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Ms Sandra Gamble
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Dear Ms Gamble

OPERATION AND ADMINISTRATION OF THE CAPACITY TRADING PLATFORM(S) AND DAY AHEAD AUCTION CONSULTATION PAPER

Shell Energy Australia Pty Limited (Shell) welcomes the opportunity to comment on the Operation and Administration of the Capacity Trading Platform(s) (the Platform) and Day-Ahead Auction (DAA). We are highly supportive of the objectives these proposed mechanism are seeking to achieve, however, whether they are successful in delivering these outcomes will depend on the implementation arrangements.

In this context, as part of the Gas Market Reform Group (GMRG) Project Team, we appreciate the work undertaken by the Australian Energy Market Operator (AEMO) and the Australian Pipelines and Gas Association (APGA) in putting forward their proposals. However, in considering the pros and cons of each option and the overarching objective, Shell considers AEMO is best placed to operate both the Platform and the DAA. In this regard,

- On the Platform, we support AEMO operating this mechanism and building on the current Trayport system used to enable transactions through the Gas Supply Hub (GSH). An AEMO operated platform will also aid liquidity at the GSH locations and potentially other traded markets.
- From Shell's perspective the key assessment criteria around the choice of operator for the DAA is that body is independent, can easily manage a multi-pipeline auction process, has a track record in operating auctions and can utilise existing systems to ensure the process can be introduced on a timely basis and is as cost effective as possible. We see AEMO's proposal best meets these requirements.
- We would have considered an arrangement between east coast pipelines that would enable a single auction system (rather than each pipeline developing independent platforms) to be introduced enabling combinational bids to be submitted (which we consider essential to a well-functioning auction). This was, however, not part of the proposal put forward.
- We acknowledge that if AEMO operates the DAA, data transfers between AEMO and the pipelines will be necessary and this may delay the daily scheduled time of the auction. We consider, through further discussions with key stakeholders, appropriate arrangements can be developed to reduce these timeframes.

We would welcome the opportunity to discuss the matters raised in this submission and please do not hesitate to contact Ms Erin Bledsoe 0409 877 116 if you have questions.

Yours sincerely

A handwritten signature in black ink, appearing to read "Tom Summers". The signature is fluid and cursive, with the first name "Tom" and last name "Summers" clearly distinguishable.

Tom Summers
Vice President, Shell Energy Australia