the proposed limitation of commercial considerations (i.e. consent can be withheld if the service provider receives less revenue under its contract with the shipper or incurs additional costs and the shipper is not prepared to pay for any shortfall)? If not, please explain why.	
45.	Are there any other reasons why you think consent should be able to be withheld by a service provider?	
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"> <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>	
47.	Do you think provisions should be included in the NGR to	



	Questions	Feedback
	override any contractual limitations on shippers seeking changes to receipt and delivery points?	
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?	
<b>5.1 Allocation agreements</b>		
49.	How significant an impediment to trade do you think allocation agreements are?	
50.	Are there any other impediments to trade posed by allocation agreements and/or contribution agreements that have not been identified in this consultation paper? If so, please explain what they are and how you think they could be addressed.	
51.	Do you think that deeming secondary shippers to be a party to the allocation agreement is a workable solution, or can you foresee issues with this solution?	
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?	
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?	



	Questions	Feedback
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?	
56.	Can contribution agreements, or the charges levied under these agreements, act as a barrier to trade?	
<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>	
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)?	
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)?	
<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>	



	Questions	Feedback
61.	<p>Should all facilities (i.e. production facilities, pipelines, compressors and storage facilities) in the east coast to be subject to a common gas day start time?</p> <ul style="list-style-type: none"> <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>	
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>	
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>	
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><b>5.4 Contractual limitations</b></p>		



	Questions	Feedback
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.	
66.	How prevalent do you think these types of contractual limitations are?	
67.	Do you think the contractual limitations on capacity trading need to be addressed? <ul style="list-style-type: none"><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>	
<b>Other</b>		
	Do you have any other feedback?	



## 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?	Stanwell agrees with the initial selection of products for the exchange. The GMRG has done a good job of balancing the need for useful products with the need to concentrate liquidity and reduce complexity for market start.
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>These products are likely to be valued by traders and will likely bring off-screen trading on-screen thereby adding to transparency and liquidity. However, Stanwell agrees with the GMRG that these products should not be developed for market start. The products are beyond the scope of the AEMC's recommendations and would require significant time and consultation to develop. Stanwell understands that the GMRG already has a compressed timeframe and significant work to do on its current priorities.</p> <p>With AEMO operating the exchange, participants will have the opportunity to work through AEMO's Gas Supply Hub Reference Group at a later date to specify these products. Stanwell understands these products are already under consideration by AEMO.</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>	<p>Stanwell considers that locational swaps are likely to be more actively traded than capacity products. They provide a substitute for capacity products (including back-haul) and work as a competitor to pipeline products (thereby putting downward pressure on these products). Locational swaps could be available on-screen from hub to facilitated markets.</p> <p>As discussed above, Stanwell agrees with the GMRG that locational swaps should not be developed for market start.</p>
<b>7.2</b>	<b>Standardised products</b>	



	Questions	Feedback
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?	Stanwell agrees with the proposed contract tenors. It is sensible that the tenors align with the GSH products. Stanwell also agrees that quarterly products should not be included at this stage given the increased risk exposure and collateral requirements for this length of product. We also note that once the market has started, additional products could be added through AEMO's Gas Supply Hub Reference Group.
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?	Stanwell supports a 1 TJ minimum quantity consistent with the GSH.
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	<p>Stanwell supports the proposed contract paths. The consultation paper states (page 101) "Some other project team members suggested that the pre-matched service should be available between all zones on a pipeline, or between all points on a pipeline. There are, however, some regulatory limits on pre-matched products. The listing of these types of pre-matched products may therefore be limited by other regulatory requirements at market start."</p> <p>Stanwell supports all combinations available to trade on a pre-matched basis and is unsure of what regulatory limits are being referred to.</p>
74.	<b>Compression products:</b> Do you agree with the proposed facilities on which this service would be available at market start?	Stanwell supports the Wallumbilla and Moomba compression points proposed.
75.	<b>Park products:</b> Do you agree with the proposed pipelines on which this service would be available?	Stanwell supports the proposed pipelines on which the park product would be available.
<b>7.3</b>	<b>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</li> </ul>	<p>Stanwell supports Option 2 - the variable charge is paid by the primary shipper. When listing the product, the primary shipper can make an estimation of how much they may need to pay the service provider for variable charges incurred as a result of the secondary buyer's throughput. This cost can be factored into the primary shipper's minimum sale price.</p> <p>Option 2 also gives the shipper and pipeline the option to renegotiate the variable charge unlike Option 3 which is an obligation that may not suit the shipper. Option</p>



