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Ms Katherine Lowe
Gas Market Reform Group
c/o Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235
Via email: enquiries@gmrg.coagenergycouncil.gov.au

16 June 2017

Dear Katherine,

Operation and Administration of the Capacity Trading Platform(s) and Day-Ahead Auction Consultation Paper

AGL welcomes the opportunity to comment on Operation and Administration of the Capacity Trading Platform(s) and Day-Ahead Auction Consultation Paper (Paper).

AGL is one of Australia's leading integrated energy companies and largest ASX listed owner, operator and developer of renewable generation. Our diverse power generation portfolio includes base, peaking and intermediate generation plants, spread across traditional generation fuel sources as well as renewable sources. AGL is also a significant energy retailer, providing energy solutions to over 3.7 million customers throughout eastern Australia.

AGL has a long history of involvement in Eastern Australian gas markets and aside from delivering gas to its numerous customers, AGL also utilises gas in power generation, is a gas 'shipper' and owns gas facilities. AGL has also actively participated in the various gas market reviews and the views expressed in this submission leverage on AGL's considerable market experience and previous contributions to the policy debate.

AGL acknowledges the significant work begun by the GRMG's Capacity Trading and Day-Ahead Auction project teams. AGL supports the project teams' assessment that a single capacity trading platform should be developed and operated by AEMO leveraging the existing Gas Supply Hub platform and governance framework.

AEMO has significant experience in operating in complex energy markets, and AGL considers that it can bring this experience to create a fair, and transparent, marketplace for capacity trading that end users have confidence in trading upon. Transport is a key service to the gas industry, and the independence of AEMO, coupled with a single operator having oversight over the entire capacity network provides significant benefit in combinatorial trading (i.e. optimised trading between pipeline operators).



AEMO would also provide a single source to assemble capacity information, and a single source for participants to bid/offer capacity. AGL recognises that a single source capacity could be provided by any other independent operator, but lean towards AEMO given their experience in the Australian energy market, and the potential future synergies as the electricity and gas markets develop over time - with the changing energy needs of Australian consumers.

AGL considers that the 'end goal' of reform is the scheduling of gas around the east coast by a single centralised scheduler/operator, as is the arrangement in the NEM and the DWGM. Accordingly, appointing AEMO as the single operator of the Capacity Trading Platform may be an appropriate first step in creating the data links and transfers to facilitate an easier transition in the future.

AGL also considers that AEMO are also best-placed to manage a centralised auction platform for day-ahead auctions.

If you have any queries about the submission or require further information, please contact Brigid Richmond at brichmond@agl.com.au or on 03 8633 6631.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Simon Camroux'.

Simon Camroux

Senior Manager, Wholesale Regulation