	Questions	Feedback
	<p>portion of capacity sold for the duration of the trade.</p>	<p>3 is also likely to cost more than Option 2 discouraging trade on the exchange.</p> <p>The volume transported may be able to be back calculated from the throughput charges and if the primary shipper had done only one trade then they may be able to guess the identity of the buyer. However 1) this applies only if the shipper has done one trade and 2) the information is only known ex-post and therefore is less commercially sensitive compared to the ex-ante nomination information provided through bare transfers.</p> <p>Option 1 is not feasible as the rates and throughput levels would be different between the primary and secondary shippers leaving the service provider exposed to the difference.</p>
<b>8.1.1 Partial or full anonymity</b>		
77.	<p>Do you agree that the fully anonymous option should be implemented? If not, please explain why.</p>	<p>Stanwell supports the fully anonymous solution provided it does not add excessive complexity or cost to AEMO or pipeline operations.</p>
<b>8.1.2 Information to be provided to service providers</b>		
78.	<p>Do you agree that Option 2 should be implemented? If not, please explain why.</p>	<p>Stanwell agrees with Option 2 - that trade information should be transferred to pipeline operators once per day. This decision could be amended to either Option 1 or 3 in the future depending on a review of liquidity and the costs to pipeline operators and AEMO of the process.</p>
79.	<p>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.</p>	<p>In theory it makes sense to net out shippers' positions prior to them being transferred to service providers in order to reduce the administrative burden on service providers. However without some worked examples, Stanwell is unsure what the implications of a decision to net a shipper's positions may have on the integrity of the market. For example what is the implication of an accidental short sale if shippers positions are netted?</p>
<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>o 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> </ul>	<p>It appears administratively simpler for the seller to provide information to AEMO when listing capacity on a) the relevant GTA to deduct capacity from and b) the receipt and delivery points. This information could then be transferred to the service provider if the capacity is sold.</p>



	Questions	Feedback
	<ul style="list-style-type: none"> <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>	
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 after the trade occurs to enable the shipper's MDQ to be deducted from the correct GTA 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?	This question applies to service providers only.
<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?	<p>Stanwell agrees that service providers should provide AEMO with confirmation when a transfer has occurred.</p> <p>Stanwell suggests that service providers have a maximum allowable time to make the capacity transfers. The confirmation process with AEMO can be used by the AER to ensure that service providers are updating capacity within the required timeframe. A maximum allowable time is necessary to ensure the market functions smoothly reducing the risk of compounding errors due to short selling.</p> <p>If AEMO is providing the data to the service providers daily, then Stanwell suggests that the service providers be required to complete transfers daily.</p>
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?	One of the benefits of the fully anonymous automated system is that buyers and sellers do not need to provide confirmations. Undertaking the expense of this fully featured system and then requiring buyers to provide a confirmation is unnecessary and will add to delays in transferring capacity.
85.	Do you have a view on the processes that should be put in place to deal	Stanwell does not expect the failure of AEMO or service providers systems to be very common. Therefore a simple procedure is required. The procedure could be



	Questions	Feedback
	with failure to transfer capacity for technical reasons?	as simple as “transfer the capacity as soon as the systems are online again”.
<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.	The situation is not ideal however Stanwell expects traders will be able to work with this timeframe including by organising trades on D-2 and participating in the STTM through the MSV schedule. Stanwell does not support a change to the timings of the STTM or any other proposal which alters existing markets just to better integrate the day ahead capacity product with the STTM.
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?	Given the short amount of time to market start and the amount and cost of IT work for AEMO, service providers and shippers, Stanwell suggests integration with the STTM be delayed until after market start.  After market start, depending on the cost differential, the automatic and fully anonymous approach appears to be the preferred approach.
<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?	
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.	
90.	To minimise implementation costs for industry, could standing or blank accreditation constraints be used?	
<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?	Stanwell would prefer to trade the day-ahead capacity products for longer than the cut off time of 3 hours prior to nomination time (11am). Investigation should be considered as to whether the 3 hours and 45 minutes allocated to service providers to transfer capacity can be shortened.



	Questions	Feedback
		To allow more time for service providers to update capacity, perhaps on a day-ahead basis service providers could be sent the capacity trades as they occur rather than waiting for a daily report from AEMO.
92.	Do you think a uniform close of trading time should be adopted or different close of trading times?	Stanwell supports different closing times based on an offset to service provider nomination times. Traders already deal with different times and allowing this for capacity products gives traders additional flexibility. Although the closing time would be different throughout the market, once set up in AEMO's systems, Stanwell envisages no additional complexity for traders or AEMO.
93.	If a uniform close of trading time is to be adopted, do you think 11am is appropriate or do you think another time would be more appropriate (e.g. post the NEM pre-dispatch, which currently occurs shortly after 12.30pm)? If you think a later time would be more appropriate, how do you foresee all the activities being carried out prior to nomination cut-off time?	<p>As discussed in 91, Stanwell would prefer a longer trading interval for day-ahead products. Stanwell strongly supports market close after NEM pre-dispatch to enable gas fired generators time to review pre-dispatch and purchase additional capacity if required.</p> <p>As suggested in 91, investigation should be given to shortening to the current time of 3 hours 45 minutes allocated to service providers to update capacity. Also consideration could be given to AEMO providing service providers with trades as they occur on the day ahead basis.</p>
<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.	Stanwell agrees with this proposal.
95.	Do you think any changes need to be made to the settlement process to accommodate capacity products?	Stanwell is not aware of any changes that need to be made to the settlement process to accommodate capacity products.
<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,	Stanwell agrees with this approach.



	Questions	Feedback
	please explain why.	
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?	Stanwell is comfortable with a 25% collateral exposure consistent with gas products. Capacity is typically a relatively low value product, so 25% is unlikely to be burdensome.
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?	As above, Stanwell is comfortable with the 25% collateral requirement for forward periods in order to adequately compensate the impacted party in the event of default.
<b>10.1 Delivery default, pre-trade verification and short selling</b>		
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?	Stanwell agrees with the GMRG that the costs of developing a registry will outweigh the benefits, especially as service providers will receive a daily update of trades.
101.	Do you think the market conduct rules will deter Trading Participants from engaging in short-selling?	Definitely. The requirement to not submit offers if traders know, or ought to know, that they will not be able to perform their obligations under the resulting transaction is a civil and conduct penalty provision. This requirement will be reflected in Market Participants Trading Risk Management Policy.
<b>10.2 Default under primary GTA</b>		
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"> <li>o Why do you think capacity should be treated differently to gas products?</li> </ul>	Stanwell does not support the extra obligations placed on service providers implied by Options 2 and 3. For example, a seller at risk of default on their primary GTA may think selling their capacity on the platform (at reduced rates) will help to avoid default. Buyers may take advantage of this discounted capacity knowing the risk to themselves is low as the service provider would either honour the capacity (option 2) or they will receive a first right of refusal on the capacity (option 3a). Either



	Questions	Feedback
	<ul style="list-style-type: none"> <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>	<p>option may not suit the service provider.</p> <p>Stanwell supports a simple cancellation of the trade and compensation payable (another reason to maintain the collateral at 25%). Option 3b is unnecessary as at all times shippers have the right to negotiate in good faith with service providers for capacity. The event of primary GTA default is likely to be rare and the requirement to not submit offers if traders know, or ought to know, that they will not be able to perform their obligations under the resulting transaction will inhibit trading while primary GTA default is possible.</p>
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)?	Option 2 should not be used but if it is, 1-2 days is an adequate amount of time for a shipper to make alternate arrangements.
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>	This option should not be pursued. However, if it is then buyers should only have a general right to initiate good faith negotiations. The price should not be specified or regulated - a stated price will either disadvantage shippers or service providers as it is unlikely to be updated regularly enough to be at market appropriate levels.
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?	Stanwell keen to understand how this would work and why this is necessary - a worked example would help.
<b>10.2 Default under operational GTA</b>		
106.	<p>Do you agree that if default under the operational GTA occurs:</p> <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>	This approach appears to be sensible.
<b>10.2.2 Default on GSH financial obligations</b>		



	Questions	Feedback
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?	This appears to be a sensible option however more detail is required from AEMO on whether this is feasible.
<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?	<p>The sale should be automatically cancelled to reduce the uncertainty to the buyer. Short selling is likely to be rare with adequate consequences (25% compensation payable).</p> <p>To avoid the risk of an accidental short sale, traders could enter into an agreement with the service provider to provide capacity at a set price when required (this may or may not be cheaper than paying the 25% compensation). Of course, if this arrangement is entered into then the seller is not actually “short”.</p>
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?	Possibly but Stanwell requires more information to understand how this would occur and why it is necessary.
<b>11 Bilateral trading obligations</b>		
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"> <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>	The requirement for shippers to have to offer operational transfers as well as bare transfers will add to the cost of trading. Shippers will have to produce two sets of legal documentation and determine two sets of prices. The AEMC was concerned about anonymity but buyers do not have to accept bare transfers. They will have the option to source capacity from the exchange, through the auction or from the service provider.
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</li> </ul>	This requirement is unworkable. Capacity is often a secondary concern to a more complex transaction. To advertise the capacity ahead of time risks delaying the transaction, or having the capacity traded away causing the whole transaction to fail. Shippers will have adequate incentive to sell unutilised capacity because of the day ahead auction.



	Questions	Feedback
	<p>AEMC's concerns about discriminatory access could be dealt with in another way.</p> <ul style="list-style-type: none"> <li>○ If so, how do you think the practical issues raised by the project team could be overcome?</li> </ul>	
<b>12 Governance and transitional arrangements</b>		
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?	<p>The GRMG says “The changes to the NGR and Exchange Agreement are expected to be made in the first half of 2018 to enable the capacity trading platform to commence operation in 2018/19. Before the capacity trading platform can go live, some work is likely to be required by AEMO and service providers to set up their respective systems and to test these systems.”</p> <p>This appears to be very flippant to the significant amount of work that is likely to be required by AEMO, service providers and shippers to prepare for market start. The steps required are</p> <ol style="list-style-type: none"> <li>1. Changes to the NGR and Exchange Agreement</li> <li>2. AEMO complete scoping of external data input/outputs and publish</li> <li>3. AEMO, service providers and shippers update systems to receive/process/send the relevant information</li> <li>4. Pre-market start trial</li> <li>5. Market start</li> </ol> <p>Steps 1 and 2 must be completed as soon as possible to enable participants the longest amount of time for system development and testing.</p> <p>Stanwell requests information on the arrangements to be put in place should AEMO or service providers be unable to complete their systems before 2018/19 given changes to the NGR and Exchange Agreement will only be affected in “the first half of 2018”.</p>
<b>Other</b>		
	Do you have any other feedback?	

